



Piramal Enterprises Limited

Investor Presentation

March 2023



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Disclaimer

Except for the historical information contained herein, statements in this presentation and any subsequent discussions, which include words or phrases such as 'will', 'aim', 'will likely result', 'would', 'believe', 'may', 'expect', 'will continue', 'anticipate', 'estimate', 'intend', 'plan', 'contemplate', 'seek to', 'future', 'objective', 'goal', 'likely', 'project', 'on-course', 'should', 'potential', 'pipeline', 'guidance', 'will pursue' 'trend line' and similar expressions or variations of such expressions may constitute 'forward-looking statements'.

These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

These risks and uncertainties include but are not limited to Piramal Enterprise Limited's ability to successfully implement its strategy, the Company's growth and expansion plans, obtain regulatory approvals, provisioning policies, technological changes, investment and business income, cash flow projections, exposure to market risks as well as other risks.

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1. Overview and Strategic Roadmap

PEL at a Glance



Retail Lending

₹27,896 Crore

(Loans towards affordable housing and MSMEs; Off-Balance Sheet assets¹ of INR 14,823 crore)



Wholesale Lending

₹36,971 Crore

(Loans to Residential and Commercial Real Estate Developers & Corporates)



Alternative Assets

~\$1 Billion²

(Marquee Partners in Investment platforms including CDPQ and Bain Capital Credit)



Life Insurance

₹1,426 Crore³

(Joint Venture with Prudential International Insurance Holdings)



Investments in Shriram

₹6,586 Crore⁴

(Stake in Shriram Finance, Shriram Life Insurance, Shriram General Insurance and Shriram Investment)

Presence across retail and wholesale lending, as well as fund-based platforms and investments, with assets of ~INR 74,000 Cr.

Data as of 31st Dec 2022.

Notes: (1) Fee-earning Securitized Assets

(2) Committed Funds

(3) FY22 Gross Written Premium

(4) Investments in Shriram Finance based on market value; Shriram Life Insurance, Shriram General Insurance and Shriram Investment based on fair value

A Leading Listed Diversified NBFC



1

India-wide platform to address the **diverse financing needs** of the under-served 'Bharat' market



2

Holds a **leading HFC**, focused on **affordable housing**



3

Dominant position in **Real Estate Developer Financing**



4

Building a strong position in the **MSME lending**



5

Partnerships with marquee institutional investors, fintechs / consumer techs

Key Strategic Priorities and Aspirations

1

Aim to achieve a loan book mix of 2/3rd retail and 1/3rd wholesale in 5 years



2

Lower cost of borrowings, driven by diversification of loan book and funding sources



3

Further optimize capital utilization through loan book growth and inorganic initiatives



4

Maintaining adequate provision to manage future contingencies



5

Improve returns through growth, lower borrowing costs, change in product mix within retail & higher capital utilization



Phase 3: FY2027 Aspirations



Retail: Wholesale Mix



60-70% Retail and 30-40% Wholesale



AUM



~2x
(from Mar-2022 levels)



Retail: Disbursement Growth



40-50%
(5-year CAGR)



Leverage (Net Debt-to-Equity)



3.5-4.5x



2. Performance Highlights

Q3FY23: Key Numbers

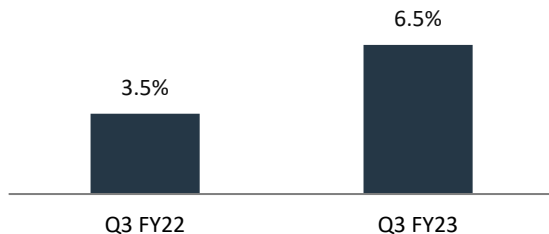
Overall		Retail		Wholesale	
Total AUM (INR 65,792 Crore in Q3FY22)	INR 64,867 Crore	Retail AUM (up by 29% YoY)	INR 27,896 Crore	Wholesale 1.0* AUM (reduced 20% YoY)	INR 35,101 Crore
Retail : Wholesale AUM Mix (33:67 in Q3FY22)	43:57	Quarterly Disbursements (up by 593% YoY and 29% QoQ)	INR 5,111 Crore	Wholesale 2.0^ AUM (INR 829 Crore in Q2FY23)	INR 1,870 Crore
Equity on PEL Balance Sheet (INR 22,153 Cr for lending business)	INR 31,241 Crore	No of Products (6 as of end FY22)	13	% Wholesale Provisioning (13% in Q2FY23)	16%
Profit After Tax (INR 755 Crore in Q3FY22)	INR 3,545 Crore	No. of Branches (301 in Q3FY22)	375	Stage 1 Assets (INR 27,865 Cr in Q2FY23)	INR 26,603 Crore
GNPA / NNPA Ratio ¹ (3.7% / 1.3% in Q2FY23)	4.0% / 1.7%	Active Customers (2.6 Mn Customer Franchise)	>1 Mn	Provision Coverage on Stage 2+3 Assets (40% in Q2FY23)	45%

Note: (^) Wholesale 2.0 refers to loans sanctioned under CMML and new RE loans from FY22 onwards
 (*) Wholesale 1.0 refers to wholesale loans excluding the loans sanctioned under Wholesale 2.0.
 (1) GNPA and NNPA ratio are disclosed basis the regulatory reporting.

P&L Performance

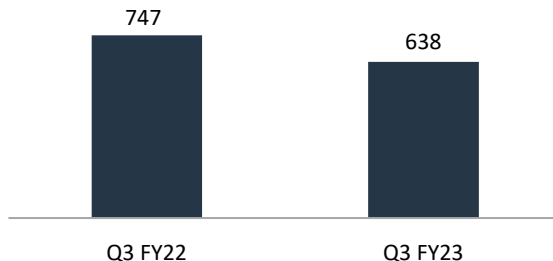
Net Interest Margins (NIMs)

As % of AUM



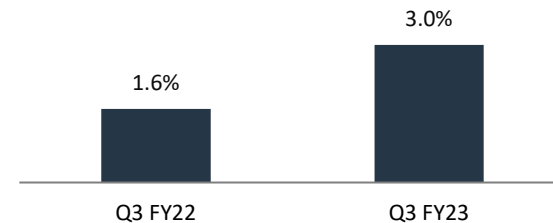
Pre-Provisioning Operating Profit (PPOP)

In INR Cr.



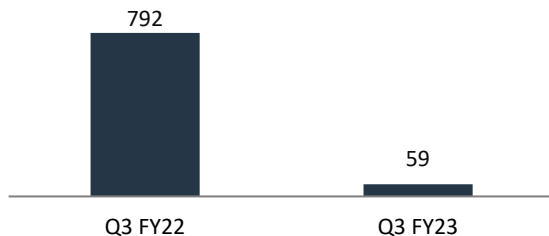
Cost-to-Asset Ratio

As % of AUM



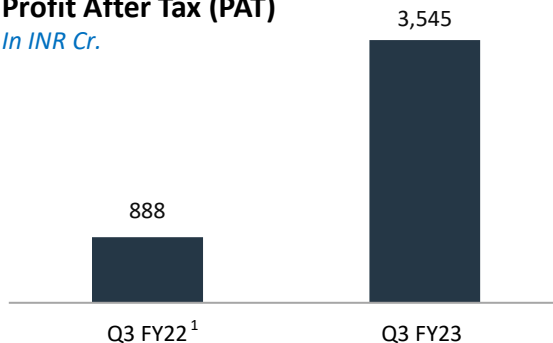
Profit Before Tax (PBT)

In INR Cr.



Profit After Tax (PAT)

In INR Cr.



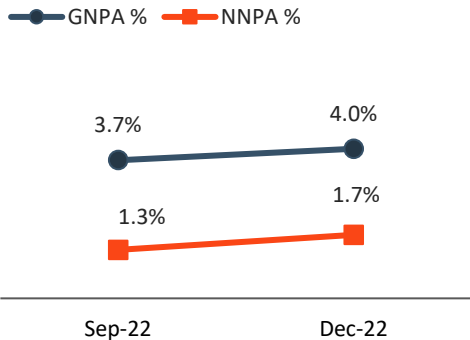
Notes:

- NIMs increased on account of increase in yield and reduction in the cost of borrowing
- PPOP lower due to ongoing investments in retail lending business for future growth
- PBT lower due to one-time additional provisioning buffer created in Q3FY23
- PAT increased on account of:
 - Reversal of income tax provision
 - Fair valuation gains on account of restructuring of Shriram Capital group and bond buyback

Note: (1) Includes INR 133 Cr of Profit from Discontinuing Operation

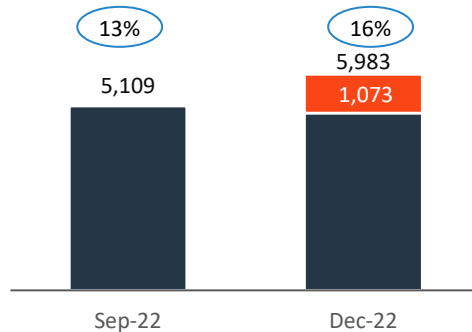
Asset Quality and Provisioning Trends

Overall GNPA and NNPA Ratio¹

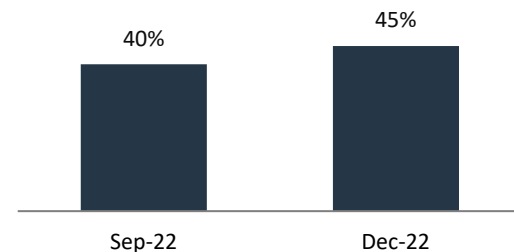


Wholesale Provisions

In INR Cr. ■ One-time Additional Provision



Stage 2+3 Wholesale Provision %



- We have created one-time additional provisioning buffer of INR 1,073 Cr on Stage 1 and Stage 2 assets of Wholesale 1.0* AUM in Q3FY23
 - 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.
- Provision Coverage Ratio of Wholesale AUM stood at 16% vs 13% in Q2FY23
 - Stage 2+3 Provision Coverage Ratio of Wholesale AUM stood at 45% vs 40% in Q2FY23

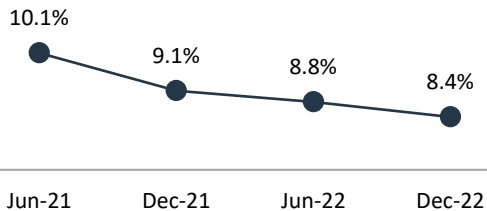
Note: (1) GNPA and NNPA ratios for Dec-22 are disclosed basis the regulatory reporting.

(^) Wholesale 2.0 refers to loans sanctioned under CMML and new RE loans from FY22 onwards (*) Wholesale 1.0 refers to wholesale loans excluding the loans sanctioned under Wholesale 2.0.

Robust Liability Management

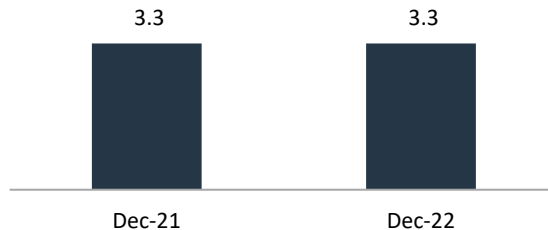
Average Cost of Borrowings

In %



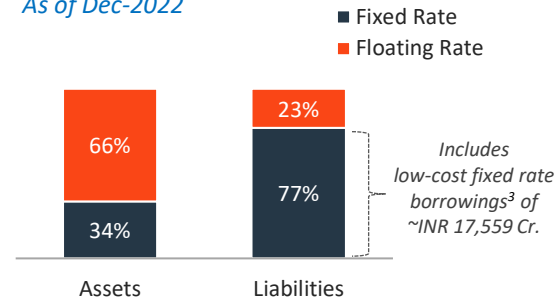
Average Maturity of Borrowings

In years, weighted average on a residual basis



Fixed : Floating Rate Mix

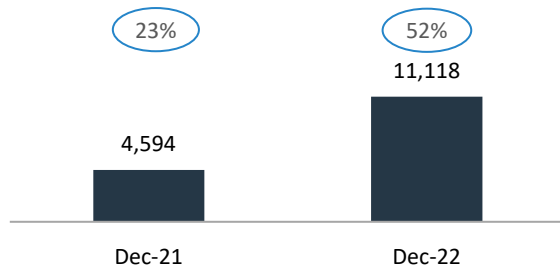
As of Dec-2022



Cumulative ALM GAP¹ (up to 1 year)

