

Piramal Enterprises Limited

Q1 FY2018 Results Presentation

1 August 2017

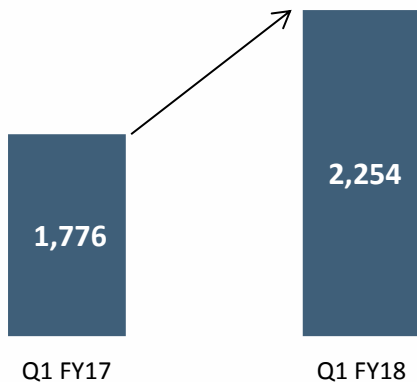


Key Financial Highlights

(In Rs. Crores)

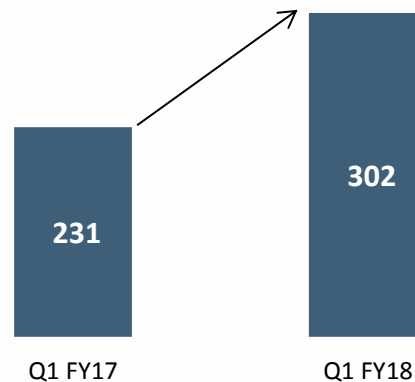
Revenues

27%
growth during
Q1 FY2018



Net Profit

31%
growth during
Q1 FY2018



Note:

1. Q1 FY2018 and Q1 FY2017 results have been prepared based on IND AS

Operational highlights for the quarter

Financial Services

Total Loan Book grew by 79% to Rs.28,648 Crores as on Jun 2017 Crores Vs. Rs.15,998 Crores as on 30 Jun 2016

Global Pharma

Substantially completed the transition and integration of Gablofen (acquired from Mallinckrodt in the US)

Global Pharma

Successfully cleared 7 regulatory audits and 58 customer audits during the quarter

Financial Services

Committed Rs.400 Crores across eight deals through the Emerging Corporate Lending vertical

Financial Services

Successfully exited two Corporate Financing deals - Navayuga and Regen Infrastructure

