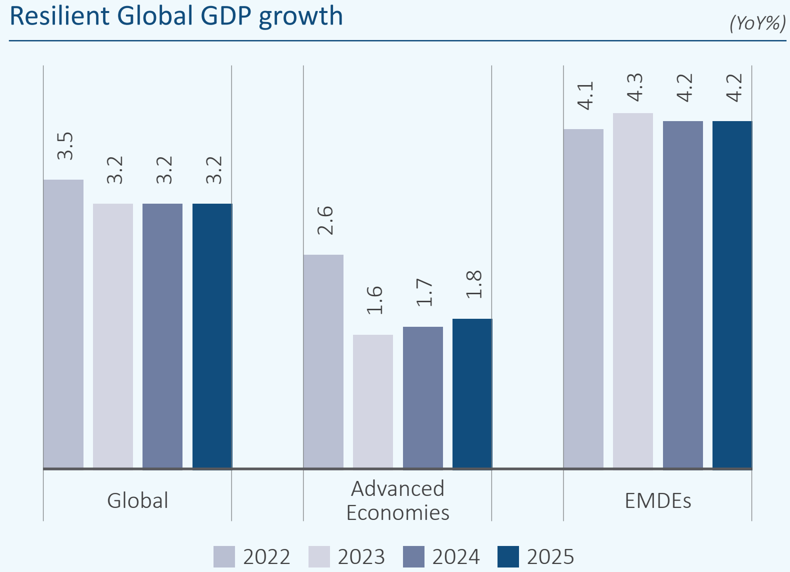
MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Economy

The global economy has held itself in good stead, amidst a volatile environment. The economic recovery process remained resilient, and inflationary pressures eased from record high levels in FY 2022-23. The International Monetary Fund (IMF) has predicted the global economy to expand by 3.2% in 2024, after a similar growth in 2023. This is remarkable, considering the severe economic shocks faced by advanced and emerging economies over the last 36 months. These ranged from breakdown in global supply chains, food and energy crisis, stresses in cost of living and a severe monetary tightening by major central banks. Despite these challenges, economic activity did not slip into recession and is poised to expand at a steady rate over the next 5 years.

Resilient Global GDP growth



Source: IMF

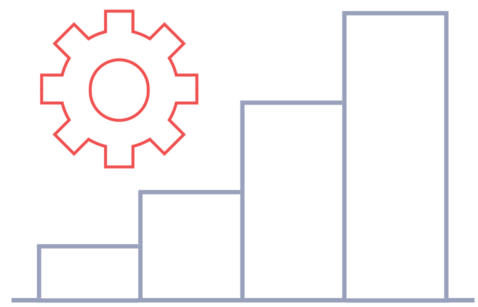
With inflationary pressures easing, central banks are expected to start easing policy stance, lowering borrowing costs across markets. This will potentially lead to further easing in financial conditions and redirect capital flows to Emerging Markets. However, the recovery will be contingent upon geopolitical factors, which remain highly volatile.

(Source: IMF – World Economic Outlook, April 2024)

Indian Economy

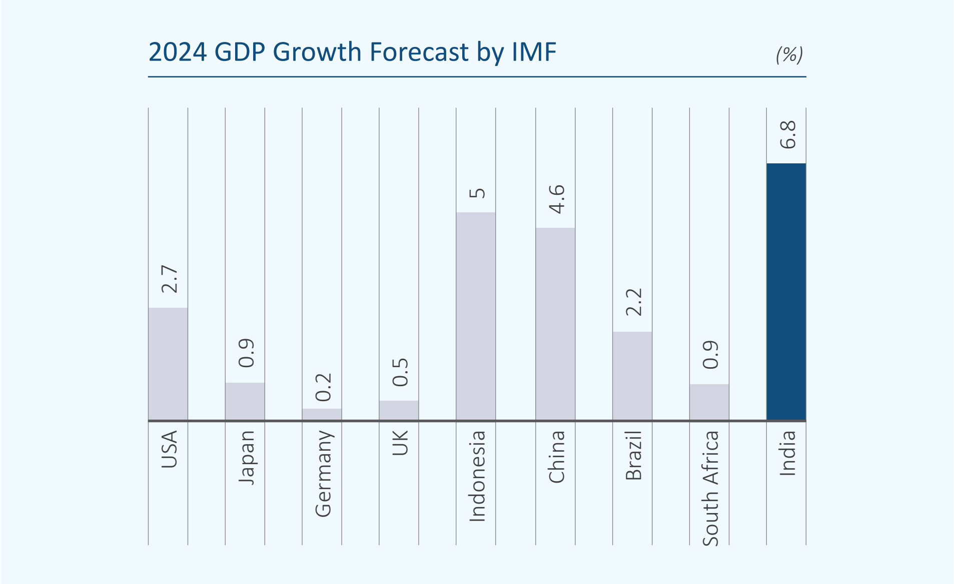
The official estimates from Central Statistical Office (CSO) indicated that India's real GDP grew by 8.2% year-on year (y-o-y) in FY 2023-24. With this, Indian GDP clocked 7%+ growth for 3 consecutive years, unlike any other G20 nation. India's resilience amidst global headwinds was due to its domestic strengths like high public capital expenditure, digitisation, rising ease of doing business, political stability, diminishing fiscal deficit and as well as a robust external sector. Indian industries have been undergoing a steady recovery led by construction and manufacturing. These are estimated to have expanded by 9.9% each y-o-y in FY 2023-24. Services continue to rise at a steady pace, with the FY 2023-24 y-o-y growth being 7.6%.

Inflation in India too has come down significantly but remains higher than RBI's target level of 4%. This is primarily due to high food inflation. A good Rabi harvest and adequate rainfall during Kharif sowing is expected to lower food inflation in FY 2024-25. As inflation declines further, interest rate trajectory is expected to shift downwards, supporting the revival of private capex within the economy.



While urban consumption continues to remain strong, rural spending is expected to gather momentum in FY 2024-25, supported by better agricultural productivity. Indian Metrological Department (IMD) has predicted a higher-than-average monsoon in FY 2024-25, which should support the agriculture sector.