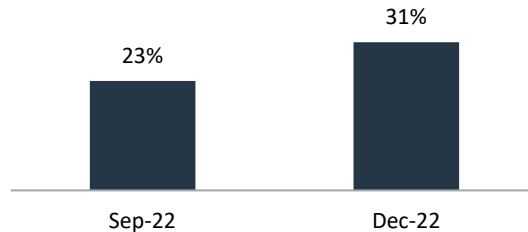
In INR Cr, period-end

GAP %²



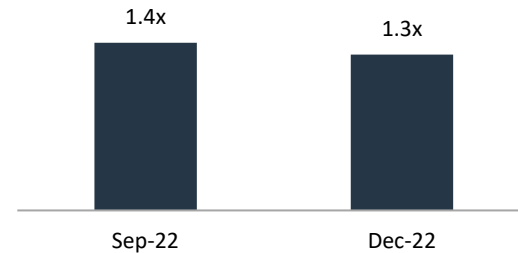
Capital Adequacy Ratio

For Consolidated Balance Sheet



Net Debt-to-Equity

For Consolidated Balance Sheet



Note: (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
 (3) The Company has made NCD buyback of INR 997 Cr during the quarter



3. Retail Lending

Scaling our Retail Lending Business

- 1 Retail AUM grew **29%** YoY to INR **27,896** Crore
- 2 Quarterly disbursements grew **29%** QoQ and **593%** YoY to INR **5,111** Cr
- 3 Retail lending AUM grew to **43%** of overall AUM mix now, from **33%** in Q3FY22
- 4 In-house originated loan book is now larger than the acquired loan book
- 5 Launched **2** new products - Budget housing loan & LAP Plus
- 6 **22** programs live across **20** partners, including fintech & consumer tech firms
- 7 Launched maiden brand campaign to build the brand 'Piramal Finance' in our target segment

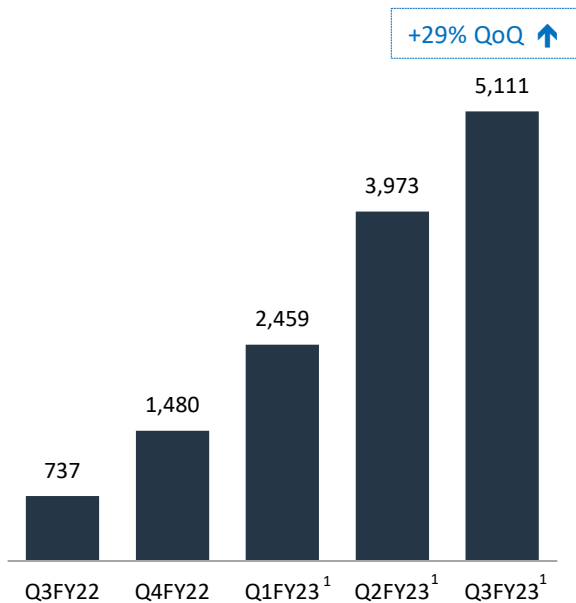


Launched maiden brand campaign

In-house Originated Book is now Larger than the Size of Acquired Book

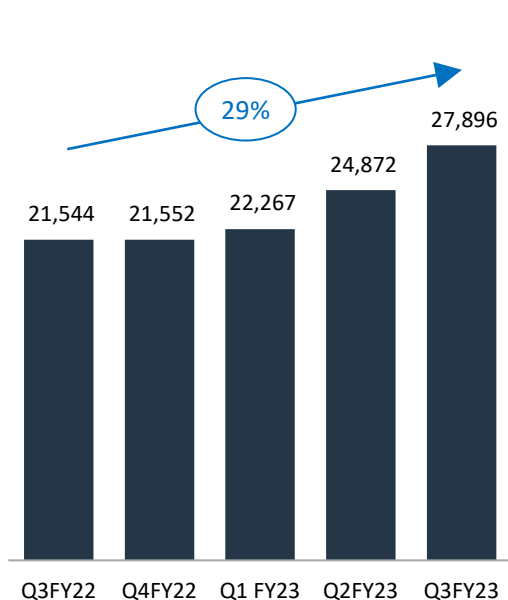
Retail loans – Quarterly disbursements

In INR Cr.



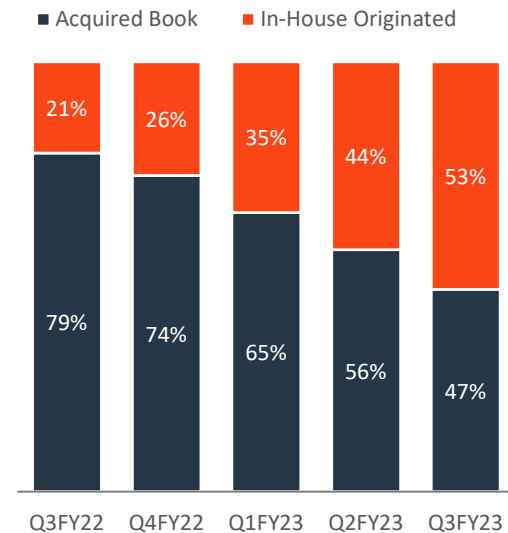
Retail AUM growth

In INR Cr.



Loan book split – In-house originated vs Acquired Book²

%, based on value for retail loans

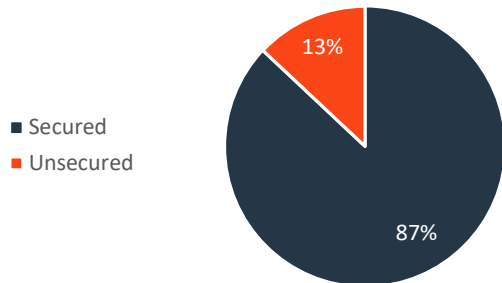


Note: (1) Includes Pool Purchases of INR 326 Cr, INR 408 Cr and INR 287 Cr for Q1FY23, Q2FY23 and Q3FY23 respectively
 (2) Acquired through DHFL acquisition

Retail AUM: Well Diversified Across Various Parameters

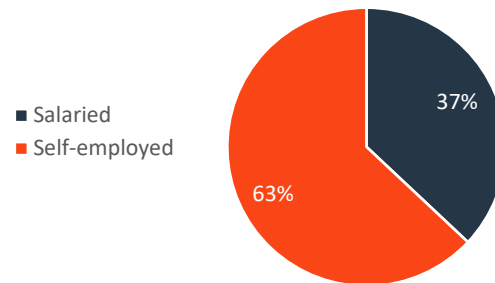
Breakdown of loan book by category

% Retail book



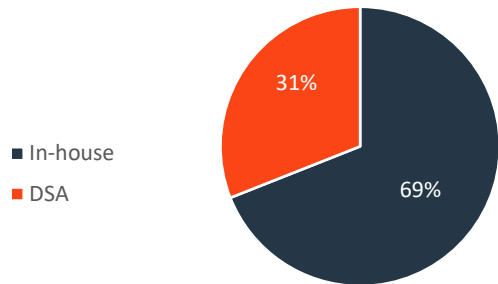
Breakdown of loan book by customer segment

% Retail book



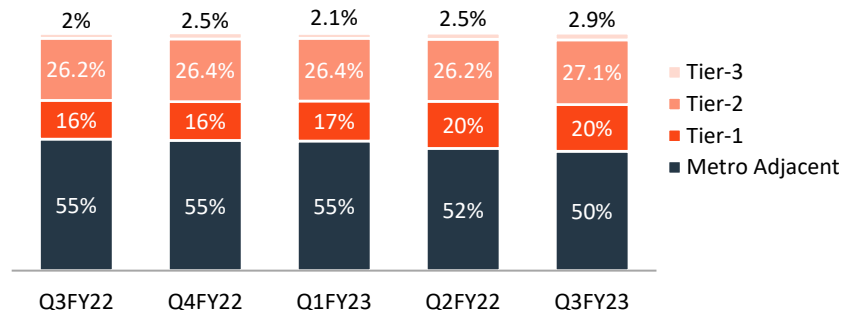
Breakdown of loan book by origination

% Retail book



Breakdown of loan book by Metro Adjacent, Tier 1, 2 & 3 cities


% Retail book



Product: Expanding Product Offerings Across the Spectrum

Pivoting to a multi-product strategy in the segments in which banks are less present

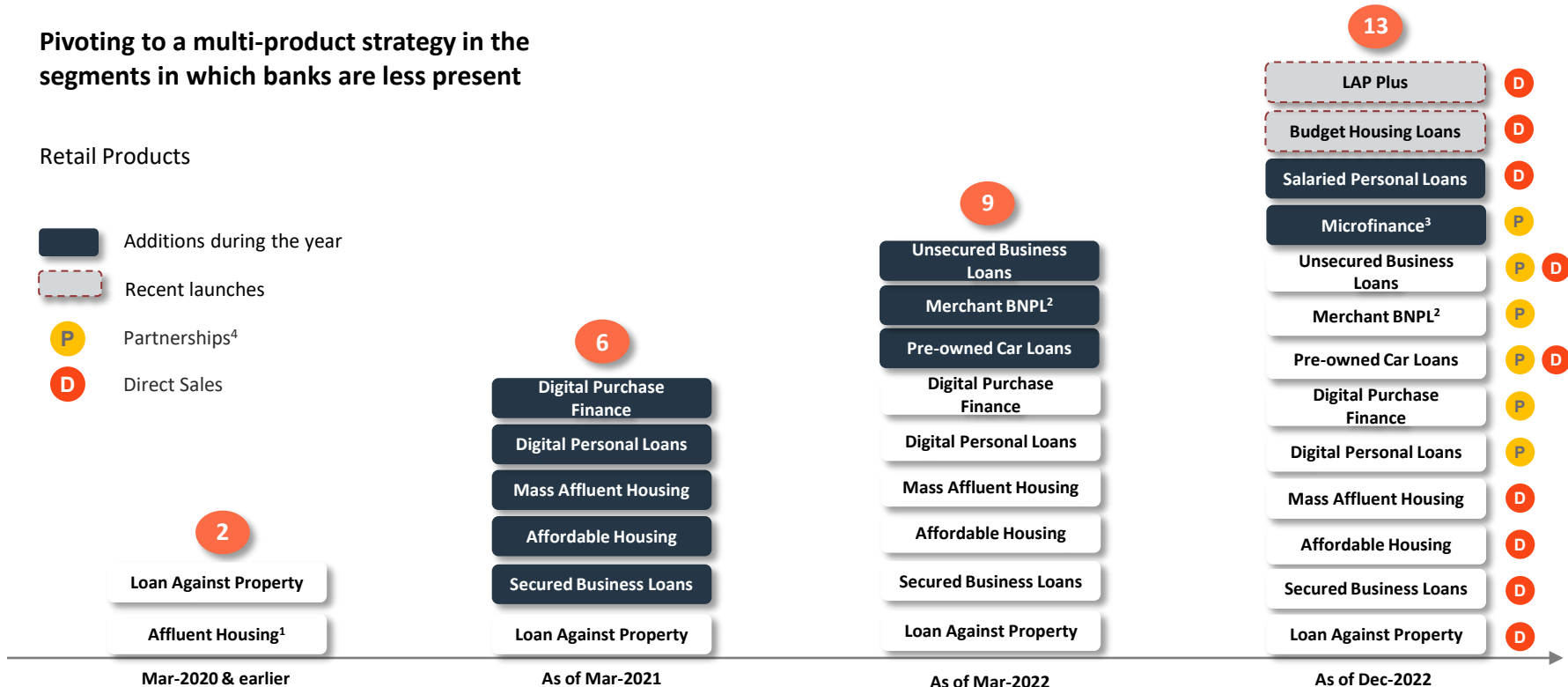
Retail Products

 Additions during the year

 Recent launches

 Partnerships⁴

 Direct Sales



Note: (1) Exited 'Affluent Housing' (in terms of new business) as the business pivots towards 'Affordable' and 'Mass Affluent' Housing under the new strategy

(2) BNPL: Buy now, pay later








(3) Launched Micro-finance through the Business Correspondent (BC) model in Q1 FY2023

(4) Launched in partnership with leading FinTech and Consumer Tech firms



Product: A Multi-Product Retail Lending Platform Across the Risk-Reward Spectrum

Expanded our product offering in Q3 FY23 with the addition of Budget Housing & LAP Plus

Product Segments (Retail Lending)		Products	Avg. disbursement ticket size (INR Lakh)	Disbursement yield (%)	Share in disbursements (%)	Loan Book % (Q3FY23)
	Housing ¹	Affordable Housing	17.1	10.7%	37%	59%
		Mass Affluent Housing				
		Budget Housing ^{NEW}				
	MSME Secured ¹	Secured Business Loan	19.1	12.4%	15%	26%
		Loan Against Property (LAP)				
		LAP Plus ^{NEW}				
	Microfinance ¹	Microfinance Loans	0.3	18.8%	4%	2%
	Personal Loans	Salaried Personal Loans	4.3	17.5%	6%	1%
	Used Car Loans ¹	Pre-owned Car Loans	6.1	16.1%	5%	2%
	MSME Unsecured	Unsecured Business Loans	6	19.4%	9%	4%
		Merchant BNPL				
	Digital Embedded Finance	Digital Purchase Finance	0.54	18.6%	24%	6%
		Digital Personal Loans				
Weighted Avg. / Total			11.6	14.4%	100%	100%