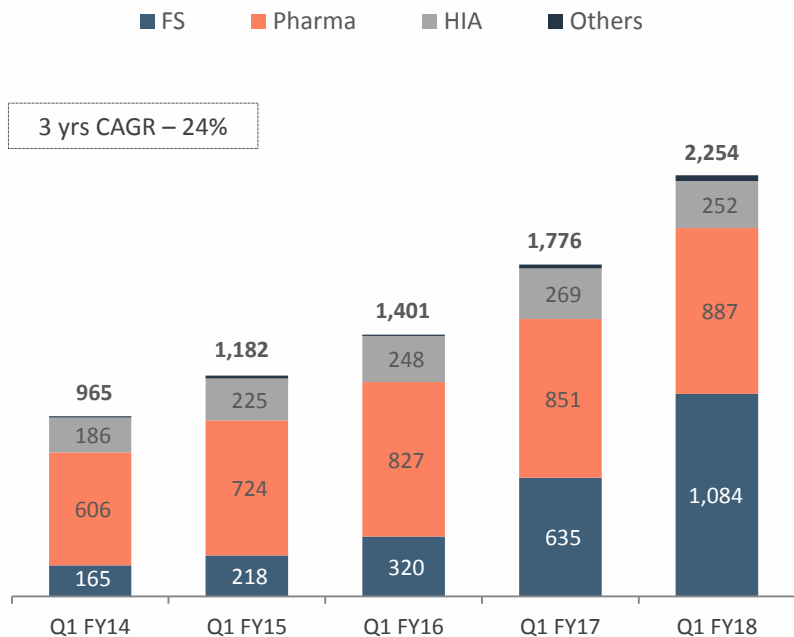
Healthcare Insight & Analytics

24 new product offerings completed / in development

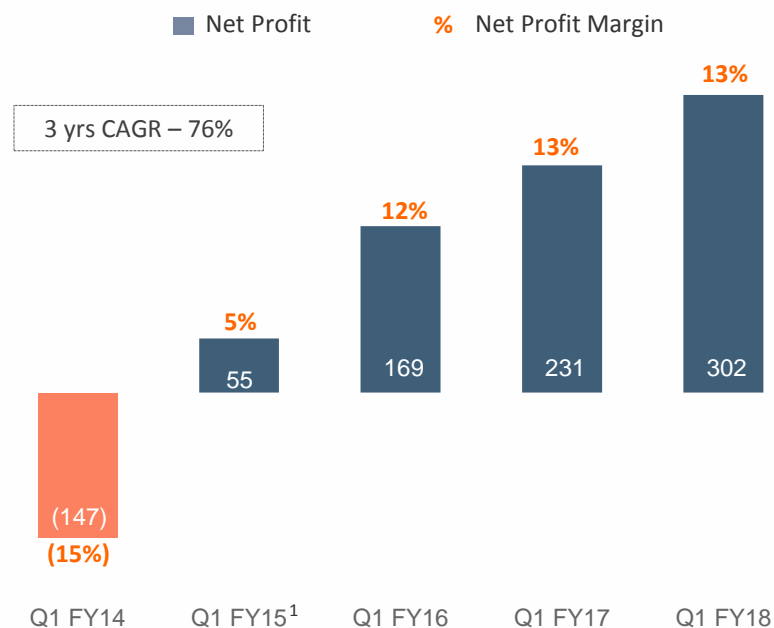
Initiatives taken across businesses to further improve performance in future

Delivering robust growth track record

Business-wise Revenue Trend



Net profit & Margin Trend



(In Rs. Crores)

Note:

1. Q1 FY2015 net profit excludes exceptional gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.
2. Q1 FY2016, Q1 FY2017 and Q1 FY2018 results have been prepared based on IND AS
3. HIA – Healthcare Insight and Analytics

Consistently delivering strong performance since last many quarters

Period	Revenues			Net Profits		
	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change
Q1FY15	1,182	965	+22%	55	(147)	NM
Q2FY15	1,243	1,131	+10%	41	(32)	NM
Q3FY15	1,400	1,286	+9%	224	(11)	NM
Q4FY15	1,298	1,121	+16%	100	(311)	NM
Q1FY16	1,401	1,182	+19%	169	55	+206%
Q2FY16	1,504	1,243	+21%	235	41	+473%
Q3FY16	1,786	1,400	+28%	307	224	+37%
Q4FY16	1,691	1,298	+30%	193	100	+93%
Q1FY17	1,776	1,401	+27%	231	169	+36%
Q2FY17	1,966	1,504	+31%	306	235	+30%
Q3FY17	2,342	1,786	+31%	404	307	+32%
Q4FY17	2,463	1,691	+46%	311	193	+61%
Q1FY18	2,254	1,776	+27%	302	231	+31%

Overall top line growth has been higher than 25%
in each of the last seven quarters

Our normalised net profit has grown over 30%
in each of the last 9 quarters

Note:

- All periods of FY2017 and Q1 FY2018 results have been prepared based on the Ind AS and all the results of the corresponding periods of the previous year have been reinstated to make it comparable with the reported period. Prior period numbers are as reported in their respective period.
- FY2015 quarterly net profit numbers exclude exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown
- NM – Not measurable

PEL among best performing companies in terms of revenue and profitability growth

- PEL among top 5 companies (within BSE 100 Index) in terms of 5 years revenue CAGR
- PEL among top 5 companies (within BSE 100 Index) in terms of 5 years Net Profit CAGR
- Very few companies are currently delivering similar / better track record of consistent growth in revenue and net profit over last so many quarters

PEL's relative positioning in terms of 5 year revenue and net profit CAGR among BSE 100 companies

BSE-100	3Yr Revenue CAGR	3Yr Net Profit CAGR
Quartile 1 Top 25 companies	●	●
Quartile 2 26-50 companies		
Quartile 3 51-75 companies		
Quartile 4 76-100 companies		