IMF expects India's GDP will grow by 6.8% in 2024, making it the fastest growing major economy, once again. India's growth in 2024 will be supported by strong agricultural productivity, improved employment conditions, upturn in private capex, declining inflation, and higher domestic consumption. However, some potential risks for India's economic growth outlook include the geopolitical conflicts in Europe, Gulf region and parts of Asia or global financial market shocks which could put renewed pressures on international energy prices and disrupt global supply chains.



Industry Overview

Retail lending in India has been growing rapidly in recent years. The outstanding retail loans of banks expanded by 27.5% y-o-y in FY 2023-24. NBFCs also playing a key role in delivering retail credit, with a growth rate of 20% as per latest available data for FY 2022-23. Since this growth occurred during a disinflationary policy regime when borrowing costs were high, lenders are required to remain cautious regarding asset quality slippages, as an economic slowdown can raise delinquencies due to high debt servicing costs. But there are no imminent signs of immediate stress, as identified by Reserve Bank of India's Financial Stability Report, December 2023. The underlying asset quality has improved over time. The GNPA ratio of retail loans was 1.6% in Sep '23, compared to 2% in Sep '22. Additionally, GNPA ratio of unsecured loans improved as well from 2.5% in Sep '22 to 2% in Sep '23.

The rapid rise in retail lending has resulted in a steep advancement in household debt. As per latest data available, household financial liabilities grew more than 18% in FY 2022-23 (compared to the previous year). During the same period, household financial savings grew 10.4%. However, a large part of this additional borrowings was used to create physical assets (homes), which grew by 17.3% in this period. These trends suggest a realignment in household savings, from financial to physical, triggered by a sharp rise in real estate demand.

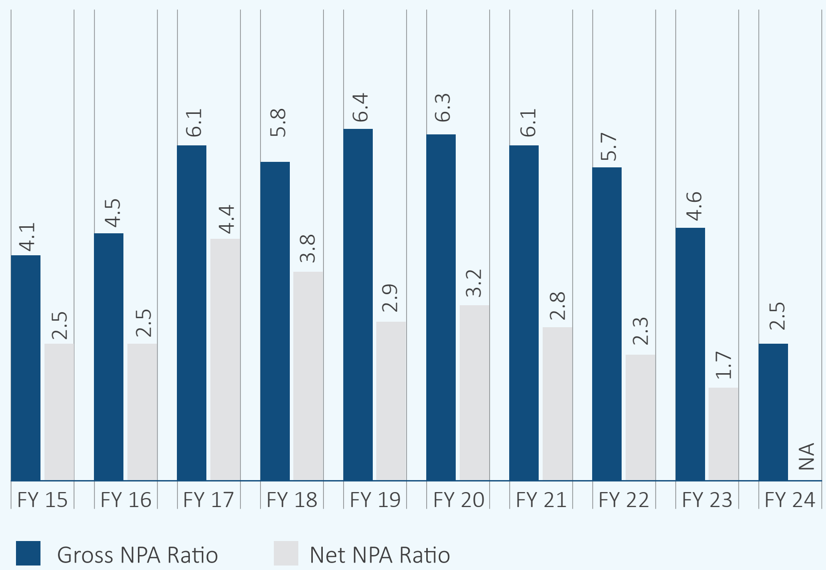
NBFC Industry Overview

Non-Banking Financial Companies (NBFCs) have been an integral part of India's formal credit system since independence, complimenting banks in distributing credit to the last-mile of the economy. NBFCs are characterised by their specialised underwriting abilities and nimble approach, enabling them to specialise in niche sectors like housing, MSME, real estate, commercial vehicles, and gold loans. The Government's initiatives to boost development of MSMEs and enhance their global competitiveness are commendable. NBFCs can play an integral role in extending loans to MSMEs, owing to their prowess in efficient delivery of credit to the smallest and remotest businesses. NBFCs have the ability to leverage on technological innovations like the India Stack to expand financial inclusion. This is reflected in the steady growth of NBFC credit to MSMEs. In FY 2022-23, there was a 48.5% y-o-y growth in advances to MSMEs by NBFCs, while that of Scheduled Commercial Banks grew by 14%. Easy availability of credit will ensure an inclusive landscape for MSMEs, enabling them to integrate with global supply chains and create quality employment.

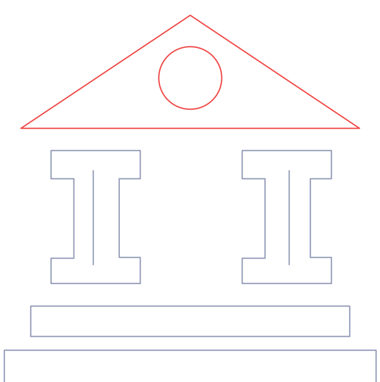
Crisil Ratings expect NBFC AUM to have grown at 16-18% in FY 2023-24. This could moderate marginally to 14-17% in FY 2024-25, triggered by tightening regulations on unsecured lending. The rating agency also expects that Housing loans will grow at 12-14% in FY 2024-25, buoyed by higher focus on affordable homes (costing ₹ 25 lakh or less per unit). The other major segment, vehicle loans, is expected to grow at 17-18% owing to high consumer demand.

The regulatory framework for NBFCs have improved significantly, reducing arbitrage between large NBFCs (upper layered NBFCs) and commercial banks. Regulatory reforms have helped NBFCs to strengthen their balance sheets and improve quality of loan book. RBI estimates that the GNPA ratio for NBFCs declined to a record low of 2.4% in FY 2023-24, from 6.4% in FY 2018-19. The sector's capital adequacy has also improved to 27.6% from 27.4% during this period, much higher than the regulatory requirement of 15%. Over the next few years there will be a significant round of consolidation favouring well managed and financially strong NBFCs, thereby improving the financial stability and overall profitability of the sector.