'Phygital' lending

Digital lending

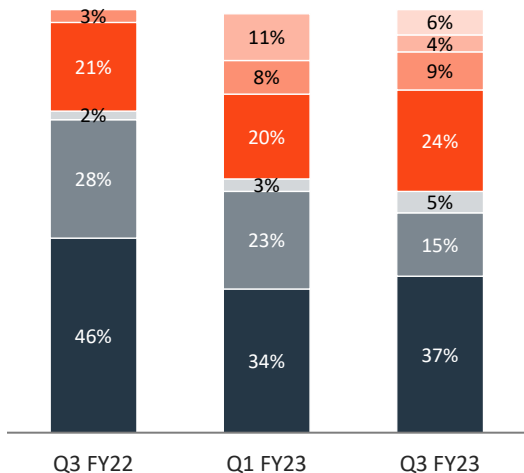
Note: (1) Includes direct assigned portfolios

Disbursements: Diversified Product Mix Resulting in Higher Yields

Disbursements across product segments

%, based on value for retail loans

Personal Loans Microfinance MSME Unsecured Digital Embedded Finance Used Car Loans MSME Secured Housing



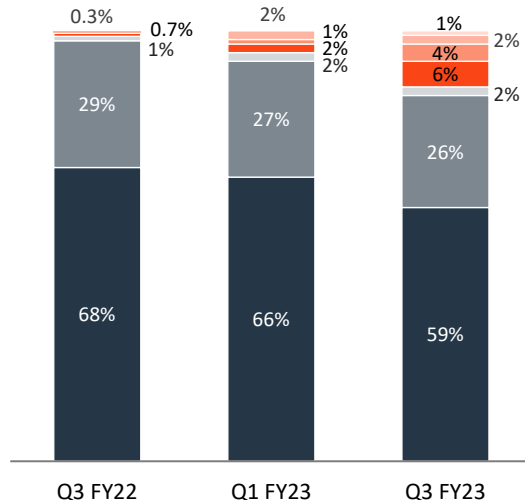
Loan disbursement duration

%, based on value for retail loans



Loan book across product segments

%, based on value for retail loans



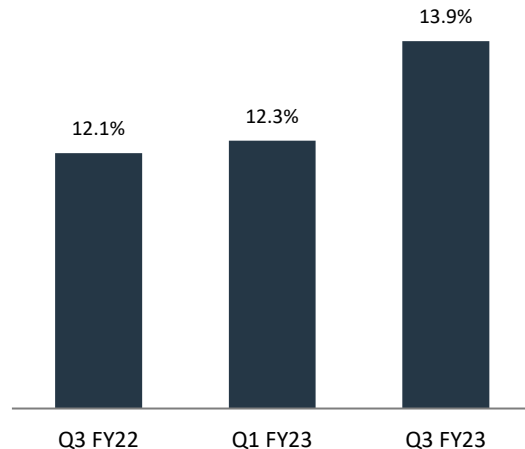
Loan book duration

%, based on value for retail loans



Disbursement yields

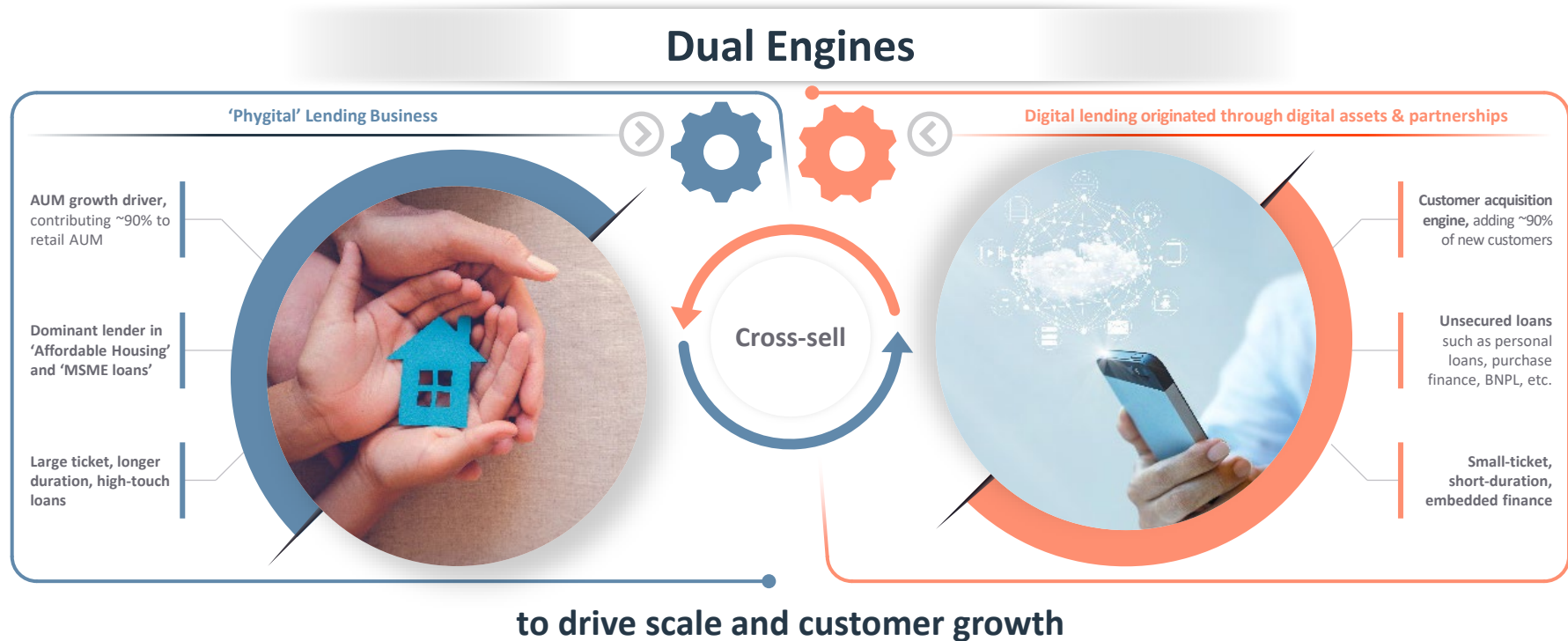
%, for retail loans (excl. loans < 1 year duration)



Improvement in disbursement yields due to change in the product mix

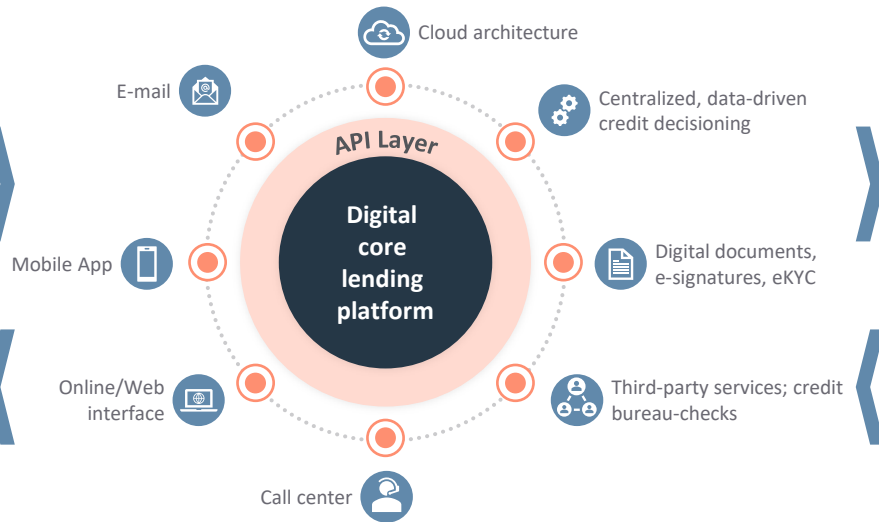
Note: Loan duration – Sanctioned / Originated Tenure

Adopting a ‘Twin Engine’ Approach for Retail Business



'Phygital Lending': Physically-distributed, Digitally-enabled

Physical infrastructure
'Feet-on-the-ground'



Innovative customized product offerings

- Piramal Finance**
- Affordable Housing
 - Mass Affluent Housing
 - Budget Housing
 - Secured Business Loans
 - Loan Against Property
 - LAP Plus
 - Pre-owned Car Loans

Phyigital: Customers Across Affordable Housing and MSME Segments



Small Business Owner
Kirana Store' Owner
In Bahadurgarh, Haryana

- Required Working capital for wholesale trading in nearby localities



Small Business Owner
Tailor in Meerut,
Uttar Pradesh

- Required loans for renovation of shop



Cash Salaried
Runs a Coaching Center
In Ulhasnagar, Maharashtra

- To purchase a 1BHK in Thane



Self-Employed
Trader Of Plywood
In Dewas , Madhya Pradesh

- To buy a plot and construct a house



Self-Employed
Electrical Contractor
In Kannur, Kerala

- To buy a house for self occupation



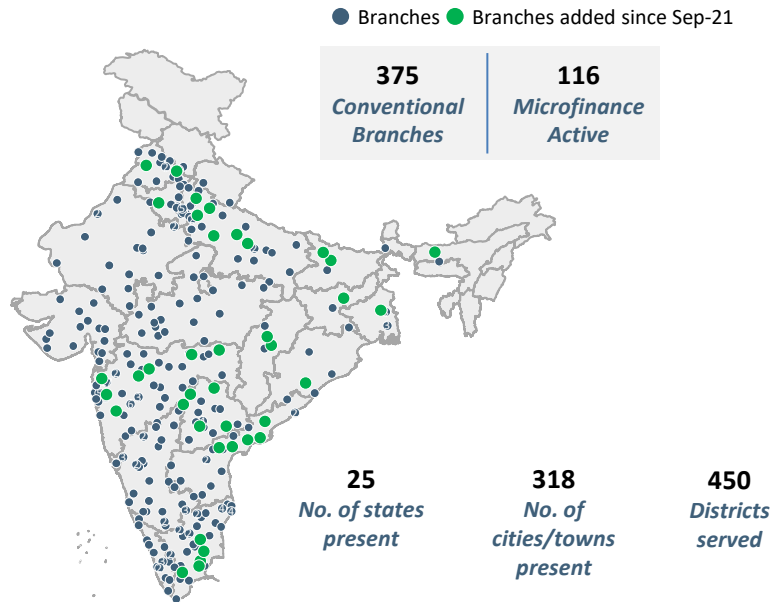
Small Business Owner
Pharmacy Owner
In Kanchipuram, Tamil Nadu

- Small business loan

Overall, a diversified customer mix with 63% Self-employed and 37% Salaried

Branch Network: Growth of Network from 301 to 375 Branches

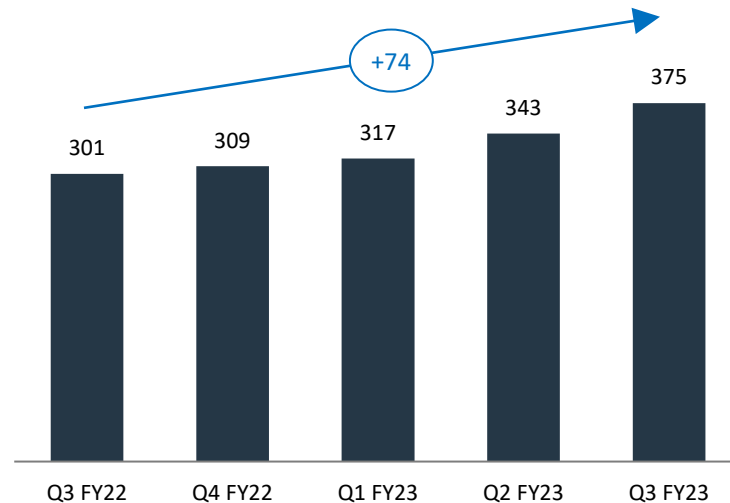
Integration with DHFL branches – plan to expand to 500-600 branches in 5 years