Source : Factset



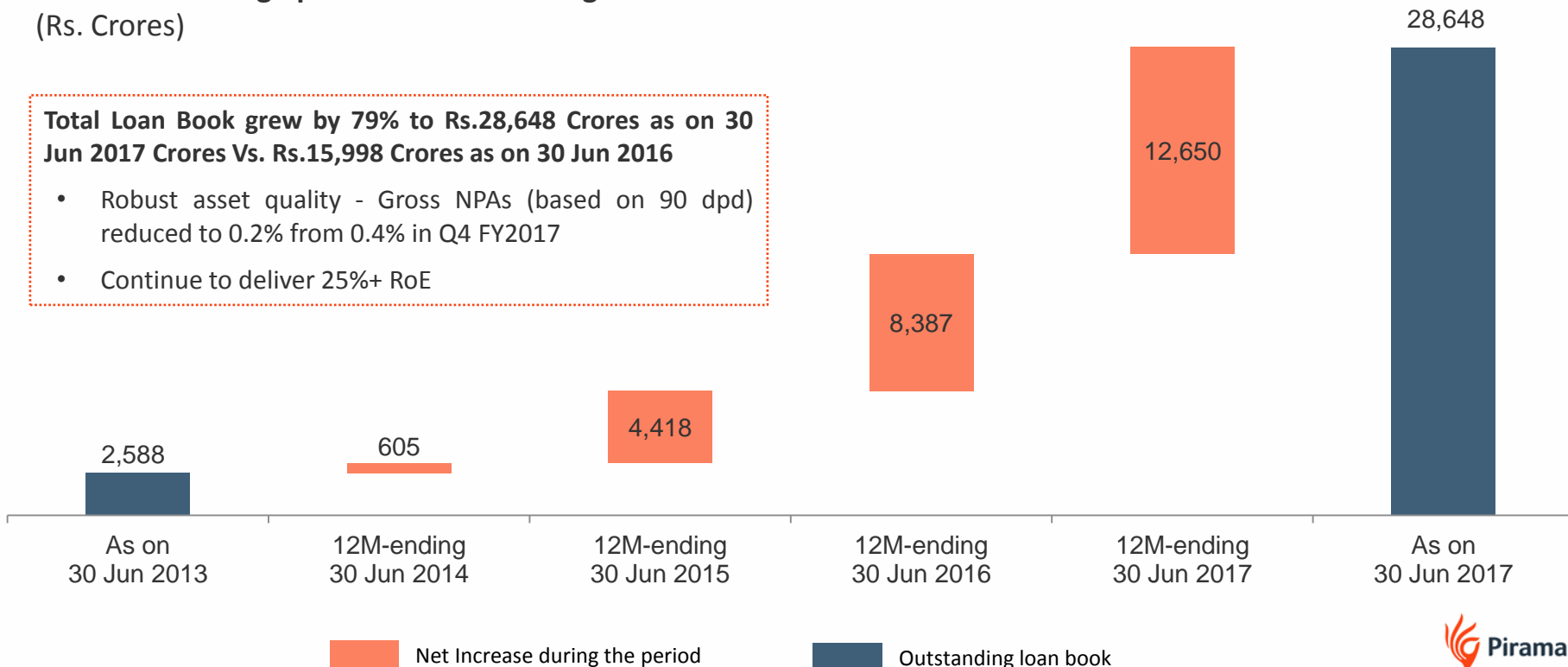
Financial Services

Built a robust and scalable financial services platform

Continued scaling up of wholesale lending business (Rs. Crores)

Total Loan Book grew by 79% to Rs.28,648 Crores as on 30 Jun 2017 Crores Vs. Rs.15,998 Crores as on 30 Jun 2016

- Robust asset quality - Gross NPAs (based on 90 dpd) reduced to 0.2% from 0.4% in Q4 FY2017
- Continue to deliver 25%+ RoE



Significantly diversified exposure : Consistently expanding product portfolio

Product Portfolio				
Wholesale Financing	Real Estate	Corporate Finance	Emerging Corporate Lending ^{NEW}	Alternative Asset Management
	Mezzanine	Mezzanine	Senior Debt ^{NEW}	Real Estate Funds
	Construction - Residential	Senior lending	Loan Against Property ^{NEW}	JV with CPPIB JV with CDPQ ^{NEW}
	Construction - Commercial	Acquisition funding	Promoter Financing ^{NEW}	JV with APG
	Lease Rental Discounting ^{NEW}	Loan Against Share	Structured Debt ^{NEW}	JV with Bain Capital (Distressed Asset Investments)
Retail Financing	Housing Finance ^{NEW}	Investments in Shriram Group		
	Applied to NHB for HFC Licence	~10% stake in STFC	~20% stake in SCL	~10% stake in SCUF
		Commercial Vehicle Finance	Small Enterprise Finance	Retail Stock Broking
		Life Insurance	General Insurance	Financial Product Distribution
	Personal Loans	Two-wheeler Financing	Chit Funds	

Wholesale Lending

Real Estate Lending :