GNPA and NNPA of NBFCs (%)



Source: Financial Stability Reports, RBI



OPPORTUNITIES AND THREATS

Opportunities

India expected to remain the fastest growing economy in the world

India is one of the fastest growing major economies in the world. IMF expects India's GDP will grow by 6.8% in 2024, making it the fastest growing major economy, once again. India's growth in 2024 will be supported by strong agricultural productivity, improved employment conditions, upturn in private capex, declining inflation, and higher domestic consumption. The Performance Linked Incentive schemes will trigger large investments across multiple industries, raising the demand for credit.

Credit penetration is low in India presenting huge scope for growth

India's household debt to GDP ratio is one of the lowest among emerging markets. As per official estimates, Household Debt (as a percent of GDP) has been rising, from 33.5% in FY19 to 37.6% in FY 2022-23. As per the latest figures, it is expected to have breached 40% in FY 2023-24. However, this is still much lower than other major economies, including USA, China, Japan, Germany, and United Kingdom. At the same time, India's debt servicing ratio at 6.7% (March '23) is also one of the lowest among major economies, though improving gradually.

Threats

Challenge of funding: NBFCs are dependent on banks or capital markets for raising resources which may be challenging during economic downturn.

Regulatory compliances: NBFC sector being a vital part of the Indian financial system faces a slurry of regulations. Non-compliance due to new regulation or change in existing regulations pose a threat to normal functioning.

COMPANY OVERVIEW

With over three decades of presence, Piramal Enterprises Limited (PEL or the Company) is a leading diversified NBFC registered with the RBI. Following a strategic demerger (Aug '22), the Company is today a pure-play financial services business, with a stronghold in housing-led multi-product retail lending, real estate-led wholesale lending, alternatives, and insurance through a joint venture. A well-experienced management team and Board ensures deep industry knowledge, enabling the Company to strengthen its position in the dynamic financial services market.

The revised corporate architecture, culminating in a robust fusion of NBFC and Housing Finance Company (HFC), enables to focus on the core strengths. The Company boasts of healthy AUM worth ₹ 68,845 crore, with an extensive network of 490 branches across 26 states/UTs. It provides end-to-end financing solutions in both wholesale and retail funding opportunities across sectors such as real estate and infrastructure, renewable energy, hospitality, logistics, industrials, and auto components.

Within Retail Lending, through its multi-product platform, the Company offers housing loans, loans for small businesses and loans for working capital to customers in affordable housing and mass affluent segments across Tier 1, 2 and 3 cities.

Within Wholesale Lending, the business provides financing to real estate developers and corporate clients in select sectors.

PEL has also formed strategic partnerships with leading financial institutions such as CPPIB, APG and Ivanhoe Cambridge (CDPQ) across various investment platforms.

Piramal Alternatives, the fund management business of PEL, provides customised financing solutions to high-quality corporates through the below funds:

- 'Piramal Credit Fund,' a sector-agnostic credit fund with capital commitment from CDPQ. It caters to the capital needs of mid-market companies
- 'IndiaRF,' a distressed asset investing platform with Bain Capital Credit, which invests in equity and/or debt across non-real estate sectors

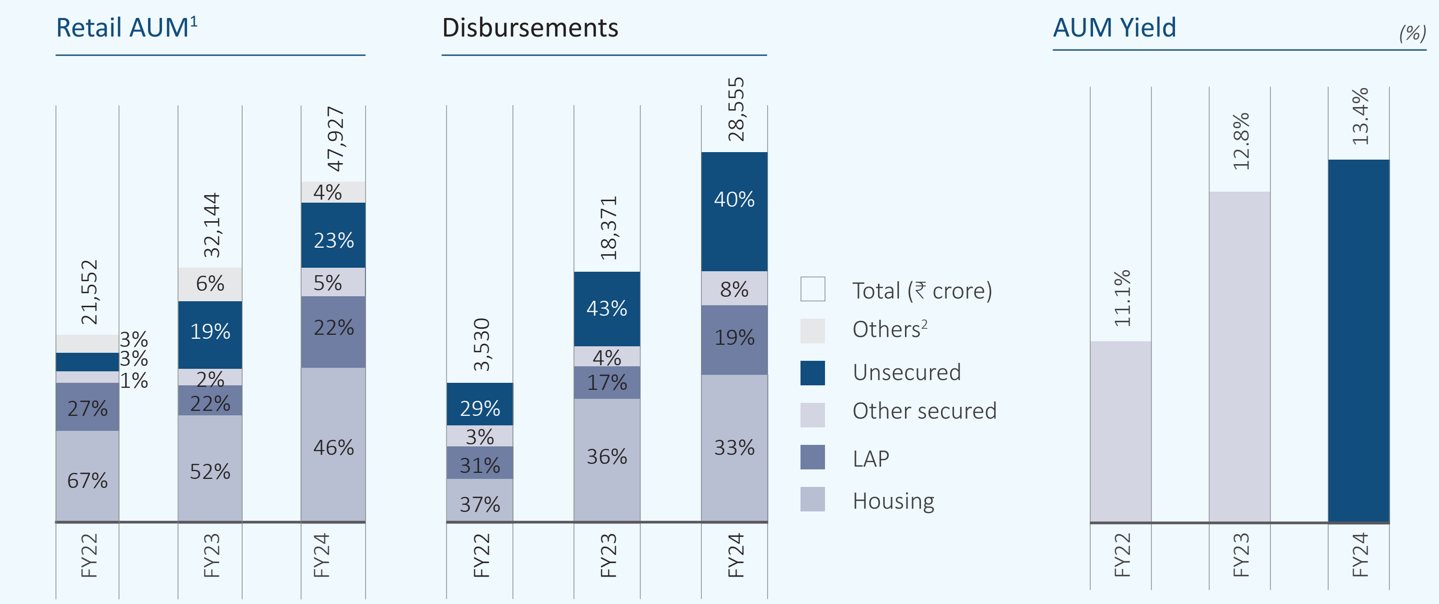
In Life Insurance, the Company has a 50% stake in Pramerica Life Insurance (PLI), its joint venture (JV) with Prudential International Insurance Holdings. This stake was a result of PEL's acquisition of Dewan Housing Finance Corporation Limited (DHFL). PEL offloaded its 8.34% stake held in Shriram Finance in June 2023.