74 new disbursement active branches over last 1 year

Branch additions

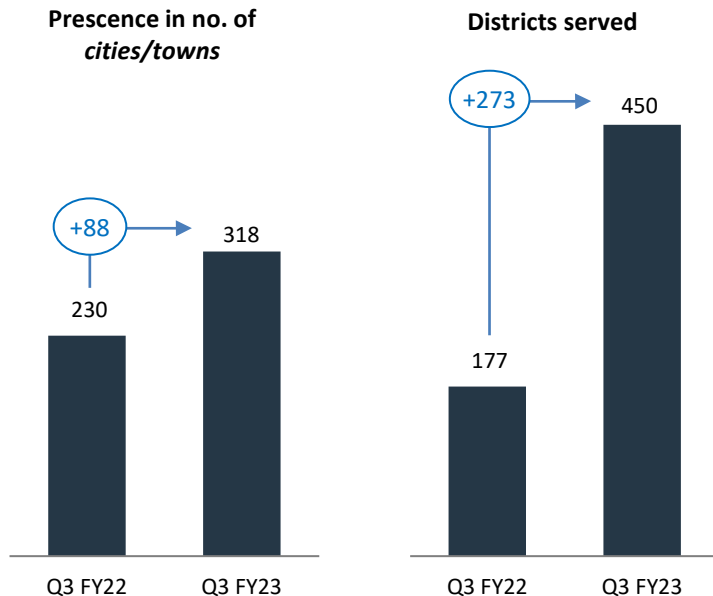
No. of branches, excl. Microfinance-BC branches



An expanding network of **375** conventional branches and **116** microfinance active branches across the country

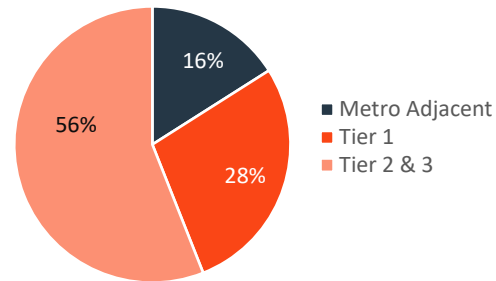
Branch Network: Expansion in New Regions

Plan to serve in 1,000 locations in 5 years

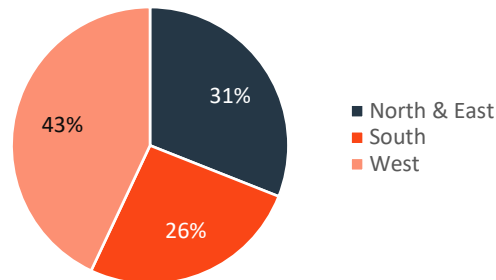


Growing presence in small & mid-market across India

% branches split by Metro Adjacent and Tier¹ 1/2/3 cities/towns Dec-2022



% Loan Book split by geographic concentration Dec-2022



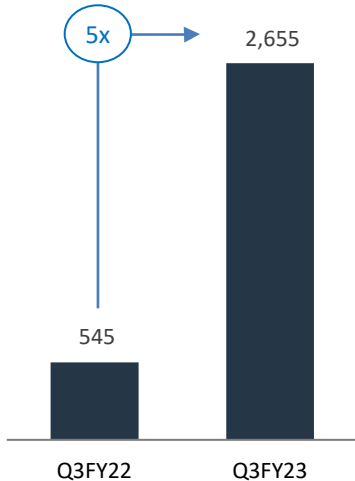
Note: (1) Population Considered Tier 1: 40+ lacs, Tier2:10-40 lacs, Tier3: <10 lacs



Product: Expanding Suit of Products Across Branches

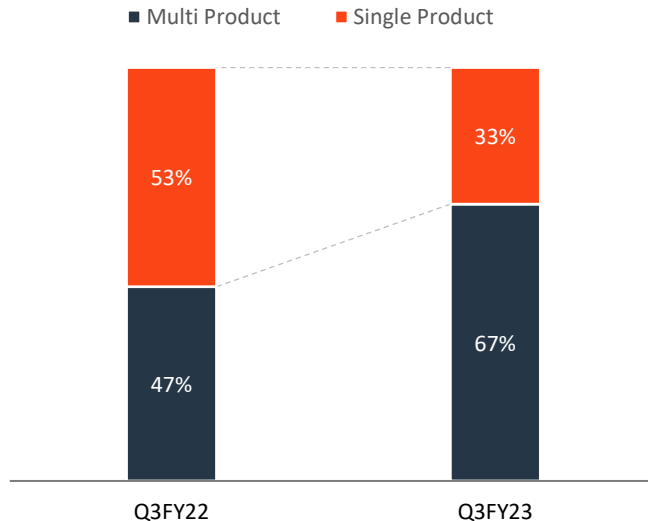
Home Loans continue to grow

Home Loans / Loan against Property
Quarterly disbursements
In INR Cr.



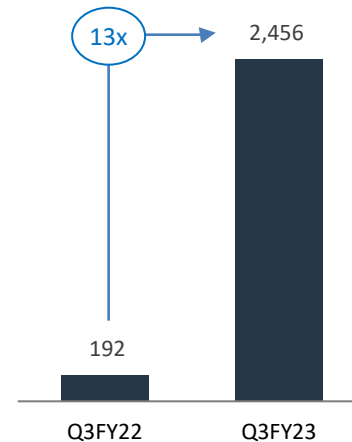
67% branches sell more than one product

Breakdown of branches¹ by no. of products sold



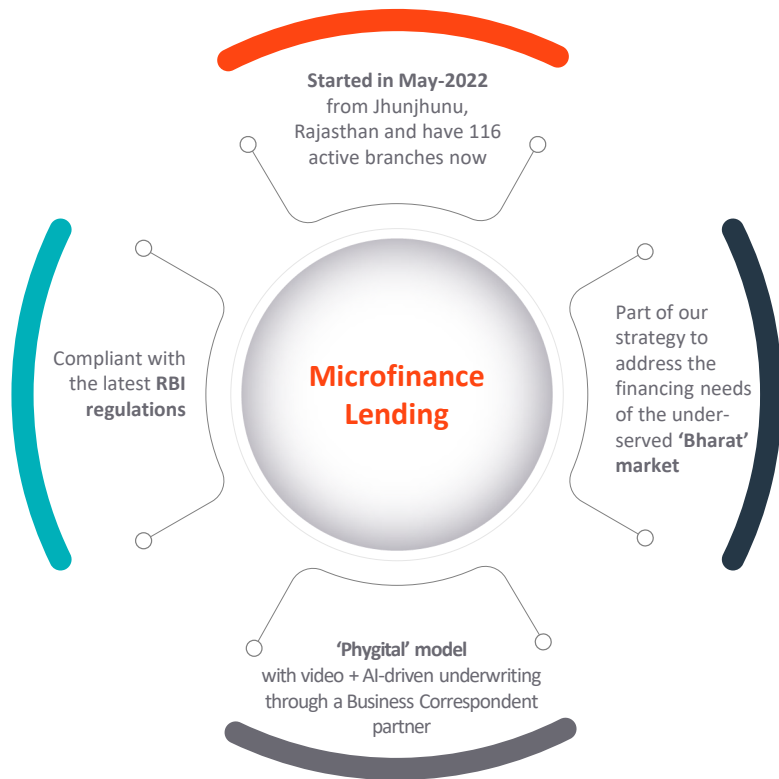
Resulting in strong disbursement growth across other products as well

Other Loans
Quarterly disbursements
In INR Cr.



Note: (1) Branches operating more than 6 months

Phyigital: Microfinance through the BC Model



Microfinance-BC¹: Key Highlights as of Dec-2022

Distribution Footprint

Added in Q3 FY23

Rajasthan, Uttar Pradesh, Bihar, Madhya Pradesh, Karnataka

116
Active Microfinance branches

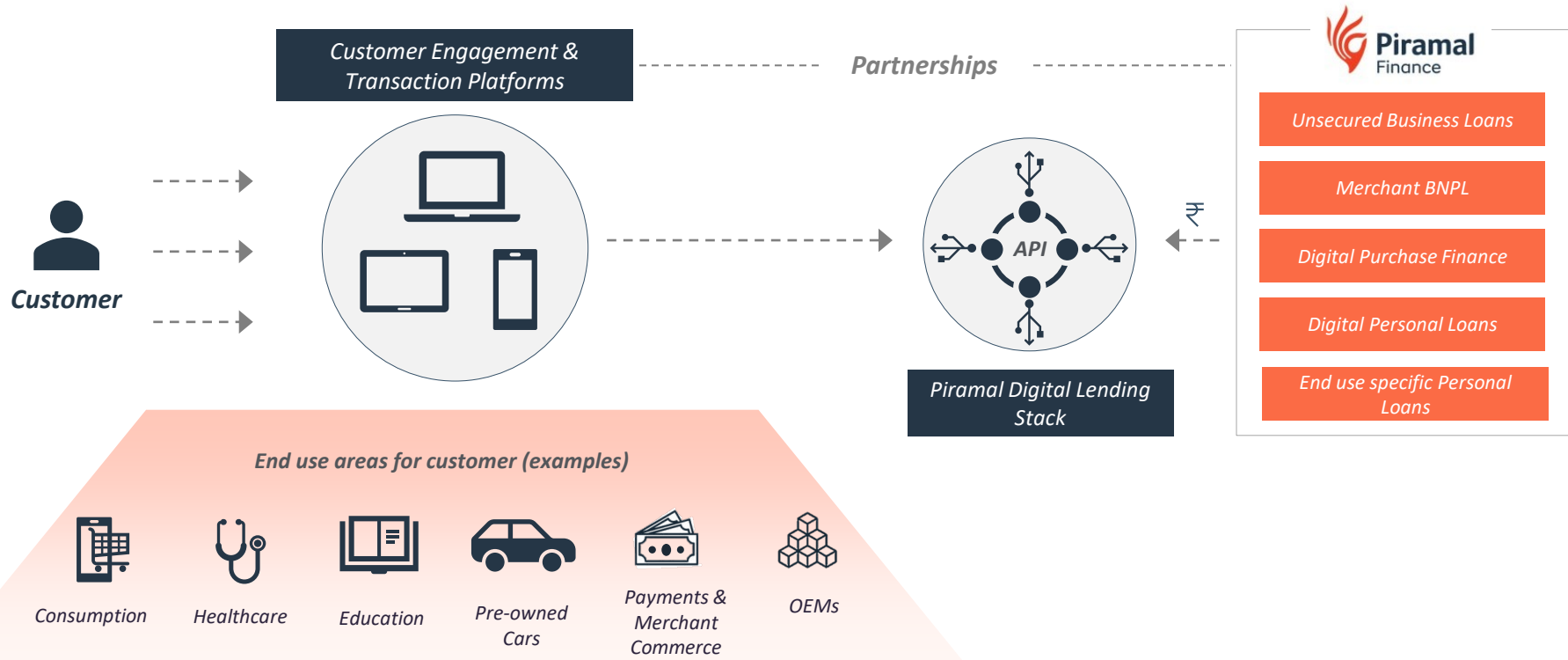
INR 83² Crores
Q3FY23 disbursements

INR 0.33 lacs
Average Ticket Size

Rural
Joint Liability Groups

Note: (1) BC : Business Correspondent
(2) Data pertaining to organic disbursements / growth

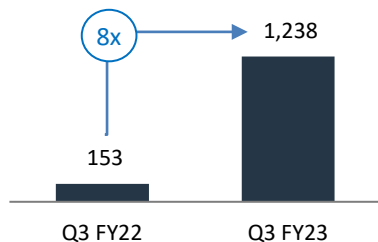
Digital: Embedding Credit as a Microservice into Customer Journeys



Digital Embedded Finance: Scaling-up Partnerships with Fintech and Consumer Tech firms

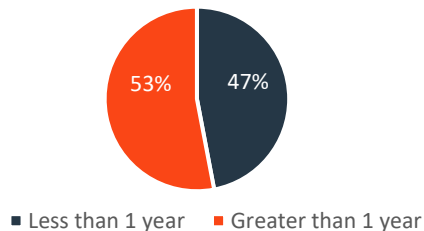
Quarterly Disbursements

In INR Cr.

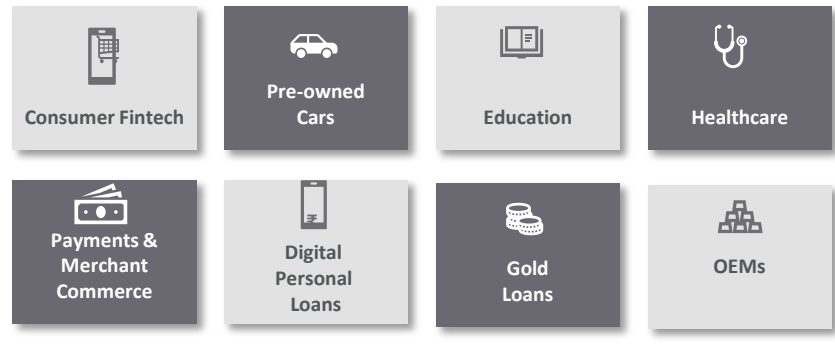


Digital Loans Duration

% book.