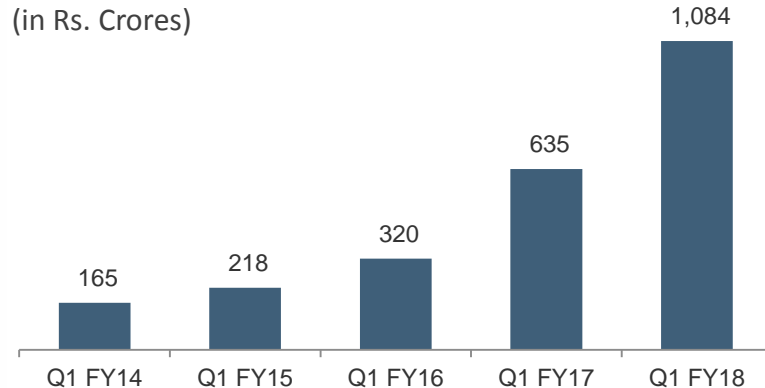
- Loan Book grew to Rs.24,924 Crores as on 30 Jun 2017 vs. Rs.14,047 Crores as on 30 Jun 2016
 - Construction Finance is now 59% of our Real Estate loan book
 - Rs. 1,807 Crores repaid / prepaid during the quarter

Corporate Finance Group (CFG) :

- Loan book grew to Rs.3,584 Crores as 30 Jun 2017 vs. Rs.1,951 Crores as on 30 Jun 2016
 - Completed first transaction in Logistic sector
 - Senior lending which is now 46% of CFG portfolio is an outcome of realignment of focus to move down the risk curve
- Successfully exited two large deals - Navayuga & Regen Infrastructure
- Strengthened Deal Clearance Committee (DCC) with introduction of two new external DCC members
- Further strengthening investment teams and partner functions



Rapidly growing income from Financial Services business (in Rs. Crores)



Entered Emerging Corporate Lending

Target segments

- ✓ Financing requirements of emerging and mid-market companies

Products offered

- ✓ Senior Debt, Loan against Property, Lease Rental Discounting, Promoter Financing, Structured Debt, etc.

Ticket size

- ✓ Offering solutions with ticket size ranging from Rs.10 Crores to Rs.100 Crores

Sector-agnostic platform

- ✓ Funding diverse sectors including auto ancillaries, manufacturing, pharma, services, hospitality, etc.

Portfolio diversification

- ✓ Complementing the existing loan portfolio with granular loans in diverse sectors

Risk profile

- ✓ Low Risk Portfolio with deals backed by cashflows

Progress so far

- ✓ Rs.400 Crores of commitments made across 8 transactions; Rs.140 Crores disbursed in Q1 FY2018

Alternative Asset Management

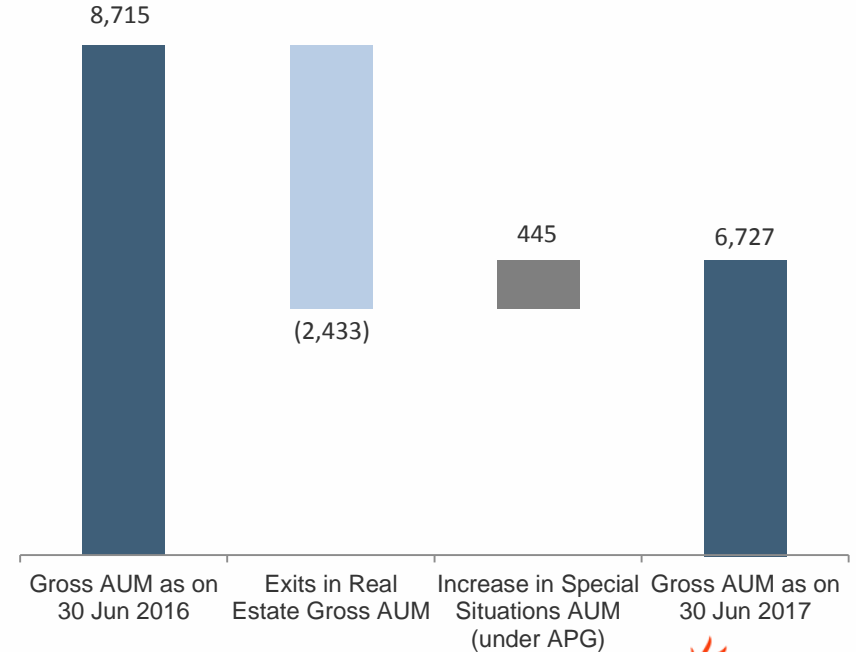
Total gross assets under management at Rs. 6,727 Crores

- **Real Estate** : Real Estate gross funds under management was at Rs.5,757 Crores
- **Corporate Finance** : Investments made by APG under our alliance with them include total disbursements of Rs.970 Crores as on 30 Jun 2017

JV with Bain Capital Credit:

- Received Alternative Investment Fund licence from SEBI
- Entered into JV agreement with Bain Capital Credit India Investments to start Asset Reconstruction Company (ARC) business; currently in process of seeking regulatory approvals from RBI

Alternative Asset Management business
(Rs. Crores)



