

PRESS RELEASE

Piramal Enterprises Limited announces consolidated results for Q3 and 9M FY2023

- Total Assets Under Management (AUM) stood at INR 64,867 Cr.; Retail lending grew to 43% of AUM, from 33% in Q3FY22.
- Profit After Tax (PAT) for the quarter stood at INR 3,545 Cr.
- Retail Business: 29% QoQ and 593% YoY growth in disbursements to INR 5,111 Cr.; 29% YoY growth to INR 27,896 Cr. in retail AUM.
- Wholesale Business: Wholesale 1.0 AUM* reduced by 20% YoY to INR 35,101 Cr.; Built a Wholesale 2.0 AUM** across Real Estate and Corporate Mid-Market Loans (CMML) of INR 1,870 Cr.
- Net worth strengthened to INR 31,241 Cr. from INR 27,472 Cr. in Q2 FY23; Cash and liquid investments of INR 6,032 Cr.

Mumbai, India | February 8, 2023: Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302), a leading diversified NBFC, today announced its consolidated results for the Third Quarter (Q3) and Nine Months (9M) FY2023 ended 31st December 2022.

Consolidated Highlights

- Profit After Tax (PAT) for the quarter stood at INR 3,545 Cr.; Key significant transactions leading to gains of:
 - INR 3,328 Cr. on account of reversal of Income Tax Provision.
 - INR 1,106 Cr. on account of restructuring of Shriram Capital group and bond buyback.
- Created one-time additional provisioning buffer of INR 1,073 Cr. in Stage 1 and Stage 2 assets of Wholesale 1.0* AUM.
 - With this provision, we have adequately provided towards Wholesale 1.0 AUM*.
- Gross NPA Ratio stood at 4.0% with Net NPA ratio at 1.7%.
- Total provisions as a % of total AUM now stands at 10% in Q3FY23 vs. 8.6% in Q2FY23.
- Capital Adequacy Ratio of 31% on consolidated balance sheet.

**Wholesale AUM excludes loans sanctioned under CMML and new RE loans from FY22 onwards*

***Loans sanctioned under CMML and new RE loans from FY22 onwards*

Ajay Piramal, Chairman, Piramal Enterprises Ltd., said, "Q3 performance is in line with our commitment towards building a large diversified NBFC, with Retail Lending comprising 2/3rd of the assets in the mid to long term.

In retail, we have delivered sustained growth across key parameters over the last one year. We continue to scale our technology led multi-product franchise, focused on fulfilling the credit needs of the "Bharat" market.

In wholesale, we have created one-time additional provisioning buffer during the quarter and are now adequately provided towards Wholesale 1.0 AUM. Simultaneously, we are focused on building the new cash flow / asset backed Wholesale 2.0 book across real estate as well as corporate mid-market lending, by capitalizing on the market gap and leveraging our strengths.

Our endeavor is to continue to create long-term value for stakeholders.”

Key Business Highlights	
Retail	
<ul style="list-style-type: none"> ▪ AUM <ul style="list-style-type: none"> - AUM grew 29% YoY to INR 27,896 Cr., contributing 43% to overall AUM mix. - In-house originated retail loan book (53%) is now larger than the acquired retail loan book (47%) ▪ Disbursement Growth <ul style="list-style-type: none"> - Quarterly disbursements grew 29% QoQ and 593% YoY to INR 5,111 Cr. - Home Loan disbursements grew 456% YoY to INR 1,875 Cr. - Healthy disbursement yields (excl. loans < 1 year duration) at 13.9% for the quarter. ▪ Scale and Presence <ul style="list-style-type: none"> - 375 branches serving 450 districts in 25 states. - Our customer franchise now stands at ~2.6 Mn; Active customers crossed 1 Mn - ~4 lakh new customers acquired during the quarter. ▪ Product Expansion: <ul style="list-style-type: none"> - Launched Budget Housing and LAP Plus products. - Portfolio of 13 retail lending products and continued focus on a building a diversified portfolio - 22 programs live across 20 partners in Digital Embedded Finance, including fintech and consumer tech firms. 	
Wholesale	
<ul style="list-style-type: none"> ▪ AUM <ul style="list-style-type: none"> - Wholesale 1.0* AUM reduced by 20% YoY to INR 35,101 Cr. - Built a Wholesale 2.0 AUM across Real Estate and Corporate Mid-Market Loans worth INR 1,870 Cr. - Stage 2 + Stage 3 Wholesale assets lower at INR 10,369 Cr. in Q3FY23 vs INR 11,044 Cr. in Q2FY23 ▪ Asset Classification and Provisioning <ul style="list-style-type: none"> - Created one-time additional provisioning buffer worth INR 1,073 Cr. in Stage 1 & Stage 2 of Wholesale 1.0* AUM in Q3FY23. <ul style="list-style-type: none"> ○ With this provision, we have adequately provided towards Wholesale 1.0 AUM*. 	

- We are in the process of reducing our Wholesale 1.0 AUM, in line with our strategy, through a combination of various means such as accelerated repayments, settlement, etc.

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 8.4% for the quarter.
- With 77% of liabilities being fixed in nature, we maintained the borrowing cost despite a rising interest rate environment.

Consolidated Profit & Loss:

(In INR Crores)

PEL Consolidated	Q3 FY23	Q3 FY22	Y-o-Y Growth%	9M FY23	9M FY22	Y-o-Y Growth%
Interest Income	1,995	2,158	-8%	5,878	5,230	12%
Other Operating Income	120	104	15%	314	239	32%
Operating Income	2,115	2,262	-7%	6,192	5,469	13%
Less: Interest Expense	973	1,249	-22%	3,038	3,106	-2%
Net Interest Income	1,141	1,013	13%	3,154	2,363	34%
Other Income	55	44	25%	141	94	50%
Total Income, net of interest expenses	1,197	1,057	13%	3,296	2,457	34%
Less: Operating expenses	559	310	80%	1,541	729	111%
Pre provision Operating Profit (PPOP)	638	747	-15%	1,754	1,728	2%
Less: Loan Loss Provisions & FV loss/(Gain) ²	579	(45)		4,012	(151)	
Profit Before Tax	59	792	-93%	(2,258)	1,879	-220%
Current & Deferred tax ¹	(3,432)	211		(3,980)	443	
Profit After Tax (PAT)	3,491	581	500%	1,723	1,435	20%
Associate Income	54	174	-69%	376	425	-12%
PAT Before Exceptional Gain	3,545	755	369%	2,098	1,860	13%
Exceptional (Expense)/ Gain	-	-		8,066	(153)	
PAT After Exceptional Gain	3,545	755	369%	10,164	1,707	495%
Profit from Discontinuing Operation	-	133		-	141	
Reported Net Profit / Loss after Tax	3,545	888	299%	10,164	1,848	450%

Note: Gain on Mutual Funds has been reclassified to operating income.

(1) INR 3,437 Cr of contingent tax provision was created on the uncertain tax positions of DHFL. Pursuant to assessment order dated 30th Dec 22, these provisions are no longer required and hence INR 3,328 Cr is written back in the P&L after adjusting the requisite tax provision and demand raised by income tax authority.

(2) Fair valuation/Buyback gains of INR 1,106 Cr includes:

- Pursuant to the restructuring of Shriram Capital, Company received shares in listed and unlisted entities of Shriram Group. Consequently, the Company has recognised fair value gain of INR 977 Cr (INR 717 Cr on initial recognition and subsequent MTM gains of INR 260 Cr in Q3FY23)
- Gain of INR 129 Cr on buy back of 6.75% PCHFL NCDs of INR 1,050 Cr

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 375 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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