Categories in focus for Digital Embedded Finance solutions



Key Highlights:

26

Programs launched

INR 1,700 Cr

In Asset Under Management

850,000+

Customers served

24%

contribution to disbursements
(Q3 FY23)

36 seconds

least time taken for
disbursed loan

98%

loans with zero-manual
intervention

Key Capabilities

- ✓ **Highly modular, in-house developed** loan origination & rule engine
- ✓ **Generic API stack** for easy integration
- ✓ **Agile squads** for rapid go-to-market and scale up
- ✓ **Proprietary fraud and underwriting models**
- ✓ **Deep in-house collections capabilities**

Digital Embedded Finance: Partnerships with Marquee FinTechs and Consumer Techs

22 programs live

Fintech NBFCs

MSME platforms

Transaction platforms

OEMs

Service providers

Gold Collateral Companies

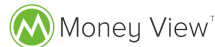
EdTechs / Education Institutes

Product manufacturers

Our Partners



KUWY



india gold



indifi



INDIALEND



paisabazaar.com



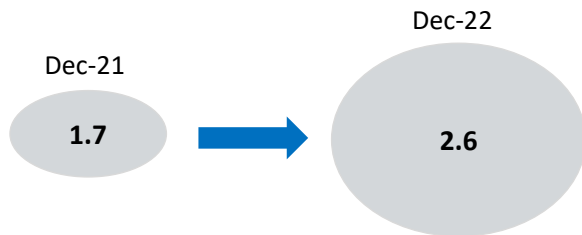
FINANCEPEER



LENDINGKA ₹T

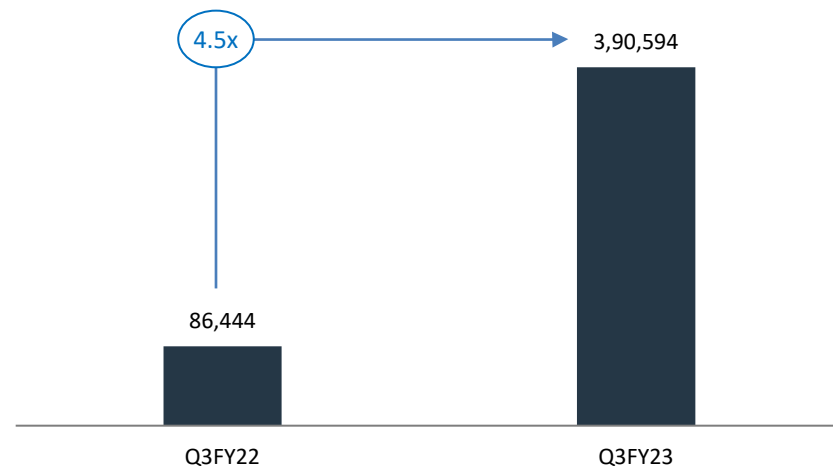
Customer Segment: Expanded Customer Franchise to 2.6 mn

Customer Franchise¹ # mn



- We continue to grow our customer franchise
- Active customers crossed 1 Mn
- Cross Sell Disbursements of INR 1,862 Cr over last one year

Catering to customers across product segments New Customers Acquired

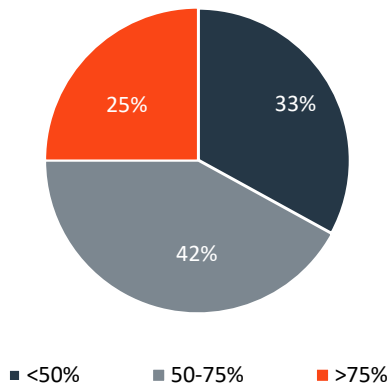


Note: (1) Customer Franchise includes existing / past borrowers as well as co-borrowers

Loan-to-Value (LTV) & Asset Mix

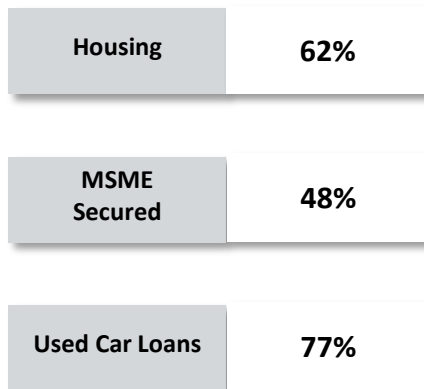
75% of loan book with an LTV of $\leq 75\%$

For Secured Lending Segments, %



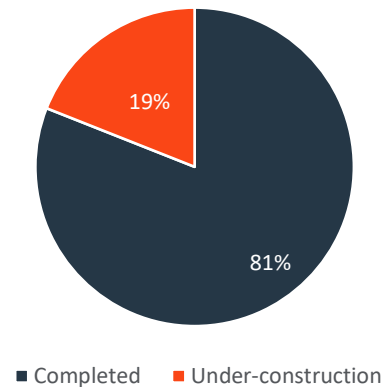
Average loan-to-value

For Secured Lending Segments, %



By stage of construction

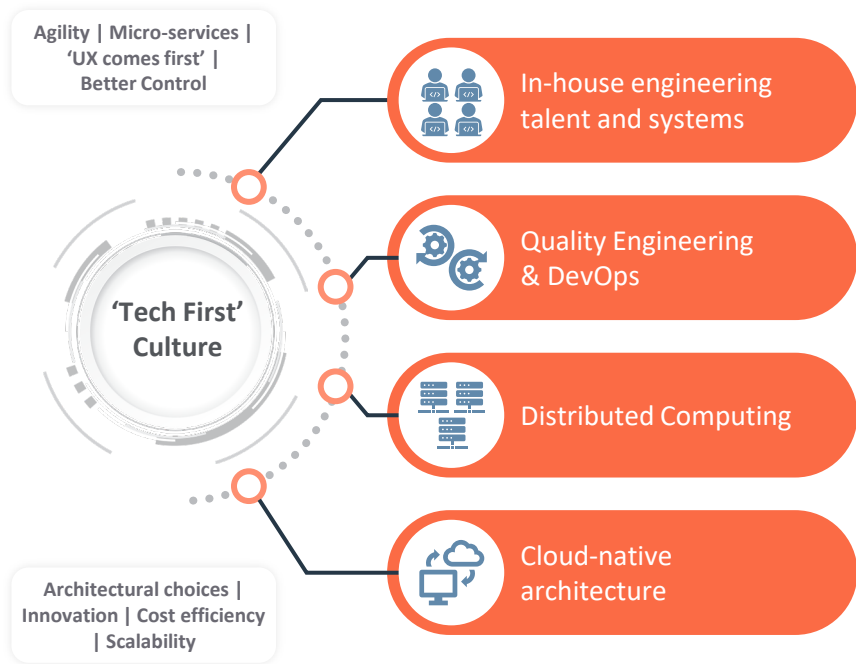
For Housing segment only



Asset quality of the acquired book was in line with expectations

Cutting Edge Technology at the Core

Our Tech Strategy and Choices








Powered by Key Digital Assets

- Launched new 'Innovation Hub'** in Bengaluru in Q3 FY23
- Mobile apps** on Android and iOS
- Generic API stack** for Embedded Finance partners
- Platform for sales partners/DSAs** to reduce TAT
- KYC platform** to enhance single customer journey
- Credit Policy Engine** to integrate new data sources

Extensively Leveraging AI/ML Capabilities

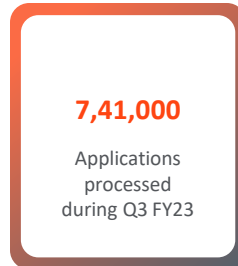
AI/ML: Key Aspect Every Step of the Way

Extensive use of AI/ML capabilities, Decision Sciences and automated Business Intelligence (BI) in almost every aspect to re-imagine the entire customer journey

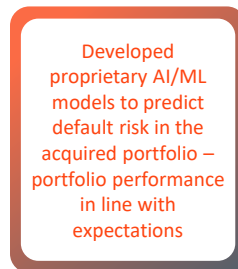
-  Credit Rule Engine for new customer onboarding
-  New-to-credit (NTC) Credit underwriting ML model
-  Fraud detection and loan application screening
-  Portfolio Risk Management / Monitoring
-  Cross-sell Management
-  Attrition Management
-  Collection and NPA Management
-  Everyday AI

Leveraging Data Science / AI in Retail Lending

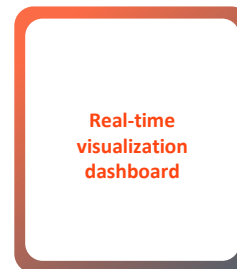
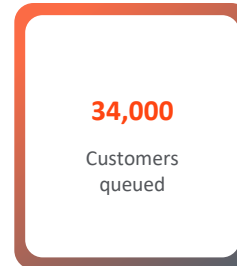
AI/ML Risk Models for Acquisition



DHFL Acquisition



AI/ML Models for NPA Recovery



AI/ML Models for Retention

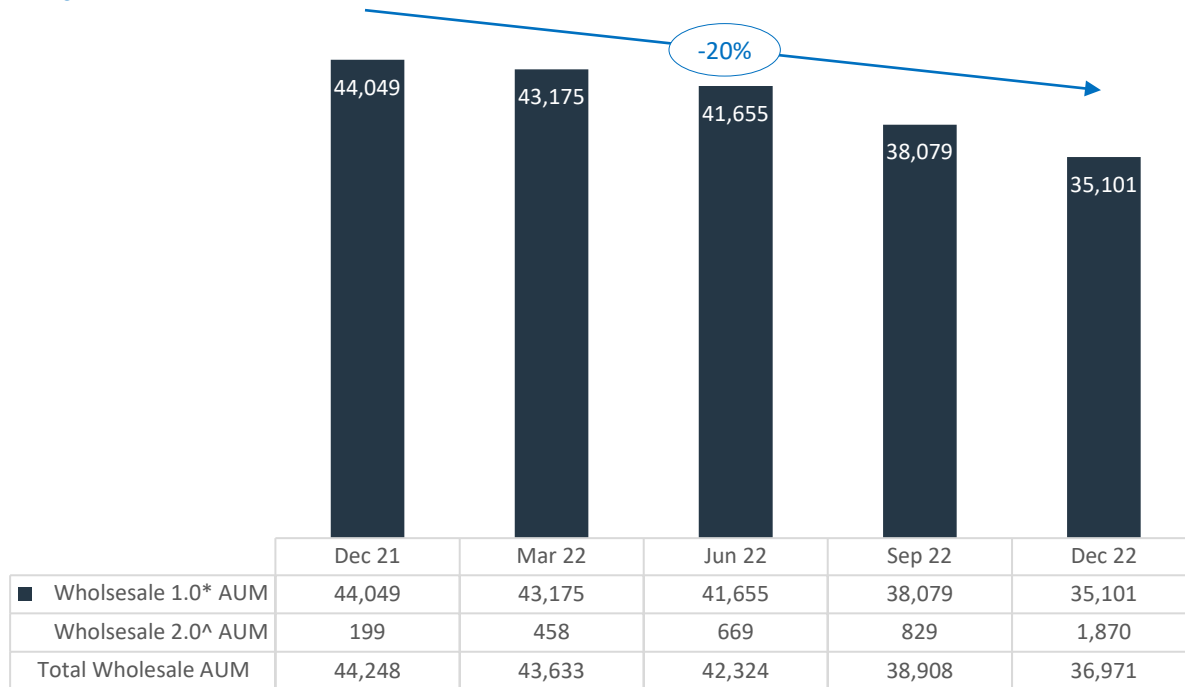




4. Wholesale Lending

Continue to Reduce Wholesale 1.0* AUM and Build a Granular Wholesale 2.0^ AUM

Wholesale AUM¹ In INR Cr.



- Reduction in Wholesale 1.0* AUM by INR 8,948 Cr (down by 20%) in since Dec-2021.
- Built a Wholesale 2.0^ AUM across Real Estate and Corporate Mid Market Loans worth INR 1,870 Cr over the last few quarters.