Performance metrics

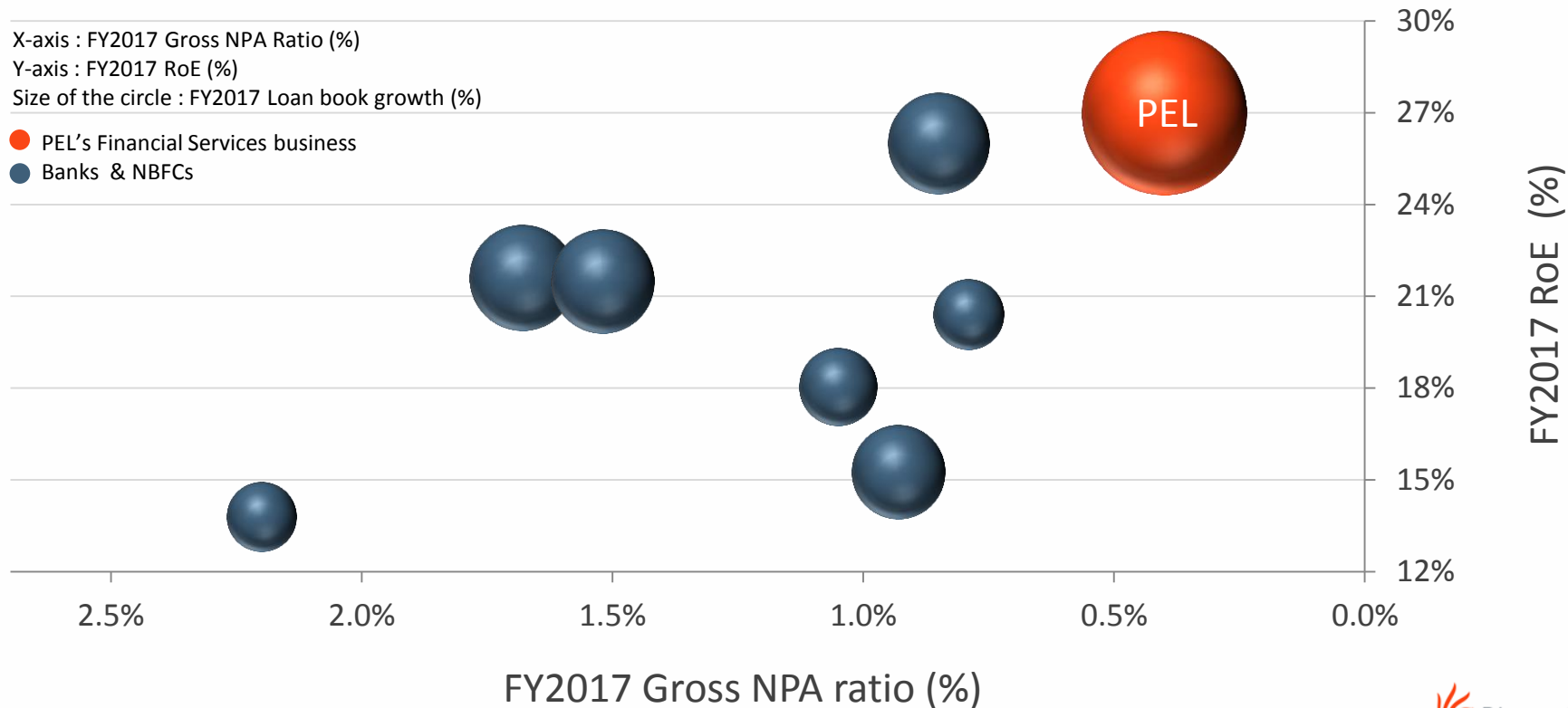
Loan book performance against various parameters

Particulars	Q1 FY2018
Total Loan Book size	Rs.28,648 Crores
Average Yield on Loans	15.5%
Average Cost of Borrowings	8.5%
Cost to Income Ratio	12.3%
Gross NPA ratio (based on 90 dpd)	0.2%
Total Provisioning	2.0%
ROA	4.5%
ROE	25%+

Consistently delivering exceptional performance quarter after quarter

	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18
Loan book growth (%)	67%	138%	150%	181%	174%	112%	113%	105%	87%	79%
GNPA ratio %	1.9%	1.5%	1.1%	1.2%	0.9%	0.6%	0.4%	0.5%	0.4%	0.2%
RoE%	21%	25%+	25%+	25%+	25%+	25%+	25%+	25%+	25%+	25%+

