



Financial Investment in Vodafone Essar

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Piramal: Track Record of Long Term Shareholder Value Creation



- Guiding principle to create long term shareholder value
- 41% CAGR in shareholder value of PHL since inception in 1988
- In May 2010, PHL announced the sales of its domestic formulation business for 9x sales and ~30x EBITDA
- Successful track record of creating value in more than 30 M&A deals in last 10 years
- History of partnering with global companies including Merck, Eli Lilly, Pfizer, Allergan and Abbott

Increased commitment to Pharmaceutical sector

- Reiterating and reaffirming commitment to Pharma sector
- Investment plans in place for deploying ~Rs. 7,000 crores by FY2016 in
 - Drug Discovery Research
 - Pharma Solutions (CRAMS)
 - Critical Care
 - OTC
- Roadmap to build global businesses in Pharma sector through organic and inorganic growth

Strongly positioned to capitalize on current market opportunities

- From Abbott and PDSL deals, PHL now has cash balance (including receivables) of Rs. 10,000 crores (\$ 2.2 billion) after distributing Rs. 2,700 crores to shareholders in last 6 months
- Given current volatility/uncertainty in global markets, PHL is strongly positioned to utilize this cash balance to capitalize on value creating opportunities
- PHL has surplus funds which can be deployed for value creation

Strategy for delivering superior returns on surplus funds

PHL to invest surplus funds in investments that give:

- minority equity stake in
- global companies in India
- high growth sectors
- short to medium term
- minimal risk
- ROE: 17-20% p.a.

Investment in Vodafone Essar

- To acquire 5.5% stake in Vodafone Essar for Rs. 2,856 crores (\$ 640 mn)
- Minority stake with no Board seat
- Investment horizon of 12-24 months
- Expected Returns – 17-20%

The partnership underscores trust placed by global companies in Piramal values, ethics, corporate governance and good reputation

Summary

- PHL committed to delivering long term shareholder value
- Strongly positioned to capitalize on opportunities arising out of current volatility/uncertainty in global markets
- Reaffirming commitment to Pharmaceutical sector
- Vodafone deal part of the strategy to deliver superior returns from surplus funds

Thank you