Note: (^) Wholesale 2.0 refers to loans sanctioned under CMML and new RE loans from FY22 onwards (*) Wholesale 1.0 refers to wholesale loans excluding the loans sanctioned under Wholesale 2.0.
(1) Includes wholesale loans acquired from DHFL acquisition (INR 785 Cr. as of Dec-2022) and PEL's share in AIFs & investments (INR 7,572 Cr. as of Dec'22)

Wholesale Assets: Asset Classification

Total Assets (INR Cr.)	Dec-22	Sep-22	Dec-21
Stage-1	26,603	27,865	39,465
Stage-2	6,598	9,208	2,789
Stage-3	3,770 ¹	1,836	1,995
Total AUM	36,971	38,909	44,248
Total Provisions (INR Cr.)	Dec-22	Sep-22	Dec-21
Stage-1	1,346	742	953
Stage-2	1,915	3,001	518
Stage-3	2,722 ¹	1,366	981
Total	5,983	5,109	2,452
Asset Quality Ratios (%)	Dec-22	Sep-22	Dec-21
Provision Coverage Ratio - Stage 1	5.1%	2.7%	2.4%
Provision Coverage Ratio - Stage 2	29%	33%	19%
Provision Coverage Ratio - Stage 3	72%	74%	49%
Total Provisions as a % of Total AUM	16.2%	13.1%	5.5%

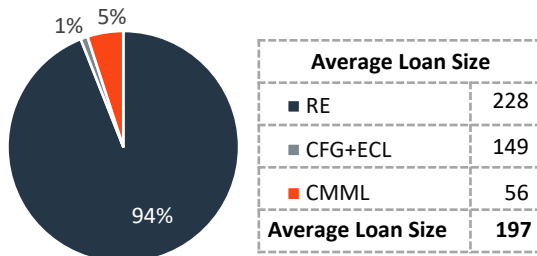
Note: Prudential write-off of INR 771 Cr undertaken during the quarter

AUM includes loans, investment in nature of credit substitute and Security Receipts / Pass Through Certificates

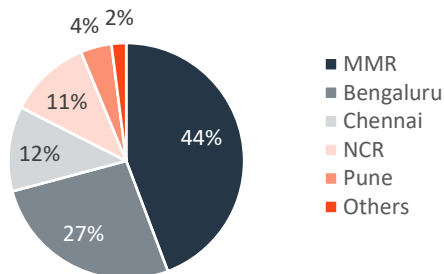
(1) Stage 3 includes a client group from a non-RE sector which is credit impaired, having an aggregate outstanding exposure of INR 1,908 Cr with a total provision of INR 1,483 Cr wherein large part of the exposure (INR 1,255 Cr) has not been categorized as NPA, pursuant to a hon'ble High Court order while balance facilities are not overdue. We are in advance stage of resolution of this account.

Composition of Stage 1 Wholesale Book

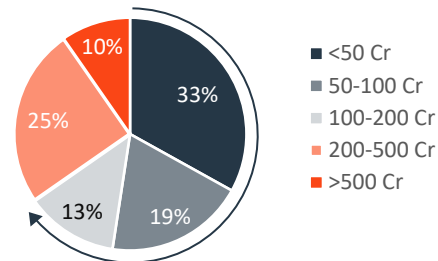
Sector Composition¹ - Over 90% of the book is into Real Estate lending; largely excludes promoter holdco corporate lending



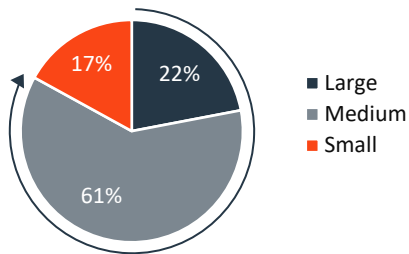
Geographical Exposure¹ - Diversified across multiple geographies



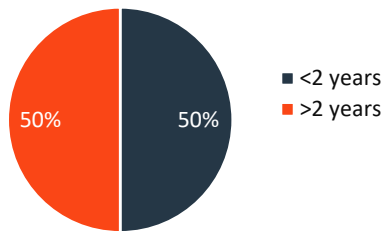
Granularity¹ - 65% of the number of loans are below INR 200 Crore



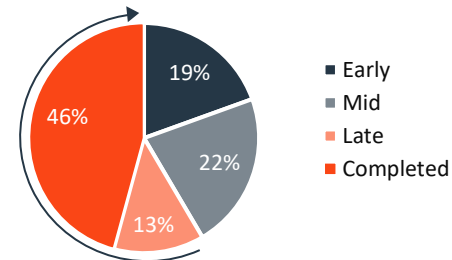
Developer Categorisation² - 83% of the book is large and medium developers



Contractual Repayments¹ - 50% of stage 1 repayments expected in less than 2 years



Stage of Construction² - 59% of the book is late stage or completed



Note: (1) Excludes development rights of Rs.1,335 Cr and DHFL book of INR 785 Cr; includes Wholesale 2.0 AUM of INR 1,870 Cr
 (2) For RE book only CFG: Corporate Finance; ECL: Emerging Corporate Lending



Building a Diversified and Granular Book Backed by Cash Flows and Assets

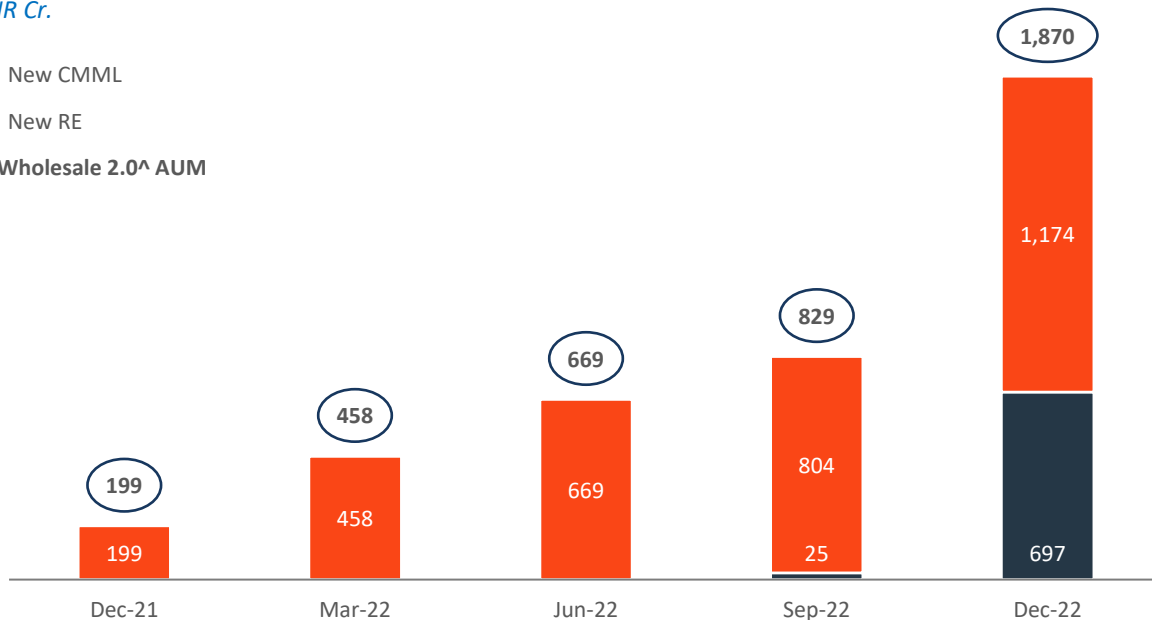
Wholesale 2.0[^] AUM

INR Cr.

■ New CMML

■ New RE

○ Wholesale 2.0[^] AUM



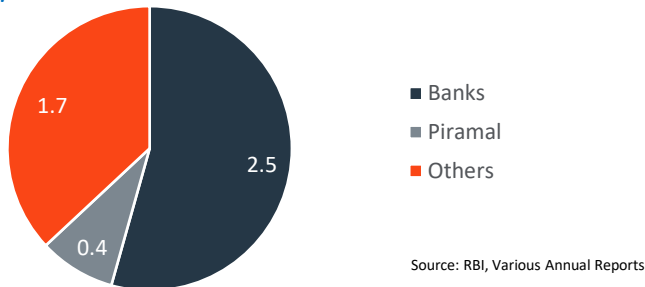
- Built a Wholesale 2.0[^] AUM worth INR 1,870 Cr as of Dec-2022.
- Added new loans worth INR 1,041 Cr during the quarter.

Note: (^) Wholesale 2.0 refers to loans sanctioned under CMML and new RE loans from FY22 onwards.

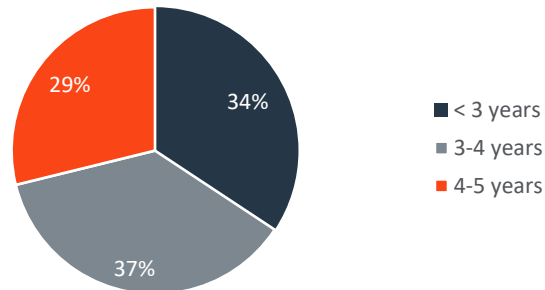
New Real Estate Loans: Capitalizing on the Market Gap and Leveraging our Strengths

Large Real Estate lending market of INR 4.5 Lakh Crore

In INR Lakh Cr.



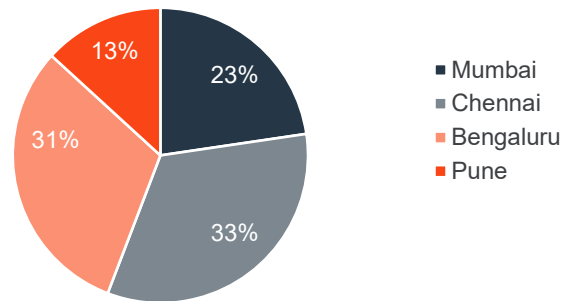
By Original Tenor



Progressing to rebuild our Real Estate Developer Financing book

- Deals worth INR 697 Cr outstanding as on Dec-2022
- Granular and Diversified Real Estate Developer Financing Book
- To build exposure in select markets across Tier 1, 2, and 3 cities
- Best in class governance and risk management

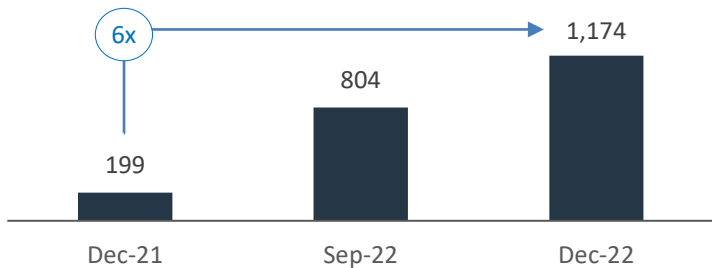
By Geographic Exposure



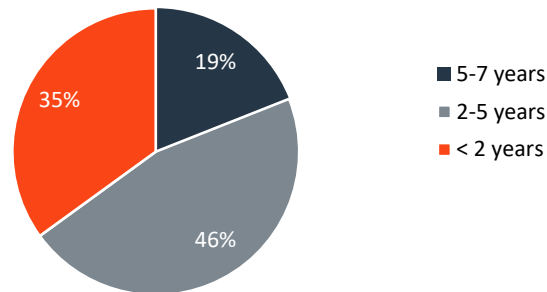
Corporate Mid Market Lending: Building a Granular Book Backed by Cash Flows

AUM (Corporate Mid Market Lending)

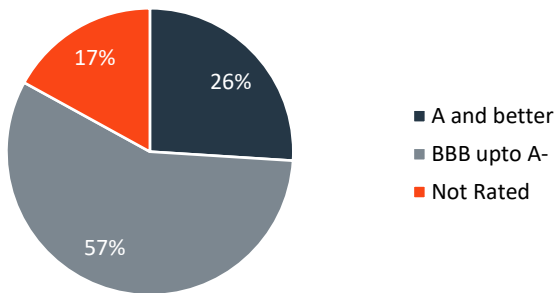
In INR Cr.