Segment–Wise or Product-Wise Performance

Enroute to Transformation and Value-Realisation

Building a leading "housing-focussed" diversified retail business

The Company remains committed to building a dominant "retail secured" multi-product business, while diversifying its retail and wholesale portfolios. Under the retail segment, it successfully integrated the DHFL business, which it acquired in September 2021. This was a pivotal move aimed at strengthening its focus on retail lending, accompanied by substantial investments in developing a comprehensive, housing-centric, multi-product retail platform catering to "Bharat".



Notes: (1) Retail AUM includes security receipts (SRs) (₹ 1,579 crore as of FY 2023-24) & pass-through certificates (PTC) (₹ 152 crore as of FY 2023-24), direct assignment (DA) (₹ 1,598 crore as of FY 2023-24), Co-lending (₹ 27 crore as of FY 2023-24) and excludes acquired off book assets (₹ 8,947 crore as of FY 2023-24) in the nature of DA & PTC as part of the DHFL acquisition

(2) Others includes SRs (₹ 1,579 crore as of FY 2023-24) & pass-through certificates (PTC) (₹ 152 crore as of FY 2023-24)

Wholesale 2.0 AUM: Operating performance as on FY 2023-24 end

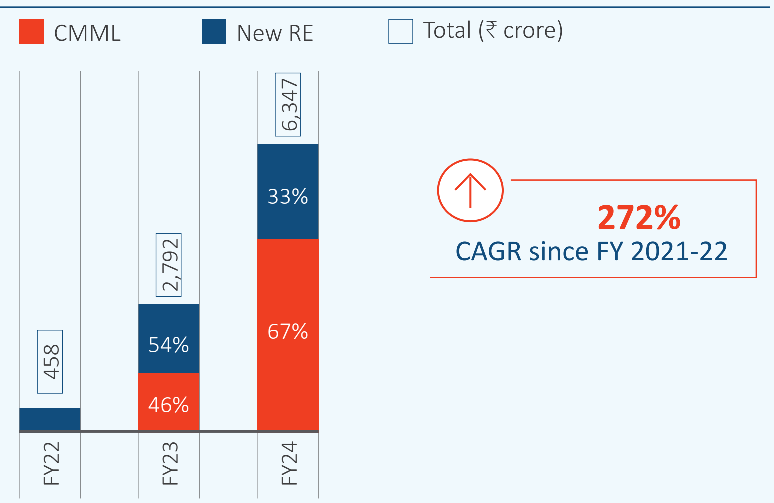
₹6,347 Crore

Total AUM

2.3x Growth

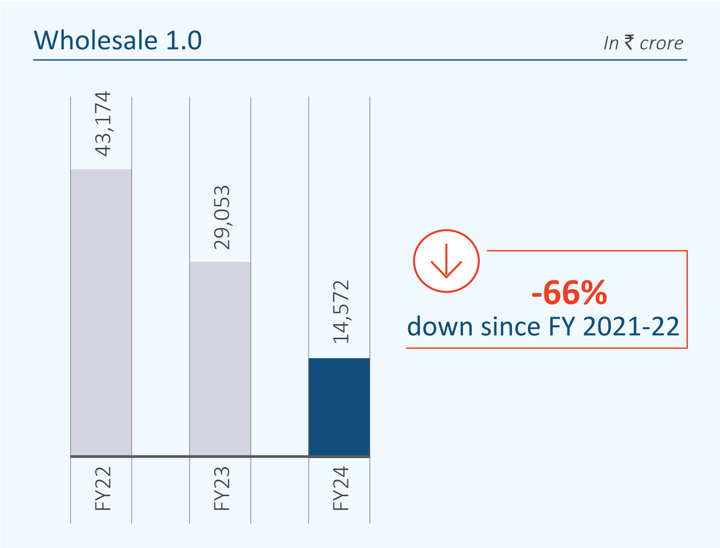
from FY 2022-23 to FY 2023-24

Wholesale 2.0 – revamped model leveraging the sector tailwinds



Under the Wholesale business, the Company is building a diversified and granular Wholesale 2.0 portfolio across Real Estate and Corporate Mid-Market Lending (CMML) in a calibrated manner.

Subsequently, the company continues to accelerate run down of Wholesale 1.0 portfolio. At the end of FY 2023-24, the Wholesale 1.0 AUM reduced to ₹ 14,572 crore, from ₹ 43,175 crore at the end of FY 2021-22.



OUTLOOK

Pursuing Diversified Growth

The Company is on track to deliver profitable growth with tangible milestones. While it is gradually changing its Retail-to-Wholesale AUM mix, it is also scaling up other value drivers – by increasing the size of Alternatives Fund and Life Insurance APE.

As the business gains traction in all its chosen segments, it is working to deliver consolidated ROA of 3-3.3% by FY 2027-28.

Over the past two years, the Company has demonstrated its capabilities by rapidly scaling up its retail and wholesale businesses. It has meticulously managed pricing and asset quality, maintained robust growth momentum, and enhanced profitability.

The Company has made significant upfront investments in distribution channels, technology, talent acquisition, and management infrastructure, providing a solid foundation for future endeavours. While previously, the Company was focussed on inorganic growth strategies, the current emphasis is on organic expansion.

RISK MANAGEMENT

The Company has a robust Risk Management framework to identify, measure, manage and mitigate business and opportunities. This framework seeks to create transparency, minimise adverse impact on the business strategy and enhance the Company's competitive advantage. The Company maintains a risk control matrix that systematically identifies key risks and corresponding controls across various functions.

The Company's risk management is supervised by the Board of Directors, who have established the Sustainability & Risk Management Committee (SRMC) to ensure effective risk strategy implementation.

For details on the distinct types of risks, the Company is exposed to and the mitigation measures undertaken, please refer to page 59.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a robust and comprehensive internal control system commensurate with the size and complexity of business operations. The framework ensures adherence to regulations, asset safeguarding, detection and prevention of frauds and errors, adequacy and completeness of accounting records, and timely preparation of reliable financial information. The efficacy of the internal control system is validated by internal auditors and re-examined by the management.