Performing better than the best performing banks and NBFCs of India



Note: Banks and NBFCs includes Bajaj Finance, HDFC Ltd, Indiabulls Housing Finance, HDFC Bank, Kotak Bank, IndusInd Bank and Yes Bank

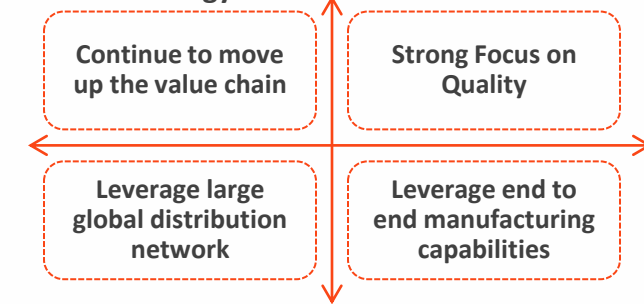


Pharma

Global Pharma : Successfully integrating acquisitions; maintaining high focus on quality

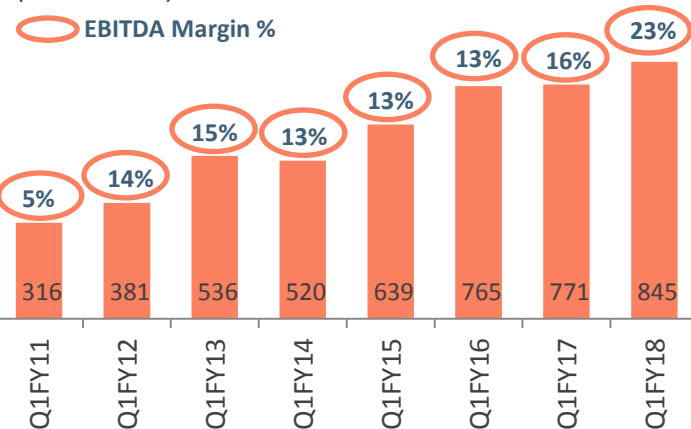
- Revenue Performance :** Q1 FY2018 Revenues grew at 10% to Rs.845 Crores. The growth in pharma business was primarily on account of strong performance in the product business largely due to ongoing integration of acquired products partly offset by global currency fluctuations and higher offtake during last quarter (lumpy nature of business). The Global Pharma business had delivered 29% growth during Q4 FY2017.
- Transition and integration of Gablofen® acquired from Mallinckrodt:** We substantially completed the transition of demand generation, procurement and ordering processes for Gablofen® in the US to Piramal. The business has performed in-line with our expectations during the first full quarter of our ownership.
- Continued high focus on quality :** During the quarter, PEL successfully cleared 7 regulatory audits and 58 customer audits.
- Capacity Expansion :** Capex for expansion at Digwal and Lexington is progressing well.
- Integrated offerings :** Enquiries for Integrated projects at our services business continue to surge with many new projects in various stages of discussion.
- Acquiring new customers:** Overall 20 new customers (including 7 large orders) were added in Q1FY2018 in our services business.

