

## Rating Rationale

January 04, 2026 | Mumbai

### Piramal Finance Limited

*'Crisil AA+/Stable' assigned to Non Convertible Debentures and Bank Debt; Commercial Paper reaffirmed*

#### Rating Action

Total Bank Loan Facilities Rated	Rs.24000 Crore
Long Term Rating	Crisil AA+/Stable (Assigned)

Rs.24000 Crore Non Convertible Debentures	Crisil AA+/Stable (Assigned)
Rs.12000 Crore Commercial Paper	Crisil A1+ (Reaffirmed)

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*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has assigned its '**Crisil AA+/Stable**' rating to the long-term bank loan facilities and non-convertible debentures of Piramal Finance Limited (Piramal Finance; erstwhile, Piramal Capital and Housing Finance Ltd). Rating on the commercial paper programme have been reaffirmed at 'Crisil A1+'.

The ratings factor in the company's strong capitalisation profile, diversified lending business with increasing scale of operations, diversified resource profile and benefits accruing from the expectation of financial support from an entity owned by persons related to the promoters of Piramal Finance, in case of any exigencies. These strengths are partially offset by vulnerability in asset quality, particularly in the wholesale segment, and average, albeit improving, profitability metrics.

#### Analytical Approach

Crisil Ratings has considered the standalone business and financial risk profiles of Piramal Finance. Further the rating factors in the benefits accruing from the expectation of financial support from an entity owned by persons related to the promoters of Piramal Finance, in case of any exigencies.

#### Key Rating Drivers - Strengths

##### Strong capitalisation profile

The company's capitalisation profile remains strong, backed by a networth base of Rs 27,447 crore as on September 30, 2025, and gearing of 2.6 times. Networth has been supported by periodic capital accretion from sale of stake in various businesses through rights issue and preferential allotment of compulsory convertible debentures. The capital adequacy ratio as on September 30, 2025, stood at 20.7%. Capitalisation is expected to remain supported by accruals going forward.

Moreover, Crisil Ratings also noted the intimation by Piramal Finance on December 19, 2025, regarding sale of its entire equity stake of 17.42% held in Shriram Life Insurance Company Ltd for a consideration of Rs 600 crore to Sanlam Emerging Markets (Mauritius) Ltd. The transaction is subject to requisite approvals.

Furthermore, Crisil Ratings believes that Piramal Finance also benefits from potential upside from collections in the retail purchased or originated credit impaired (POCI) book of erstwhile Dewan Housing Finance Ltd, and deferred tax-related benefits. It will also be supported by deferred consideration it is expected to receive as a part of the divestment of stepdown subsidiary (Piramal Imaging SA) in June 2018. Consequently, the overall networth is likely to have sufficient buffers to absorb potential provisioning, if any.

##### Financial flexibility

Piramal Finance is strategically important for the promoters to execute their vision of establishing itself in the financial services space and they maintain effective oversight on Piramal Finance's governance practices, capital management strategies and business plan execution processes. Piramal Finance enjoys high financial flexibility and benefit from the expectation of financial support from an entity owned by persons related to the promoters of Piramal Finance, in case of any exigencies.

##### Diversified lending book with increasing scale

The assets under management (AUM) have grown at a compounded annual growth rate (CAGR) of ~12% over fiscals 2023-2025, to Rs 80,689 crore as on March 31, 2025. It further grew by ~27% (annualised) in the first half of fiscal 2026 and reached Rs 91,447 crore as on September 30, 2025. Over the last few fiscals, Piramal Finance has also forayed into

various other asset classes, including secured and unsecured MSME (micro, small & medium enterprises), personal loans, used car loans, and digital finance.

Of the overall AUM as on September 30, 2025, ~82% was retail, predominantly comprising mortgage loans. Of the retail portfolio, housing loans and loan against property together constitute ~68%, while used car loans accounted for 6.4%, business loans and salaried personal loans each at 8.6%, with the balance comprising digital loans. The company also plans to launch gold loan business in the near future.