HUMAN RESOURCES

HR plays a pivotal role in elevating organisational awareness, cultivating the value of human resources, and driving productivity and innovation to meet customer needs more effectively. The Company fosters a growth-oriented work culture with a safe, productive, and healthy environment. The Company prioritises the development of all its employees through personnel management system. The HR team provides training for skill development as well as grooms leaders as a part of succession planning to ensure business continuity. The Company strives to engage with its employees through various policies, training programmes, and recognition programmes. The Company continues to foster an inclusive work environment and provides equal opportunities and respect to all employees, irrespective of their background or gender. The HR function also conducts various sessions to promote health and well-being of all its employees.

During the year, the Company had 13,706 employees on its payroll as on March 31, 2024.

OPERATIONAL PERFORMANCE

Asset Quality

The overall GNPA ratio decreased to 2.4% as of March 2024, as compared to 3.8% as of March 2023. The net NPA ratio stood at 0.8% as of March 2024 as compared to 1.9% in March 2023. Overall provisions decreased to ₹ 3,429 crore from ₹ 3,964 crore in March 2023. Provisioning as a percentage of AUM stood at 5.1% as of March 2024 as compared to 6.2% in March 2023.

Total Assets: Asset Classification

Total assets (₹ crore)	FY 2023-24	FY 2022-23
Stage 1	60,308	54,956
Stage 2	4,461	5,553
Stage 3	1,430	2,055
Sub-Total	**66,199**	**62,564**
POCI	1,020	1,425
Total AUM[1]	**67,219**	**63,989**
Total provisions (₹ crore)	**FY 2023-24**	**FY 2022-23**
Stage 1	1,567	1,571
Stage 2	928	1,375
Stage 3	934	1,017
Total	**3,429**	**3,964**
Asset quality ratios (%)	**FY 2023-24**	**FY 2022-23**
Provision coverage ratio - Stage 1	2.6%	2.9%
Provision coverage ratio - Stage 2	21%	25%
Provision coverage ratio - Stage 3	65%	50%
Total provisions as a % of total AUM	**5.1%**	**6.2%**
GNPA ratio (%)	**2.4%**	**3.8%**
NNPA ratio (%)	**0.8%**	**1.9%**

Note: (1) Excludes Direct Assignment (DA) (₹ 1,598 crore as of FY 2023-24), Co-lending (₹ 27 crore as of FY 2023-24)

With a skilled team at the helm, the Company has effectively reduced its Stage 2 and 3 assets. The team continue to work tirelessly to monitor and execute strategies for recovering complex debts and enforcing agreements, aiming to improve overall recoveries and monetise assets.

The Company is focussed on the 'Resolution' part of asset cycle. PEL is using various tools for resolution of stressed assets, including monetisation of underlying assets, one-time settlements, enforcement via IBC / other means and portfolio sales to ARCs in cash and / or Security Receipts (SRs).

To strengthen the Company's business, structural changes have been implemented, such as establishing independent teams and enhancing layers of credit assessment. There is a dedicated risk analytics team responsible for monitoring the portfolio performance and detecting early warning signals. The Company has restructured its organisational setup to incorporate distinct teams for origination, credit assessment, asset management, and control functions.

As of FY 2023-24, the Company has an outstanding SRs portfolio of ₹ 4,847 crore and 33% of the outstanding SRs have retail loans as underlying assets.

Wholesale Assets: Asset Classification

Total assets (₹ crore)	FY 2023-24	FY 2022-23
Stage 1	16,644	25,471
Stage 2	3,475	4,844
Stage 3	799	1,530
Total AUM	**20,919**	**31,845**
Total provisions (₹ crore)	**FY 2023-24**	**FY 2022-23**
Stage 1	1,029	1,143
Stage 2	896	1,341
Stage 3	705	847
Total	**2,629**	**3,332**
Asset quality ratios (%)	**FY 2023-24**	**FY 2022-23**
Provision coverage ratio - Stage 1	6.2%	4.5%
Provision coverage ratio - Stage 2	26%	28%
Provision coverage ratio - Stage 3	88%	55%
Total provisions as a % of total AUM	**12.6%**	**10.5%**

BORROWINGS

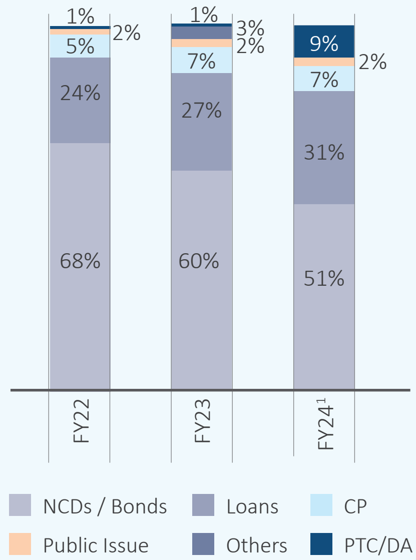
Market Scenario and Key Developments

To reduce inflation, major central banks including the RBI, raised policy interest rates to restrictive levels in 2023, resulting in high mortgage costs and tight liquidity. This created a challenging environment for firms to refinance debt, at low costs. However, in recent quarters, there has been a steady decline in inflationary pressures, prompting central banks to pause rate hikes. As inflation continues to decline, monetary policy will gradually turn accommodative, leading to lower borrowing costs.

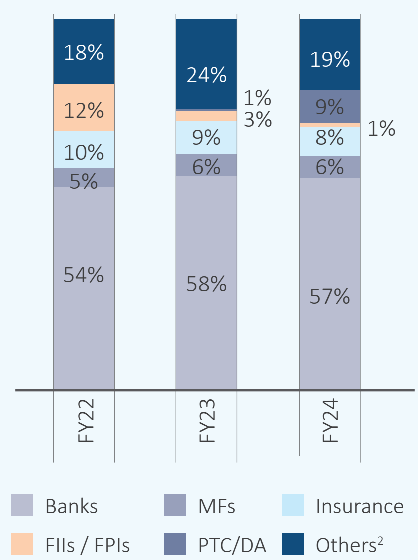
Funding Sources

The Company sources its funds through several avenues including term loans, NCDs, commercial paper, securitisation, external commercial borrowings (ECB) and public issue of NCDs. The borrowings are primarily long-term in nature, with the predominance of term loans and NCDs in the funding mix.