Growth Strategy

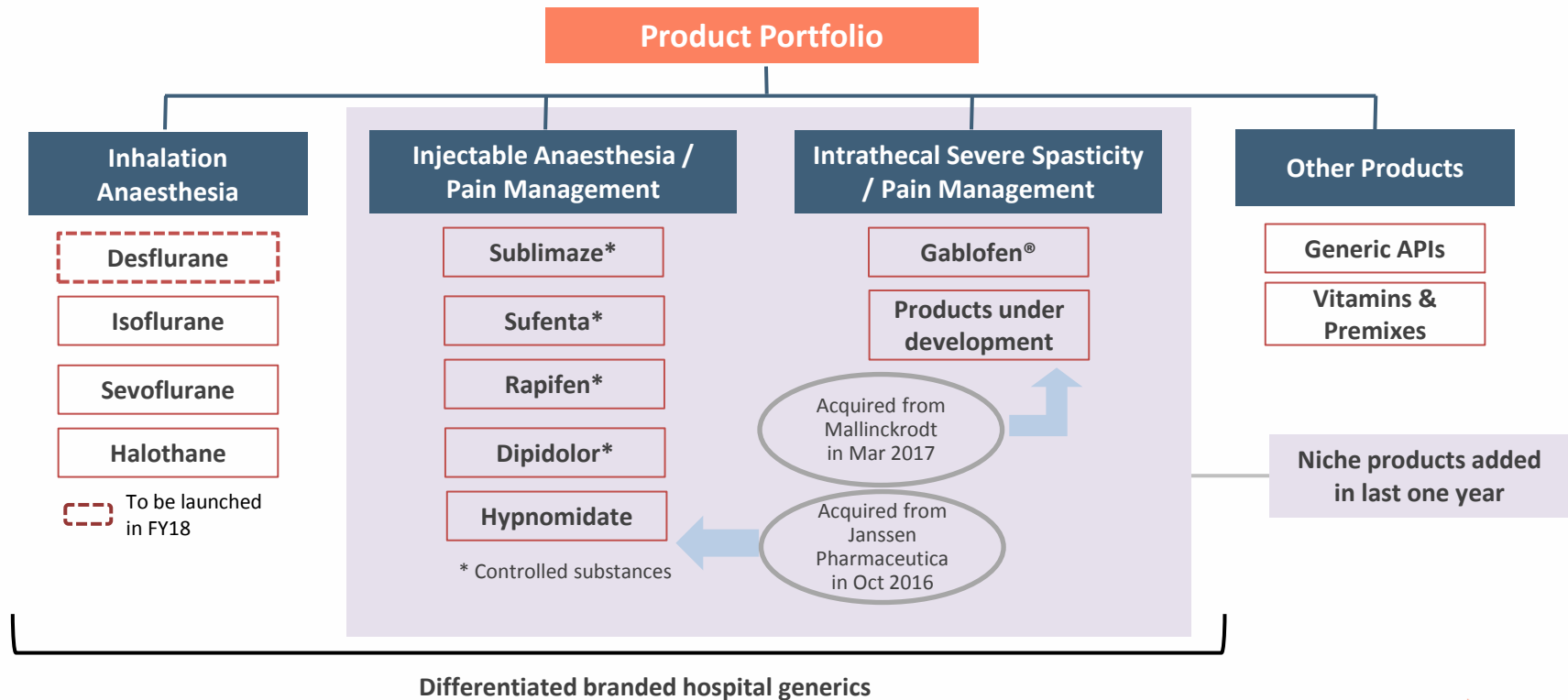


Revenue Performance

(Rs in Crores)



Significantly strengthened product portfolio in last 1 year; performance yet to reflect in numbers



Post acquisitions, addressable market expanded from USD 1.1 bn to USD 20 bn

India Consumer Products : Well-positioned to recover shortfall post GST launch in coming quarters

- Revenue performance:** Revenue was lower for the quarter due to channel de-stocking led by the new tax regime of GST.

— Revenue in a normalized situation had grown at 44% for full year FY2017

Quarter-wise Revenue Growth during last year	Q1FY17	Q2FY17	Q3FY17	Q4FY17
	31%	76%	28%	45%

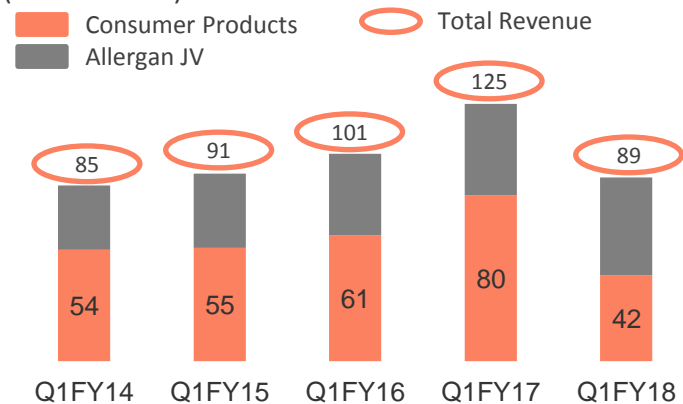
- As per AC Nielsen, the consumer offtakes remains unchanged, indicating present situation to be merely a stocking issue.
- Next quarter expectations :** Expected to largely recover the Q1 revenue shortfall in Q2
- Full year expectations -** Expected to deliver strong growth for FY2018
- FY2020 expectations -** Business remains confident of achieving its target of Rs. 1,000 crores revenue by FY2020
- Other developments :

- Brand extensions launched - Lacto Calamine Oil Balance Face Wash and Face Scrub
- Indian film actor Manoj Bajpayee and Prosenjit Chatterjee (for Eastern India) got on-board as brand ambassadors for recently introduced Polycrol Paan flavour antacid



Revenue Performance

(In Rs. Crores)