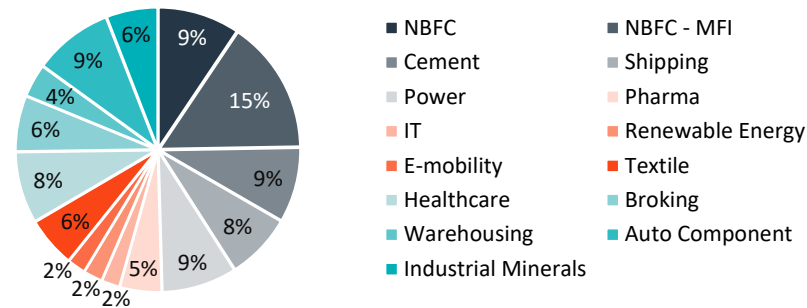
By Original Tenor



By Ratings








By Industry



Risk Management, Governance, and Internal Controls

Wholesale Lending

Foundation Pillars in Place

 Granularity + Diversification	 Risk Appetite & Governance	 Right Organization Structure	 Active Asset Management	 Focus on ALM	 Alignment of Interest
<ul style="list-style-type: none"> • Building a granular and diversified wholesale book across real estate and mid market corporate lending 	<ul style="list-style-type: none"> • Separated guardrails • Strong approval and governance • Proactive asset monitoring 	<ul style="list-style-type: none"> • Separated credit and organization • Asset Management works with Organization • Strengthened Credit 	<ul style="list-style-type: none"> • Quarterly detailed portfolio review meeting • Dedicated Inv. Committees for RE and CMML 	<ul style="list-style-type: none"> • Pro-active asset liability management – match funding; active participation in ALCO 	<ul style="list-style-type: none"> • Long term incentive embedded in the compensation for the team

Risk + Control Functions + Technology Embedded in the Process

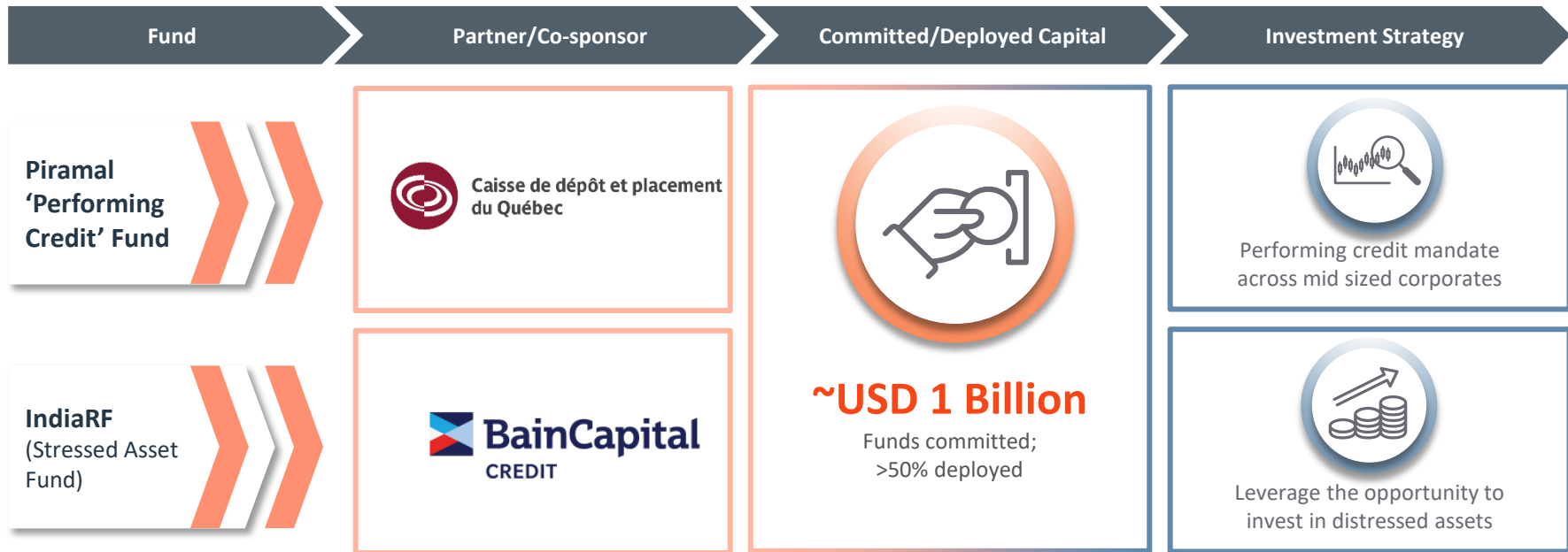
<p>Risk Group</p>	<p>Control Functions (Legal, Compliance, Operations, Finance)</p>	<p>Technology (Pinnacle; analytics driven)</p>
--------------------------	--	---

Catering to a large addressable market (having few credit providers), by adopting a calibrated approach, with focus on cash flow-backed lending



5. Non-Lending Business

Alternatives: Fund Management with Marquee Investors; ~USD 1 Bn of Committed Funds



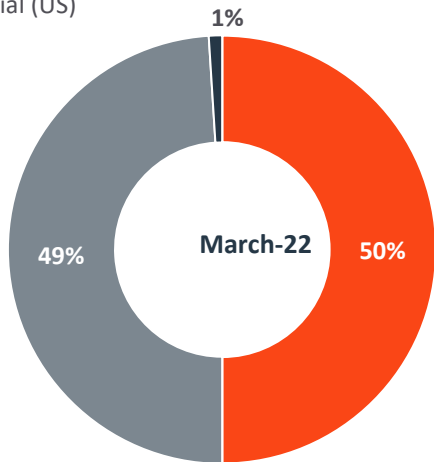
Return on sponsor commitments as well as income (in the form of both fee and carry) are likely to further improve, as we scale up existing funds and expand the product suite

Life Insurance: JV with Prudential International Insurance Holdings

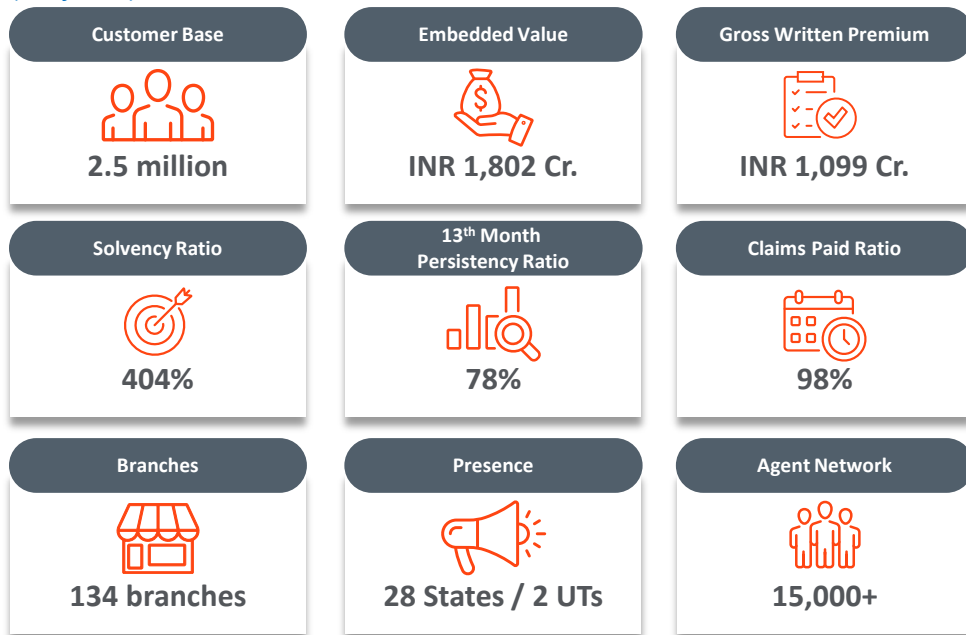
Shareholding Pattern of Pramerica Life Insurance (PLI)

(in %)

- Piramal Enterprises Ltd.
- Prudential (US)
- Others



(as of FY22)



Strong foundation in place for next phase of growth



6. Financials

Profit and Loss Statement

In INR Cr.

Consolidated Income Statement	Q3 FY23	Q3 FY22	YOY %	9M FY 23	9M FY 22	YoY %
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

Balance Sheet and Key Ratios

Consolidated Balance Sheet (INR Cr.)

Particulars	Dec-22 (Unaudited)
Assets	
Cash & Liquid Investments	6,032
Gross Asset Under Management	64,867
ECL Provision	6,485
Net Assets Under Management	58,382
Investments in Shriram Group	6,586
Investments in Alternatives and others	2,369
Fixed Assets / Intangibles	1,962
Net Assets / (Liability)	2,618
Total Assets	77,950
Liabilities	
Net worth	31,241
Gross Debt	46,709
Total Liabilities	77,950

Key Ratios

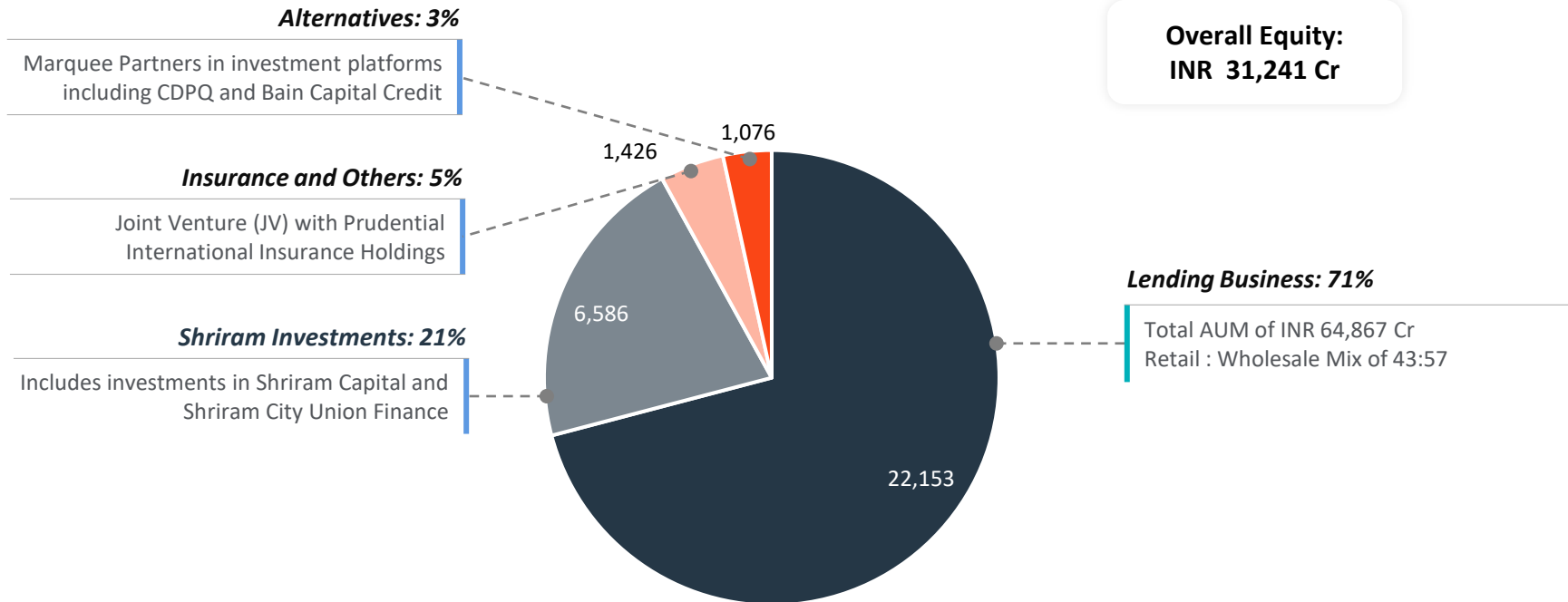
Ratios	Q3FY23
Yield (as % of Loan Book) ¹	13.7%
Cost of Borrowing %	8.4%
NIM (as % of Loan Book) ¹	7.1%
Cost to Assets (as % of AUM) %	3.0%
Gross Debt to Equity	1.5x
Net Debt to Equity	1.3x

Note: (1) Yields and NIMs excludes POCl and Fair Value Gains; Yield (as % of AUM) is 12.4% and NIM (as % of AUM) is 6.5%



Equity Break-Up

In INR Cr.