Piramal Finance also has established presence in the real estate financing space with ~18% of overall AUM being wholesale in nature as on September 30, 2025. Crisil Ratings notes that while the company has focused on accelerated recoveries and run-down of the legacy wholesale AUM, termed as wholesale 1.0, it has also scaled up its fresh disbursement towards newly originated, lower ticket-size, wholesale AUM, termed as wholesale 2.0. The share of legacy wholesale 1.0 (discontinued book) as a percentage of the overall AUM declined sequentially to 6% as on September 30, 2025, from 66% as on March 31, 2022, while that of wholesale 2.0 increased to 12% from 1% during the period. As such, the share and performance of wholesale 2.0 loan portfolio remain a monitorable.

### **Diversified liability profile**

Piramal Finance has demonstrated improvement in diversifying its borrowing profile and investor base in recent years. The resource profile is well-diversified across instruments, with bank and financial institution loans constituting around 34%, external commercial borrowings constituting 10%, non-convertible debentures around 37% (including dollar bonds), securitisation making up 8%, commercial paper about 10% and other borrowing at 1% of total borrowings as on September 30, 2025. The investor base is also diversified, comprising banks (46%), mutual funds (13%), external commercial borrowings (10%), individuals and corporates (10%), securitisation (8%), insurance and employee benefit funds (9%), and balance with others as on September 30, 2025. Overall cost of borrowing (interest expense/ average borrowings) increased to 8.9% in fiscal 2025 from 8.6% in fiscal 2024 and stood stable in the first half of fiscal 2026. Ability to raise incremental borrowings at optimal rate will remain a monitorable.

### **Key Rating Drivers - Weaknesses**

#### **Vulnerability in asset quality, particularly in the wholesale segment**

The overall reported gross non-performing assets (GNPA) ratio stood at 2.6% as on September 30, 2025, against 2.8% as on June 30, 2025, and March 31, 2025. Within the retail portfolio, while the asset quality profile of the housing and LAP segments (55% of the overall AUM cumulatively as on September 30, 2025) remained largely stable, other retail segments such as business loans and used car loans have seen some uptick in delinquencies in recent times. Moreover, the newly launched businesses lack seasoning and therefore their performance will be monitorable over the medium term.

Within the wholesale segment, the company has been able to reduce its exposure in the wholesale 1.0 book to ~6% of the overall AUM as on September 30, 2025, from ~45% as on March 31, 2023. Stage 3 provisioning for the wholesale 1.0 book stood at ~20% as on September 30, 2025 (30% as of March 31, 2025). In contrast, the wholesale 2.0 book, which consists of more granular loans, and constituting ~12% of the overall AUM as on September 30, 2025, has been performing well and has negligible Stage 3 assets, which is fully provisioned as of September 30, 2025. Ability of the management to ensure timely recoveries and maintain comfortable asset quality metrics will remain monitorable.

#### **Average, albeit improving, profitability metrics**

Reported profitability metrics for Piramal Finance has remained volatile over the past few periods on account of various one-off items such as gain/loss on sale of investments, provisioning towards legacy assets and tax adjustments. During fiscal 2024, Piramal Finance reported a net loss of Rs 1,684 crore, driven by provisioning towards alternative investment funds (AIF) assets. Nevertheless, during fiscal 2025, Piramal Finance reported net profit of Rs 485 crore. Furthermore, in the first and second quarters of fiscal 2026, the company reported net profit of Rs 276 crore and Rs 327 crore, respectively.

For the growth business, profitability has been improving, with the company reporting profit before tax of ~Rs 639 crore for the first half of fiscal 2026 (~Rs 896 crore for fiscal 2025). The reported return on AUM for growth business has improved to 1.7% in the second quarter of fiscal 2026, from 1.5% in the first quarter of fiscal 2026 and 1.4% in fiscal 2025. Profitability of the growth business is expected to further improve, supported by improvement in the operating expenses as well as controlled credit costs.

However, with change in the portfolio mix, the impact on the interest margin is yet to be assessed. Furthermore, owing to the underlying risk within the wholesale book, higher provisioning requirement could adversely impact the earnings profile. Any material change in the earnings profile due to change in portfolio mix or impact of the asset quality will remain monitorable.

