

PRESS RELEASE

Piramal Enterprises Limited announces consolidated results for Q2 and H1 FY2023

- Completed the demerger of Piramal Pharma. Reporting first quarterly results for PEL as a listed RBI regulated NBFC.
- Successfully completed one year of DHFL acquisition, witnessing improved performance across most parameters.
- Retail Business: 62% q-o-q and 8x y-o-y growth in disbursements to INR 3,973 Cr.; 12% YoY growth in retail loan book.
- Created additional provision and fair value adjustment of INR 3,311 Cr. on assets during the quarter.
- Net loss of INR 1,536 Cr. during the quarter, as compared with INR 395 Cr. of re-computed net profit for Q2 FY22 for the demerged FS entity.
- INR 5,888 Cr of wholesale assets moved from Stage 1 to Stage 2, largely completing asset recognition cycle; well provided for Stage 2 and Stage 3 Assets.
- Strong balance sheet with equity of INR 27,472 Cr.; Cash and cash equivalent of INR 6,984 Cr.

Mumbai, India | November 9, 2022: Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302), a leading diversified NBFC, today announced its consolidated results for the Second Quarter (Q2) and Half Year (H1) FY2023 ended 30th September 2022.

Consolidated Highlights

- Total AUM grew 35% since pre-merger¹ to INR 63,780 Cr.
- Retail loan book now accounts for 43% of overall loan book vs 12% pre-merger¹.
- Revenues² grew 37% on a YoY basis to INR 997 Cr., primarily on account of DHFL acquisition as well as healthy growth in our retail lending business.
- Stable GNPA ratio stood at 3.7% with NNPA ratio at 1.3%.
- Provisions as % of wholesale AUM increased to 13.1% from 8.8% last quarter.
- Capital Adequacy Ratio of 23% in Q2 FY23.

¹ Pre-merger refers to pre-September 30, 2021

² Total income, net of interest expenses

Ajay Piramal, Chairman, Piramal Enterprises Ltd. said, "This quarter marks the successful and time bound demerger of the Pharma business, creating two sector focused entities in Financial Services and Pharma.

On Retail lending business, we successfully completed our 1-year milestone of the DHFL acquisition, delivering robust growth on most key parameters. Our size now places us in a dominant position amongst large NBFCs in India. Retail lending business continues to grow faster than our earlier guidance, taking us closer to our aspirations of becoming a more retail oriented NBFC.

In the Wholesale lending business, we have largely completed our asset recognition cycle and are well provided on Stage 2 and Stage 3 loans. We are focused on making the Wholesale book more granular and with increased focus on recoveries/ monetization, we expect the wholesale book size to moderate in the short term. Further, we are also investing to build a cashflow & asset backed real estate and mid-size corporate lending business.

Our balance sheet remains strong with capital adequacy ratio of 23% and an equity base of INR 27,472 Cr. in Q2 FY23. In addition, there are significant pockets of value embedded in our balance sheet, where we expect value unlocking to take place in coming few quarters. We will continue to work towards creating long-term value for our stakeholders.”

Key Business Highlights

Retail

- **Loan Book**

- Retail loan book stood at INR 24,872 Cr.; thus nearing our target of achieving 50% share of retail in the near term.

- **Disbursement Growth**

- Disbursements stood at INR 3,973 Cr.; outperformed our earlier stated disbursement guidance of INR 2,500-3,500 Cr. in Q3FY23.
- Healthy disbursement yields at 12.3% for the quarter.

- **Scale and Presence**

- Network of 343 branches in 290+ locations across 27 States/UTs. Majority of the branches in Tier 2/3 cities and towns.
- Our customer franchise now stands at ~2.2 Mn; 4.5 lakh new customers acquired during the quarter.

- **Product Expansion:**

- Portfolio of 11 retail lending products; continue to further diversify our portfolio by adding new products.
- Launched branch led personal loan to salaried individuals in tier 2 & 3 towns.
- Microfinance business now present in 3 states (Karnataka, Rajasthan and Bihar).
- Scaling up partnerships with marquee fintech and consumer tech firms; 22 programs launched as on 30-Sept, 2022.

Wholesale

- **Loan Book**

- Wholesale book reduced by 13% to INR 38,908 Cr. in last 12 months.
- Focus on making wholesale book more granular continues. Exposure to top-10 accounts reduced 33% since Mar-2019.