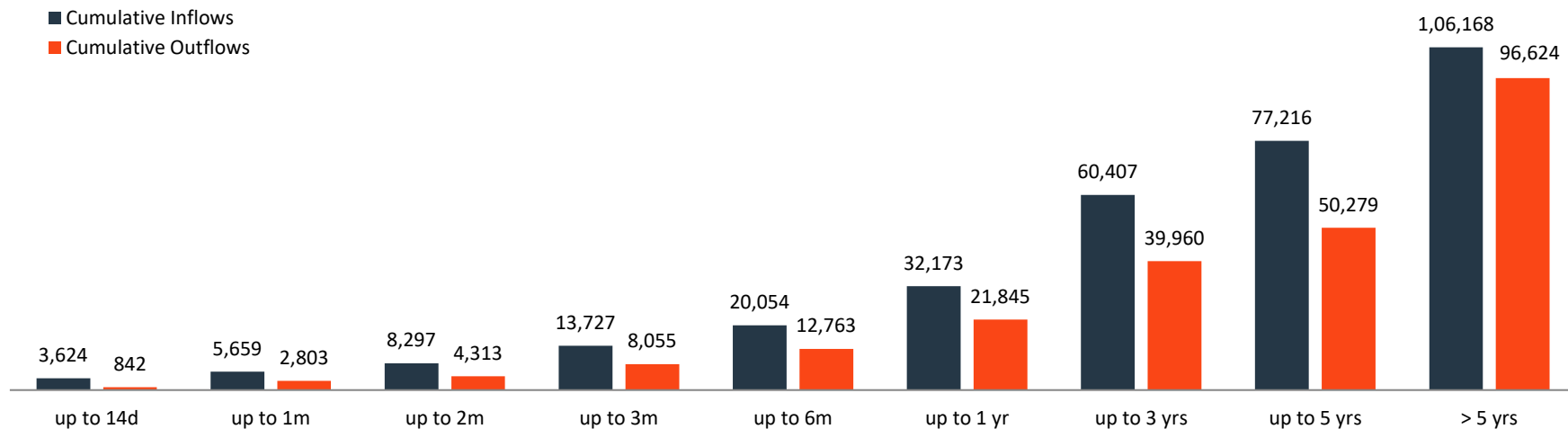


Net worth strengthened to INR 31,241 Cr from INR 27,472 Cr in Q2FY23

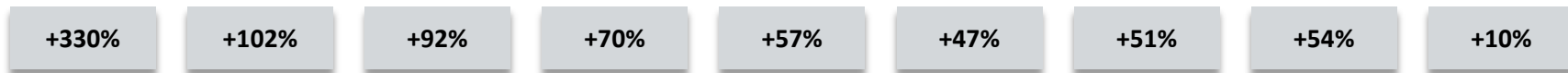
Asset-Liability Profile

In INR Cr.

As on Dec 31, 2022¹



Cumulative GAP² (%)

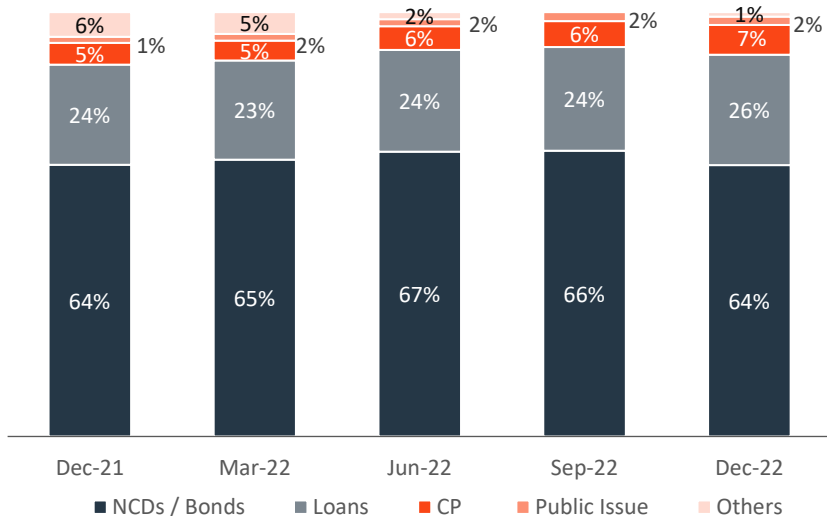


Notes: (1) Based on static ALM for wholesale and behavioral ALM for the retail portfolio

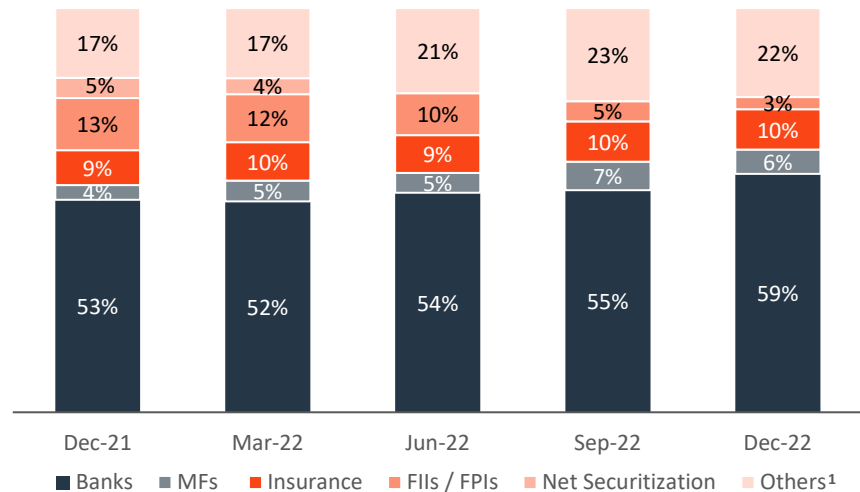
(2) Cumulative GAP (%) = Net flows (i.e., cumulative inflows – cumulative outflows) as a % of cumulative outflows

Diversifying the Borrowing Mix

Breakdown of Borrowing Mix by Type of Instruments



Breakdown of Borrowing Mix by Type of Lender



Ratings Update

Long Term Ratings
 ICRA & CARE: AA
 Outlook Stable

Short Term Ratings
 CRISIL, ICRA, CARE: A1+

Notes: (1) 'Others' include employee benefit funds, financial institutions (incl. NHB) and Individuals/HUFs/Corporates, etc., which contribute 5%, 4% and 12%, respectively, to overall borrowings.



7. Focus on ESG

Pioneer in ESG Endeavors

ESG Highlights in 2021-22



Ranked 12th with an A+ Rating in “BW Businessworld India’s Most Sustainable Companies” (April 2022)

- **Digital Centre of Excellence**, for in-house technology and analytics – supporting innovation in key issues like customer data privacy & security
- **Technology-led multi-product** retail lending platform, part of our ‘Phygital’ approach
- **Financial Literacy** training for micro finance customers
- **CSR activities** led by Piramal Foundation
- **Affordable housing product**, serving ‘Bharat’ customers
- Independent **Enterprise Risk Management (ERM)** system, Independent Board including **women** director and Risk and Audit Committee
- **Whistle-blower** mechanisms and **POSH** Policies in place for effective in-house governance

113 Mn
Lives touched

40%
Corporate roles filled by women

2.7 Mn
People impacted by COVID-19 relief

112
Aspirational districts across India

Sustainability is embedded in our core value system. We have embarked on a journey to be a leader in Sustainable Finance

We are working with a leading Big4 consulting firm to support us on this journey

Our Upcoming year



Develop our ESG strategy and roadmap



Publish our first Sustainability & BRSR Reports



Task Force for Climate-related Financial Disclosures (TCFD) Assessment



Begin integration of ESG within our portfolio

Key Outcomes

- ✓ Market Differentiation
- ✓ Long Term Value Creation
- ✓ ESG based new products
- ✓ Build our Sustainable Financing agenda

Piramal Foundation’s Initiatives Touched Lives of 100+ Million Indians in Last 15 Years Across 27 States

Impacting Vulnerable Communities

Collaborators Onboarded



- 1,059 Local NGOs
- 8,162 Gram Panchayats
- 6,651 Faith Leaders
- ~21,000 tribal healers
- ~1,91,300 community influencers
- ~48,000 tribal youth

- Implemented “Aashwasan” campaign across 174 tribal districts and reached ~1.65 crore people
- Buniyaadi Shiksha Abhiyaan: 110 districts aligned, ~16,560 demo schools selected and ~54,300 middle managers and teachers trained



Strengthening Systems to Deliver Better Impact

Improving Service Delivery

- 121 Mobile Medical Units and Tele-medicine centers and 2 Health Info Helplines
- 42 health facilities digitized

Building State Digital Capacity

- ~3,240 officials and ~13,790 front-line workers empowered with digital capabilities
- 6 Health Dept. portals developed, maintained

Education Leaders Trained

- Cluster/school level: ~23,000
- Block level: 3,740
- State/district level: 2,340



Creating Future Leaders

	Gandhi Fellowship	Karuna Fellowship
Alumni	1,712	178
Currently enrolled	1,041	174



Piramal Foundation: Domain Expertise, Implementation Capability, and Partnerships with Government to Contribute Towards India’s Equitable & Inclusive Growth



Impact Vulnerable Communities in India



Strengthen Systems to Deliver Better Impact



Create Future Leaders



Aspirational Districts

Improve indicators in education, health and nutrition



Strengthen Institutions

Legal, Organization Development, Communications



Youth

Nation building



Tribal Communities

Overcome key health challenges and improve health indicators



Build Collaboration

Government functionaries



Rural Women

Strengthen communities



Children with Special Needs

Special needs school for children under 3



Digital Transformation

Develop technology, integrate systems



Young Professionals

Ethical corporate leaders

Strong partnerships with international and national organizations, Governments and academia to amplify its impact



8. Appendix

Total Assets: Asset Classification

Total Assets (INR Cr.)	Dec-22	Sep-22	Dec-21
Stage-1	49,725	48,134	60,195
Stage-2	7,741	10,231	3,439
Stage-3	4,264 ¹	2,210	2,158
Sub-Total	61,730	60,575	65,792
POCI	3,137	3,204	-
Total AUM	64,867	63,780	65,792
Total Provisions (INR Cr.)	Dec-22	Sep-22	Dec-21
Stage-1	1,659	978	1076
Stage-2	1,960	3,039	544
Stage-3	2,867 ¹	1,475	1,035
Total	6,485	5,491	2,655
Asset Quality Ratios (%)	Dec-22	Sep-22	Dec-21
Provision Coverage Ratio - Stage 1	3.3%	2.0%	1.8%
Provision Coverage Ratio - Stage 2	25%	30%	16%
Provision Coverage Ratio - Stage 3	67%	67%	48%
Total Provisions as a % of Total AUM	10.0%	8.6%	4.0%
GNPA Ratio (%)²	4.0%	3.7%	3.3%
NNPA Ratio (%)²	1.7%	1.3%	1.8%

Note: AUM includes loans, investment in nature of credit substitute and Security Receipts / Pass Through Certificates ; Prudential write-off of INR 771 Cr undertaken during the quarter

(1) Stage 3 includes a client group from a non-RE sector which is credit impaired, having an aggregate outstanding exposure of INR 1,908 Cr with a total provision of INR 1,483 Cr wherein large part of the exposure (INR 1,255 Cr) has not been categorized as NPA, pursuant to a hon'ble High Court order while balance facilities are not overdue. The GNPA and NNPA as of Dec-22 stands at 4.0% and 1.7%. We are in advance stage of resolution of this account.

(2) GNPA and NNPA ratio are disclosed basis the regulatory reporting.

Disbursements by Products

Products (INR Cr.)	Q3FY23	Q2FY23	Q3FY22
Housing	1,875	1,490	337
MSME Secured ¹	780	806	208
Digital Unsecured	1,238	837	153
MSME Unsecured	457	319	21
Used Car Loans ²	242	164	18
Microfinance ¹	210	327	-
Salaried Personal Loans	309	31	-
Total	5,111	3,973	737

Note: (1) MSME Secured & Microfinance disbursements slightly lower due to focus on secured pool purchase

(2) Lifetime highest disbursement of Used Car Loans, INR ~91 Cr in Q3 FY23

Key Highlights

Total AUM stood at INR 64,867 Cr; significantly improved the AUM mix towards Retail: Retail lending grew to 43% of AUM from 33% in Q3FY22

Net worth strengthened to INR 31,241 Cr from INR 27,472 Cr in Q2FY23

- 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 provision¹
 - INR 1,106 Cr on account of restructuring of Shriram Capital group and bond buyback
- Capital Adequacy Ratio of 31% on consolidated balance sheet
- Cash and liquid investments of INR 6,032 Cr (7% of Total Assets)

Retail Lending

- Retail AUM grew 29% YoY to INR 27,896 Cr
 - In-house originated retail loan book (53%) is now larger than the acquired retail loan book (47%)
- Disbursements grew 29% QoQ and 593% YoY to INR 5,111 Cr
- Diversifying product portfolio – launched Budget Housing & LAP Plus
- Home Loan disbursements grew 456% YoY to INR 1,875 Cr

Wholesale Lending

- Wholesale 1.0* AUM reduced by 20% YoY to INR 35,101 Cr
- Created one-time additional provisioning buffer of INR 1,073 Cr on Stage 1 and Stage 2 assets of Wholesale 1.0* AUM in Q3FY23
 - With this, we have adequately provided towards Wholesale 1.0* AUM
- Built a Wholesale 2.0^ AUM across Real Estate and Corporate Mid Market Loans (CMML) worth INR 1,870 Cr
- Stage 2 + Stage 3 Wholesale assets lower at INR 10,369 Cr vs INR 11,044 Cr in Q2FY23

Note: (^) Wholesale 2.0 refers to loans sanctioned under CMML and new RE loans from FY22 onwards (*) Wholesale 1.0 refers to wholesale loans excluding the loans sanctioned under Wholesale 2.0.
 (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.



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