#### **Liquidity: Strong**

Asset liability maturity profile as on September 30, 2025, is well-matched with positive gaps across all buckets. Furthermore, as on same date, liquidity remained strong with unencumbered liquidity of ~Rs 5,829 crore, including cash and equivalent and unutilised cash credit/working capital demand loan, which is sufficient to cover over one month of debt repayment. Additionally, the company had unutilised term loan of Rs 3,250 crore as on September 30, 2025.

#### **Outlook: Stable**

Crisil Ratings believes Piramal Finance will benefit from strong capitalisation and expectation of financial support from an entity owned by persons related to the promoters, in case of any exigencies.

#### **Rating sensitivity factors**

##### **Upward factors:**

- Sustained increase in scale of operations with healthy earnings profile.

- Sustained healthy asset quality with gross NPA level below 2%

#### Downward factors:

- Sustained deterioration in asset quality metrics, thereby impacting earnings profile
- Inability to raise long-term funds at competitive costs to diversify the borrowing profile
- Gearing metrics (based on gross external debt) increasing beyond 5 times with the current portfolio mix
- Any change in support expected from entity owned by the persons related to the promoters

#### About the Company

Founded by Mr Ajay Piramal, Piramal Finance is an Upper Layer NBFC (non-banking financial company). The company had the housing finance company (HFC) licence earlier. On April 04, 2025, Piramal Finance received certificate of registration to commence the business of NBFC-ICC without accepting public deposits. Piramal Finance thereafter continued to operate as an NBFC. In the financial services business, the company focuses on providing retail loan products such as home loans, loans against property, used car loans, personal loans and small business loans. It also provides wholesale loans with focus on both real estate and non-real estate sectors.

For the first half of fiscal 2026, the company reported net profit of Rs 603 crore on total income of Rs 5,629 crore, against net profit of Rs 485 crore on total income of Rs 9,913 crore in fiscal 2025.

#### Key Financial Indicators

As on/for the period ended	Unit	H1FY26	FY25	FY24	FY23
<b>Total assets</b>	<b>Rs crore</b>	<b>99,056</b>	<b>92,580</b>	<b>79,959</b>	<b>79,882</b>
<b>Total income</b>	<b>Rs crore</b>	<b>5,629</b>	<b>9,913</b>	<b>8,372</b>	<b>9,087</b>
<b>Profit after tax</b>	<b>Rs crore</b>	<b>603</b>	<b>485</b>	<b>(1,684)</b>	<b>9,969</b>
<b>GNPA</b>	<b>%</b>	<b>2.6</b>	<b>2.8</b>	<b>2.4</b>	<b>3.8</b>
<b>Gearing</b>	<b>Times</b>	<b>2.6</b>	<b>2.4</b>	<b>2.0</b>	<b>1.6</b>
<b>Return on managed assets</b>	<b>%</b>	<b>1.2*</b>	<b>0.5</b>	<b>(2.1)</b>	<b>12.5</b>

\*Annualised

**Any other information:** Not Applicable

#### Note on complexity levels of the rated instrument:

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#### Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 days	12000.00	Simple	Crisil A1+
NA	Non Convertible Debentures#	NA	NA	NA	24000.00	Simple	Crisil AA+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	24000.00	NA	Crisil AA+/Stable

# Yet to be issued

#### Annexure - Rating History for last 3 Years

	Current			2026 (History)		2025		2024		2023		Start of 2023
	Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based Facilities	LT	24000.0	Crisil AA+/Stable	--	--	--	--	--	--	--	--	--
Commercial Paper	ST	12000.0	Crisil A1+	--	12-12-25	Crisil A1+	26-11-24	Crisil A1+	27-12-23	Crisil A1+	26-11-23	Crisil A1+
			--	--	25-09-25	Crisil A1+	--	--	28-11-23	Crisil A1+	--	--
			--	--	13-02-25	Crisil A1+	--	--	--	--	--	--

Non Convertible Debentures	LT	24000.0	Crisil AA+/Stable	--	--	--	--	--	--	--	--
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All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Long Term Bank Loan Facility	24000	Not Applicable	Crisil AA+/Stable

**Criteria Details****Links to related criteria**[\*\*Basics of Ratings \(including default recognition, assessing information adequacy\)\*\*](#)[\*\*Criteria for Finance and Securities companies \(including approach for financial ratios\)\*\*](#)[\*\*Criteria for factoring parent, group and government linkages\*\*](#)

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