Key initiatives being taken to smoothly and swiftly transition to GST

Supply Chain Optimisation	Consumer	Trade Partner Readiness	Cost Optimisation
<ul style="list-style-type: none"> • Optimize distribution costs and inventory holding costs by : <ul style="list-style-type: none"> - Making necessary changes in the supply chain - Rationalization of the number of carrying and forwarding agents (CFA) 	<ul style="list-style-type: none"> • Focused on last mile coverage and increasing secondary sales to retailers • Unabated consumer confidence on our brands despite GST issues. Good growth is expected in offtake numbers across brand portfolio in the coming quarters. To accelerate, we have planned to ramp up consumer activations via traditional and digital platforms 	<ul style="list-style-type: none"> • Communicating and help the large number of stockists and retailers (who are not yet GSTN registered) to comply with the new requirements on priority basis • Conducted training for CFA and distributors to familiarize them with the new IT systems and order booking process 	<ul style="list-style-type: none"> • To re-negotiate with vendors and third party manufacturers on each SKU by procurement team • All vendors to be registered with regulators to avail the input credit

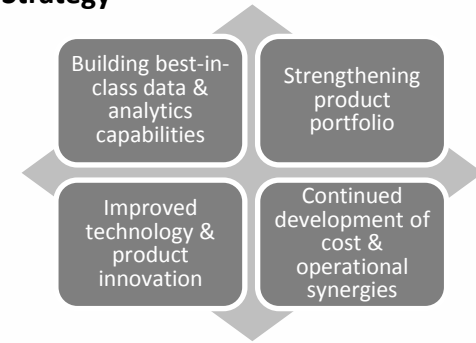


Healthcare Insight and Analytics

Healthcare Insight and Analytics (HIA)

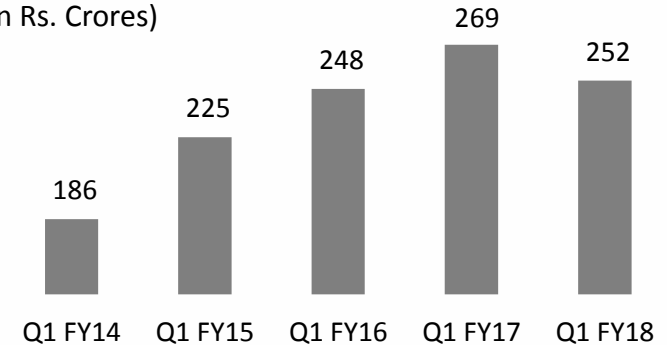
- **Revenue performance:** Revenue growth marginally declined during the quarter primarily due to shifting of existing business for the quarter to the next quarter and shift in timing of renewal of few annual contracts
- **Growth in key business segments** like Healthcare Analytics, Market Access consulting and Health Economics and Outcomes Research (HEOR)
- **Continued Focus on Innovation:** 24 new product offerings, recently completed and/or in development
- **Strategic acquisitions:** Acquired Walnut Medical, a UK-based data company that will provide access to key European hospital-level data, to enhance and expand data and analytics offerings

Growth Strategy



Revenue performance

(In Rs. Crores)





Financials

Diversified Revenue Mix

(In Rs. Crores or as stated)

Net Sales break-up	Quarter I ended			% Sales
	30-Jun-17	30-Jun-16	% Change	
Financial Services	1,084	635	70.9%	48.1%
Pharma	887	851	4.2%	39.3%
Global Pharma	845	771	9.7%	-
India Consumer Products	42	80	(48.3%)	-
Information Management	252	269	(6.5%)	11.2%
Others	31	21	-	1.4%
Total	2,254	1,776	26.9%	100%

Note:

1. Foreign Currency denominated revenue in Q1 FY2018 was Rs. 1,060 Crores (47% of total revenue)

Consolidated P&L

(In Rs. Crores or as stated)

Particulars	Quarter I Ended		
	31-Jun-17	31-Jun-16	% Change
Net Sales	2,254	1,776	27%
Non-operating other income	84	53	58%
Total income	2,338	1,829	28%
Other Operating Expenses	1,192	1,138	5%
OPBIDTA	1,146	691	66%
OPM %	49%	38%	-
Interest Expenses	673	395	70%
Depreciation	123	77	60%
Profit before tax & exceptional items	350	219	60%
Exceptional items (Expenses)/Income	-	-	-
Income tax	102	46	122%
Profit after tax (before MI & Prior Period items)	247	173	43%
Minority interest	-	-	-
Share of Associates	55	58	(6%)
Net Profit after Tax	302	231	31%
EPS (Rs./share)	17.5	13.4	31%

Notes:

- Income under share of associates primarily includes our share of profits at Shriram Capital and profit under JV with Allergan, as per the new accounting standards.

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