▪ **Asset Classification and Provisioning**

- INR 5,888 Cr. of assets moved from Stage 1 to Stage 2, largely completing asset recognition cycle.
- Well provided for stage 2 and stage 3 loans.
- The remaining Stage 1 book is healthy with smaller ticket sizes (INR 187 Cr.), and exposures to well capitalised large and mid-size developers

▪ **Corporate Mid-Market Lending**

- Built a book of ~804 Cr with an average ticket size of INR ~50 Cr.

Robust Liability Management

- Well-matched ALM with positive gaps in all buckets.
- Due to strong balance sheet and healthy liability mix, the average cost of borrowings stood at 8.8% for the quarter.
- With 80% of liabilities being fixed in nature, we continue to maintain the borrowing cost despite a rising interest rate environment.

Consolidated Profit & Loss:

(In INR Crores)

PEL Consolidated	Q2 FY23	Q2 FY22	Y-o-Y Growth%	Q1 FY23	Q-o-Q Growth%	H1 FY23	H1 FY22	Y-o-Y Growth%
Operating Income	1,947	1,613	21%	2,130	-9%	4,077	3,207	27%
Less - Interest Expense	1,013	914	11%	1,051	-4%	2,064	1,857	11%
Net Interest Income	934	699	34%	1,079	-13%	2,013	1,350	49%
Other Income	63	27	132%	23	177%	86	50	72%
Total Income, net of interest expenses	997	726	37%	1,101	-9%	2,099	1,400	50%
Less - Operating expenses	541	209	158%	442	23%	983	419	135%
Pre provision Operating Profit (PPOP)	456	516	-12%	660	-31%	1,116	981	14%
Less: Loan Loss Provisions & FV loss/(Gain)	3,311	(29)		122		3,433	(105)	
Profit Before Tax	(2,855)	546	-623%	538	-631%	(2,317)	1,086	-313%
Current & Deferred tax	(694)	98	-805%	145	577%	(548)	232	-336%
Profit After Tax (Before Associate Income)	(2,161)	447	-583%	392	-651%	(1,769)	854	-307%
Associate Income	172	100	72%	149	15%	321	251	28%
PAT before exceptional	(1,989)	547	-463%	542	-467%	(1,447)	1,105	-231%
Exceptional (Expense)/ Gain	452	(153)		7,614*		8,066	(153)	
PAT after exceptional	(1,536)	395	-489%	8,155	-119%	6,619	952	595%
Profit from Discontinuing Operation	-	32		-		-	8	
Reported Net Profit/Loss after Tax	(1,536)	427	-460%	8,155	-119%	6,619	960	589%

Notes: (*) Exceptional gain of INR 7614 Cr in Q1FY23 pertaining to the accounting of demerger

Gain on mutual fund investments is clubbed under operating income

About Piramal Enterprises Ltd:

Piramal Enterprises Ltd. (PEL) is a leading diversified Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI), with presence across retail lending, wholesale lending, and fund-based platforms. The company has investments and assets worth ~\$10 billion, with a network of over 300 branches across 25 states/UTs.

PEL has built a technology platform, which is driven by artificial intelligence (AI), with innovative financial solutions that cater to the needs of varied industry verticals. PEL has steered dynamic business growth over the three decades of its existence, staying focused on both organic as well as inorganic growth strategy.

PEL made its foray into the financial services sector with Piramal Capital & Housing Finance Ltd., a housing finance company registered with the Reserve Bank of India that is engaged in various financial services businesses. The company 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 home loans, loans for small businesses and loans for working capital to customers in affordable housing and mass affluent segments across tier I, II and III cities. Within wholesale lending, the business provides financing to real estate developers, as well as 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, provides customised financing solutions to high-quality corporates through – 'Piramal Credit Fund', a performing, sector-agnostic credit fund with capital commitment from CDPQ; and 'IndiaRF', a distressed asset investing platform with Bain Capital Credit, which invests in equity and/or debt across non-real estate sectors. The Company also has a 50% stake in Pramerica Life Insurance – a joint venture with Prudential International Insurance Holdings. PEL also has equity investments in the Shriram Group, a leading financial conglomerate in India.

For more information visit: www.piramal.com, [Facebook](#), [Twitter](#), [LinkedIn](#)

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