Breakdown of Borrowing Mix by Type of Instruments (%)



Breakdown of Borrowing Mix by Type of Lender (%)



Notes:

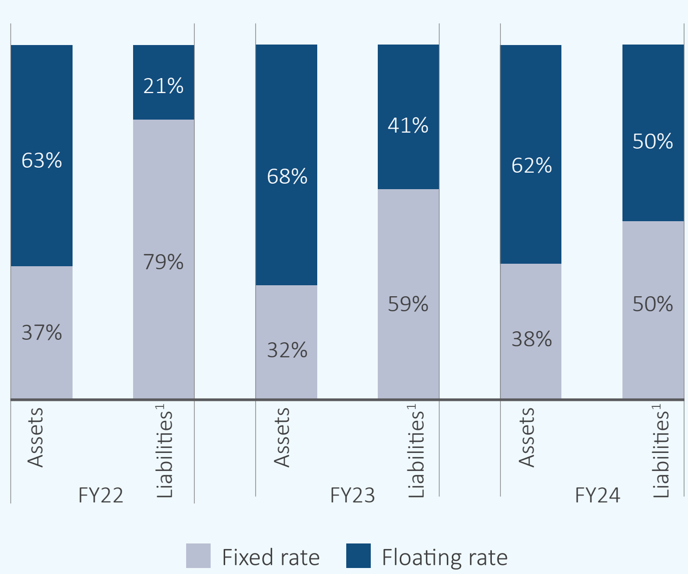
(1) Includes direct assignment (DA) of ₹ 1,598 crore as of FY 2023-24

(2) Includes employee benefit funds, NHB, other financial institutions and individuals/HUFs/corporates etc. which contribute 4%, 3%, 2% and 11% respectively to overall borrowings for FY 2023-24

Cost of Borrowings

The overall cost of borrowings increased from 8.6% in March 2023 to 8.9% in March 2024, led by system-wide increase in bank MCLR. Further, cost of borrowings is expected to remain stable over time, as 50% of the total borrowings as fixed rate liabilities and monetary policy will gradually turn accommodative.

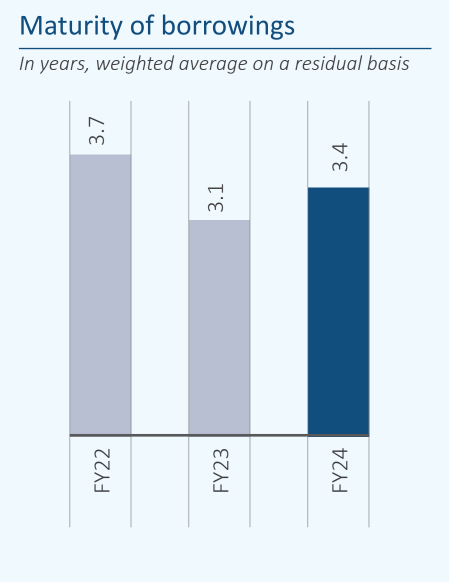
Fixed : Floating rate mix (%)



Note:

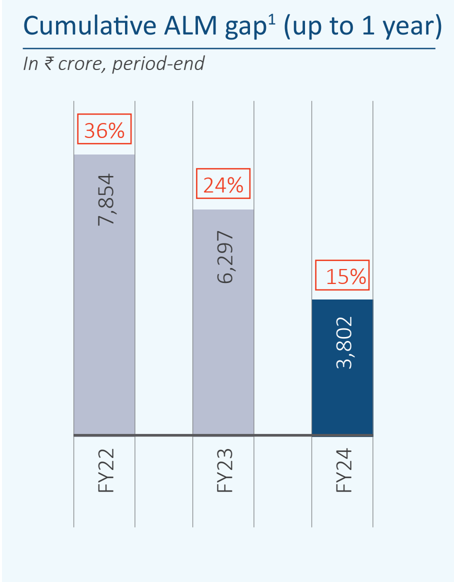
(1) Includes fixed rate borrowings of ₹ 17,097 crore for FY 2022-23 & ₹ 16,172 crore for FY 2023-24

Maturity of Borrowings Remains Above 3 Years



Maintaining Healthy Cumulative ALM GAP1 (up to 1 year)

