

PRESS RELEASE

Piramal Enterprises Limited announces consolidated results for Q3 and 9M FY2024

Mumbai, India | January 29th, 2024: Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302), a leading diversified NBFC, today announced its consolidated results for the Third Quarter (Q3) FY2024 ended 31st December 2023.

Consolidated Highlights

- Total Assets Under Management (AUM) up 6% QoQ and 9% YoY, excluding impact of AIF provisions¹.
 - Provisions¹ of INR 3,540 Cr taken pursuant to RBI circular on AIF investments, led to reduction in AUM.
 - We remain confident of full recovery of the AIF investments.
- Growth² to Legacy³ AUM mix improved to 72:28 from 34:66 in FY22.s
 - Growth² AUM grew 63% YoY to INR 48,590 Cr.
 - Legacy³ AUM down 47% YoY to INR 18,693 Cr, down 57% since FY22.
 - Retail⁴ to Wholesale AUM mix improved to 64:36 from 33:67 in FY22.
- On AUM growth and AUM mix, the company is thus running ahead of the medium term guidance.
- Consolidated GNPA ratio down 33bps QoQ to 2.4% and NNPA ratio down 37bps QoQ to 1.1%.
- Profit After Tax (PAT) for Q3 FY24 stood at INR 290 Cr, excluding impact of AIF provisions¹.
 - Reported loss of INR 2,378 Cr (vs PAT of INR 48 Cr in Q2 FY24) after the impact of AIF provisions¹.
- Net worth stood at INR 26,376 Cr with capital adequacy ratio at 24.3% on consolidated balance sheet.
- Announced sale of INR 1,440 Cr from Shriram investments (carrying value of INR 569 Cr). We expect closure in Q4 FY24; the proceeds from the transaction will further strengthen our balance sheet.

Ajay Piramal, Chairman, Piramal Enterprises Ltd., said, *"We have achieved significant milestones outlined in our strategic roadmap earlier in this financial year. We have made progress across key areas, including AUM growth momentum, business mix optimization, enhanced underlying operating profitability, and improved asset quality. Notably, we are surpassing our medium-term guidance in terms of growth and business mix.*

In response to the RBI circular issued in December, we made complete provisions for our investments in AIFs, subsequently removing them from our AUM. Our confidence in the full recovery of these investments remains strong, which is evident in the positive payment record thus far.

We have made substantial enhancements to our net interest margins, achieved robust fee income growth, and optimized opex ratios to deliver a strong core operating profit. Our commitment is to further enhance profitability by optimizing operating leverage in our growth business and reducing the contribution of the legacy business.

Positioned as an at-scale player in both retail and wholesale segments, PEL is poised for continued growth and improved profitability. The trajectory forward involves steadily scaling up our growth business, strategically winding down legacy wholesale assets, and divesting non-core assets. We believe, this approach will drive future growth and sustained profitability."

Key Business Highlights

Growth Business – Retail Lending

- **AUM**
 - Retail AUM⁴ grew 54% YoY to INR 43,028 Cr.
 - Mortgage⁵ AUM grew 27% YoY to INR 29,579, contributing 72% to Retail AUM.
- **Disbursements**
 - Quarterly disbursements grew 50% YoY to INR 7,692 Cr.
 - Mortgage disbursements grew 48% YoY to INR 3,920 Cr.
 - Disbursement yields⁶ up 30bps YoY to 14.2%.
- **Asset Quality**
 - 90+ DPD⁷ delinquency stable-to-down across retail products.
- **Scale and Presence**
 - 470 branches and 179 microfinance active branches, serving 625 districts across 25 states.
 - Customer franchise now stands at 3.9 Mn; Active customers stood at 1.2 Mn.
 - ~3 lakh new customers acquired during the quarter.

Growth Business – Wholesale 2.0[^] Lending

- **AUM**
 - Wholesale 2.0[^] AUM grew 24% QoQ to INR 5,562 Cr.
- **Disbursements**
 - Disbursed INR 1,798 Cr in Q3 FY24, of which INR 1,005 Cr was disbursed in the month of Dec'2023.
 - Pre-payments received worth INR 1,175 Cr over last 3 quarters.
 - For Real Estate (RE) loans, yield⁸ stood at 13.9% and ticket size⁹ stood at INR 157 Cr.
 - For Corporate Mid-Market Lending (CMML), yield⁸ stood at 12.6% and ticket size⁹ stood at INR 57 Cr.
- **Asset Quality**
 - Portfolio is performing well, in line with or ahead of underwriting, as reflected in prepayments.

Legacy Business – Wholesale 1.0* Lending

- **AUM**
 - Wholesale 1.0* AUM reduced 47% YoY to INR 18,693 Cr.
 - Continue to rapidly rundown our legacy book over coming quarters also.
- **Recovery and Realisation**
 - Generated gross liquidity of ~INR 7,100 Cr over last 3 quarters
 - Avg. yield⁸ of loans (excluding Stage 3 assets, SRs and land & receivables) stood at 11.6%.
- **Asset Quality**
 - Stage 2+3 assets down 54% YoY to INR 4,721 with a PCR of 32%.
 - SRs down 6% since Q1 FY24, led by cash realisation of INR 909 Cr.
 - Concluded 2 ARC transactions in Q3 FY24 with total deal value of INR 775 Cr under 15:85 structure. SR's issued worth INR 660 Cr at 51% mark down to face value of underlying assets.
 - As resolution processes continue, we expect our SR portfolio to reduce in near term.