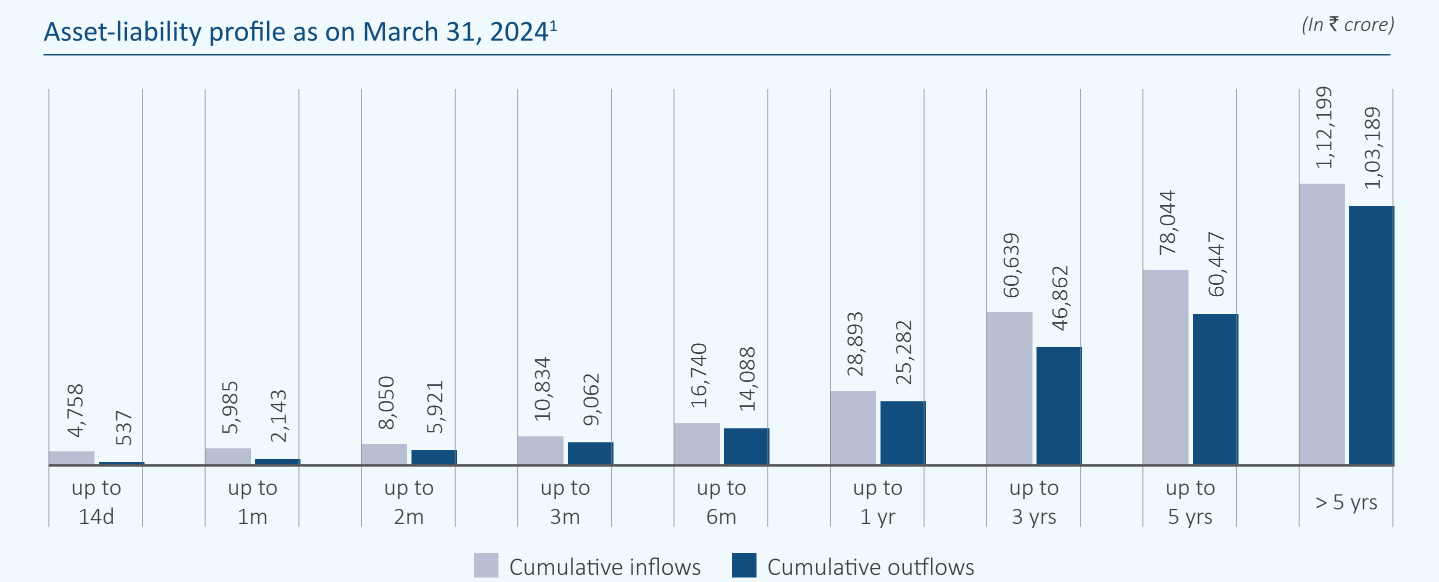
(In ₹ crore period-end) GAP%



Notes:
(1) Cumulative GAP = Cumulative inflows up to 1-year – cumulative outflows up to 1-year
(2) GAP% = Net flows (i.e., cumulative inflows – cumulative outflows) as a % of cumulative outflows

Asset & Liability Management (ALM) Profile

As of March 31, 2024, the Asset & Liability Management (ALM) profile reflected significant positive gaps across all time-period buckets within the norms stipulated by the RBI.



Cumulative GAP[2] (%)

up to 14d	up to 1m	up to 2m	up to 3m	up to 6m	up to 1 yr	up to 3 yrs	up to 5 yrs	> 5 yrs
+786%	+179%	+36%	+20%	+19%	+14%	+29%	+29%	+9%

Notes:
(1) Based on static ALM for wholesale and behavioural ALM for the retail portfolio
(2) Cumulative GAP (%) = net flows (i.e., cumulative inflows – cumulative outflows) as a % of cumulative outflows

CAPITAL ADEQUACY RATIO

As of March 31, 2024, the capital adequacy ratio for the financial services business stood at 25.6%, as compared to 31% as of March 31, 2023. The YoY change in capital adequacy reflects provisioning for AIF and buyback of shares. With net debt-to-equity of 1.8x as of March 2024, PEL today ranks amongst the most well-capitalised, sizeable NBFCs in the country.

FINANCIAL PERFORMANCE

Key Highlights of FY 2023-24

Consolidated Revenues	₹ 10,178 crore
Net Profit/(loss)	₹ (1,684) crore
Total Assets	₹ 82,605 crore
Overall Equity	₹ 26,557 crore
Customer Franchisee	4.1 million
Branches	490
GNPA	2.4%
NNPA	0.8%

BALANCE SHEET PERFORMANCE

Consolidated Balance Sheet

(In ₹ crore)

Particulars	March 2024	March 2023
ASSETS		
FINANCIAL ASSETS:		
Cash & Bank	4,447	4,649
Loans	54,943	46,395
Investments	12,513	22,332
Other financial assets	1,085	1,061
NON-FINANCIAL ASSETS:		
Current tax assets (net)	1,141	1,467
Deferred tax assets (net)	2,876	1,847
Tangible & Intangible asset	851	959
Other non-financial assets	3,041	2,765
Asset held for sale	1,708	2,278
	82,605	**83,752**
FINANCIAL LIABILITIES:		
Payables	295	399
Borrowings	53,611	49,583
Other Financial Liability	1,399	1,685
NON-FINANCIAL LIABILITIES:		
Current tax & Deferred tax liability	219	721
Provision	107	123
Other Non-Financial Liability	417	183
EQUITY		
Equity share capital	45	48
Other equity	26,512	31,011
Non-Controlling Interest		-
	82,605	**83,752**

Note: The above numbers have been regrouped from IND AS Financial Statements for presentation purposes only

Equity

The equity as of March 31, 2024, declined to ₹ 26,557 crore from ₹ 31,059 crore as of March 31, 2023.

Equity Movement

(In ₹ crore)

Particulars	March 2024
Opening Equity	31,059
Net Profit/(Loss)	-1,684
Dividend Payout	-740
Share buyback	-2,168
Movement in Other Comprehensive Income (OCI)	77
Others	13
Closing Equity	26,557

Borrowings

Total borrowings increased to ₹ 53,611 crore as on March 31, 2024, as compared to ₹ 49,583 crore as on March 31, 2023.

Debt To Equity

The net debt-to-equity has increased to 1.8x as of March 31, 2024, as compared to 1.3x as of March 31, 2023.

AUM

With its core presence in lending, and other platforms, its AUM increased to ₹ 68,845 crore as on March 31, 2024, as compared to ₹ 63,989 crore as on March 31, 2023, primarily driven by the retail loan book growth. However, this was partly offset by a reduction in the wholesale loan book, which was in line with the Company's stated strategy of making its book more granular and even more diversified. The overall portfolio mix of Retail: Wholesale loans has changed favourably to 70:30 as of March 2024, from 50:50 as of March 2023.

PROFIT AND LOSS STATEMENT

(In ₹ crore)

Consolidated income statement	FY 2023-24	FY 2022-23	YoY %
Interest income[1]	7,423	7,799	(5%)
Less: Interest expense	4,400	4,041	9%
Net interest income (A)	**3,022**	**3,757**	**(20%)**
Fee & commission	560	292	92%
Dividend	148	92	61%
Others[2]	241	905	(73%)
Other income (B)	**948**	**1,288**	**(26%)**
Total income (A+B)	**3,971**	**5,046**	**(21%)**
Less: Operating expenses (Opex)	2,774	2,215	25%
Pre-provision operating profit (PPOP)	**1,197**	**2,831**	**(58%)**
Less: Loan loss provisions & FV loss / (gain)[3]	3,990	5,180	(23%)
Less: Shriram FV loss / (gain)	(1,726)	115	
Less: Goodwill write-off	278	-	
Profit before tax	**(1,346)**	**(2,464)**	
Add: Exceptional gain / (loss)	(1,596)	8,066	
Less: Current & deferred tax	(1,105)	(3,978)	
Add: Associate income	154	389	(60%)
Reported net profit / loss after tax	(1,684)	9,969	

Notes: (1) DA Upfront profit of ₹ 109 crore for FY 2023-24 added in Interest Income from Net Loss of De-recognition line

(2) Other income in FY 2023-24 included Shriram Brand Sale income of ₹ 871 crore moved to Shriram FV gain line item

(3) Impairment on Investment Property of ₹ 660 crore in FY 2023-24 added in Credit cost from Depreciation and Impairment

INTEREST INCOME

Interest income declined 5% YoY to ₹ 7,423 crore in FY 2023-24 from ₹ 7,799 crore in FY 2022-23.

INTEREST EXPENSES

Interest expenses increased 9% YoY to ₹ 4,400 crore from ₹ 4,041 crore in FY 2022-23 owing to increase in borrowing cost for the year as well higher borrowing.

NET INTEREST INCOME (NII)

NII declined 20% YoY to ₹ 3,022 crore mainly on account of lower Interest Income as we continued to focus on resolution of WS 1.0 book.

OPERATING EXPENSES

Investments in retail infrastructure like an increase in branch network and employee headcount have led to an increase in operating expenses. Operating expenses increased 25% YoY to ₹ 2,774 crore from ₹ 2,215 crore in FY 2022-23.

PROVISIONS & FAIR VALUE

The overall provisions and fair value is ₹ 2,264 crore in FY 2023-24 vs ₹ 5,295 crore in FY 2022-23 primarily driven by the resolution of Wholesale 1.0 assets.

INCOME FROM SHARE OF ASSOCIATES

The share of net profit of associates and joint ventures declined 60% YoY to ₹ 154 crore from ₹ 389 crore in FY 2022-23. This includes the Company's share of profits in insurance business and Alternative Funds. Previous year had substantial share of profits from Shriram Group (before restructuring).

NET PROFIT AFTER TAX

Reported net loss after tax stood at ₹ 1,684 crore as compared to net profit of ₹ 9,969 crore in FY 2022-23.

DIVIDEND

The Board has recommended a dividend of ₹ 10 per share, subject to approval of the shareholders at the Annual General Meeting. The total dividend pay-out on this account would be approximately ₹ 225 crore.

SIGNIFICANT EVENTS DURING FY 2023-24

January 2024 – Piramal Enterprises Limited sold its entire investment of 20% in Shriram Investment Holdings Private (formerly known as Shriram Investment Holdings) to Shriram Ownership Trust (SOT) for a consideration of ₹ 1,440 crore.

October 2023 – Piramal Enterprises Limited filed Shelf Prospectus, for its inaugural public issue of Secured, Rated, Listed, Redeemable Non-Convertible Debentures (NCDs) of face value of ₹ 1,000 each aggregating up to ₹ 3,000 crore. In the Tranche I Issue, the Company raised ₹ 532.9 crore. The NCDs were listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

October 2023 – PMI Electro Mobility Solutions Pvt. Ltd. received a strategic investment of ₹ 250 crore from Piramal Alternatives to bolster its green mobility initiatives. The investment has been made through the Performing Credit Fund (PCF), a sector-agnostic fund of Piramal Alternatives, that caters to the capital needs of mid-market companies.

September 2023 – India Resurgence Fund (IndiaRF), a leading India-focussed investment platform promoted by Piramal Enterprises Limited and Bain Capital Credit, announced an investment of ₹ 525 crore in Ivy Health and Life Sciences Private Limited (Ivy). Following the transaction, IndiaRF has become the majority shareholder of Ivy. The deal marks IndiaRF's maiden investment in the healthcare sector and the first of its kind in the regional hospitals segment in North India.

September 2023 – The Board of Directors of Ind-Swift Laboratories Limited (IndSwift) approved a business transfer of its active pharmaceutical ingredients (API) and contract research and manufacturing services (CRAMS) business to Synthimed Labs Private Limited (Synthimed), a portfolio company of India Resurgence Fund (IndiaRF). IndiaRF acquired the business for a consideration of ₹ 1,650 crore.

August 2023 – Harmony Organics Pvt Ltd., a Pune-based Specialty Chemicals company raised ₹ 225 crore from Piramal Alternatives to tap into growing global opportunities in the fragrance & flavour industry. The funds raised from the Performing Credit Fund (PCF) of Piramal Alternatives are in the form of convertible securities.

July 2023 – Piramal Capital & Housing Finance Limited launched six all-women branches. Appropriately named 'Maitreyi', the branches exemplify the Company's unwavering commitment to fostering diversity and providing women with equal opportunities in the workforce. These full-service branches are in Ajmer Road in Rajasthan, Chattarpur in New Delhi, Mohali in Punjab, Mumbai in Maharashtra, Tripunithura in Kerala, and S.D. Road in Secunderabad and have a dedicated team of 7-15 women employees each.

July 2023 – The Board of Directors of PEL, at the meeting held on July 28, 2023, approved buyback of up to 1,40,00,000 equity shares of ₹ 2/- each fully paid-up. This represents up to 5.87% of the total paid-up equity shares of the Company at a price of ₹ 1,250/- per equity shares, aggregating to ₹ 1,750 crores. This amount is 9.15% and 6.72% of the aggregate of the fully paid-up equity share capital and free reserves of the Company as per the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2023, respectively. The buyback is under the Board approval route as per the provisions of the Act and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (the 'Buyback Regulations') from the members of the Company, under the tender offer route. Accordingly, after extinguishment of 1.4 crore equity shares bought back, the issued share capital of the Company stood at ₹ 44,93,76,546 consisting of 22,46,88,273 equity shares of ₹ 2 each. The subscribed and paid up share capital of the Company stood at ₹ 44,93,27,400 consisting of 22,46,63,700 equity shares of face value of ₹ 2 each fully paid.

June 2023 – The Company sold its entire direct investment of 8.34% in Shriram Finance Limited to third party investors, on the floor of the stock exchange.