Liability Management

- We continue to focus on diversifying our borrowing mix including securitization.
- The fixed : floating rate debt mix stood at 51:49.
- Our borrowing cost stood at 8.7%.
- Our ALM is well-matched with positive gaps across all buckets.

Consolidated Profit & Loss:
(In INR Crores, unless specified)

Consolidated Income Statement	Q3 FY24	Q2 FY24	QoQ %	Q3 FY23	YoY %	9M FY24	9M FY23	YoY %
Interest Income	1,953	1,800	8%	2,006	(3%)	5,478	5,878	(7%)
Less: Interest Expense	1,118	1,050	6%	973	15%	3,212	3,038	6%
Net Interest Income (A)	835	750	11%	1,033	(19%)	2,266	2,840	(20%)
Fee & Commission	155	125	23%	84	83%	370	196	89%
Dividend	9	13	(31%)	-	-	99	-	-
Others	88 ⁵	26	241%	776	(89%)	157	870	(82%)
Other Income (B)	251	164	53%	861	(71%)	626	1,066	(41%)
Total Income (A+B)	1,086	914	19%	1,893	(43%)	2,892	3,906	(26%)
Less: Operating Expenses (Opex)	697	664	5%	559	25%	1,989	1,541	29%
Pre-Provision Operating Profit (PPOP)	389	250	55%	1,335	(71%)	903	2,365	(62%)
Less: Loan Loss Provisions & FV Loss / (Gain)	257	198	30%	1,535	(83%)	634	4,882	(87%)
Less: Shriram FV Loss / (Gain)	-	-	-	(260)	-	(855)	(260)	-
Profit Before Tax Goodwill Write-Off	132	53	151%	59	122%	1,123	(2,258)	-
Less: Goodwill Write-Off	-	-	-	-	-	278	-	-
Profit Before Tax	132	53	151%	59	122%	845	(2,258)	-
Less: Current & Deferred Tax	39	25	-	(105)	-	237	(653)	-
Less: Tax adjustment of earlier years	(124) [#]	(14)	-	(3,327)	-	(139)	(3,327)	-
Profit After Tax (PAT)	217	42	419%	3,491	(94%)	747	1,723	(57%)
Add: Associate Income	73	71	3%	54	35%	165	376	(56%)
PAT Before Exceptional Gain / (Loss)	290	113	158%	3,545	(92%)	912	2,098	(57%)
Add: Exceptional Gain / (Loss)	(2,668) ¹	(64)	-	-	-	(2,732)	8,066	-
Reported Net Profit / Loss after Tax	(2,378)	48	-	3,545	-	(1,821)	10,164	-

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

(*) Wholesale 1.0 refers to wholesale loans excluding the loans sanctioned under Wholesale 2.0.

(5) Includes INR 64 Cr pertaining to interest income from Income Tax refunds in Q3FY24.

(#) Includes INR 124 Cr pertaining to litigative tax refund of eDHFL of FY 2019-20, which was released to us in December 2023 post receipt of favourable order from Income Tax Appellate Tribunal.

(1) Provisions of INR 3,540 Cr (INR 2,668 Cr post tax) taken pursuant to the RBI circular on investments in AIFs dated 19th Dec 2023.

(2) Growth business comprises of Retail and Wholesale 2.0 lending.

(3) Legacy business comprises of Wholesale 1.0 lending.

(4) Retail AUM includes security receipts (SRs) (INR 1,594 Cr as of Q3 FY24) & pass through certificates (PTC) (INR 164 Cr as of Q3 FY24), direct assignment (DA) (INR 875 Cr as of Q3 FY24) and excludes acquired off book assets (INR 10,286 Cr as of Q3 FY24) in the nature of DA & PTC as part of the DHFL acquisition.

(5) Mortgage comprises of Housing and LAP loans.

(6) Disbursements of <1 yr. duration (4% for Q3 FY24) having higher average yield (14.6% for Q3 FY24) not included in the above calculation.

(7) 90+ DPD delinquency = 90 to 179 days DPD.

(8) Average yield % includes fee income.

(9) Average ticket size per loan based on sanctioned value.

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. PEL has built a technology platform driven by artificial intelligence (AI), with innovative financial solutions that cater to the needs of varied industry verticals. PEL made its foray into the financial services sector with Piramal Capital & Housing Finance Ltd. (referred to as Piramal Finance), a housing finance company registered with the Reserve Bank of India that is engaged in various financial services businesses.

In retail lending, Piramal Finance is one of the leading players that addresses the diverse financing needs of the under-served and unserved people of the 'Bharat' market. It has over 3 million customers and presence in 25 states with a network of over 450 branches. It offers multiple products, including home loans, loan against property, used car loans, small business loans to Indian budget conscious customers at the periphery of metros and in Tier I, II and III cities.

Within wholesale lending, PEL 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.

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

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