



**“Piramal Finance Limited  
Q3 FY26 Earnings Conference Call”**

**January 23, 2026**



**MANAGEMENT:**

**MR. ANAND PIRAMAL – EXECUTIVE CHAIRMAN**

**MR. JAIRAM SRIDHARAN – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER**

**MR. RUPEN JHAVERI – GROUP PRESIDENT**

**MR. YESH NADKARNI – CHIEF EXECUTIVE OFFICER, WHOLESALE LENDING**

**MR. VIKASH SINGHLA – CHIEF FINANCIAL OFFICER**

**MR. RAVI SINGH – HEAD, INVESTOR RELATIONS, STRATEGY & SUSTAINABILITY**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Quarter-3 and 9-Months' FY 2026 Earnings Conference Call of Piramal Finance Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone.

The results materials are available on exchanges and the company's website, and you may refer to them during the discussion. Please note that today's discussion may include certain forward-looking statements, which must be viewed in conjunction with the risks and uncertainties that the company faces. These statements are based on Management's current expectations and are subject to uncertainty and changes.

On the call today, we have with us Mr. Anand Piramal – Executive Chairman, Mr. Jairam Sridharan – M.D. and CEO, Mr. Rupen Jhaveri – Group President, Mr. Yesh Nadkarni – CEO (Wholesale Lending), Mr. Vikash Singhal – CFO, and Mr. Ravi Singh – Head (Investor Relations & Strategy).

I now hand the conference over to Mr. Anand Piramal for his comments. Thank you and over to you, sir.

**Anand Piramal:** Good afternoon everyone and thank you for joining us today on this call to discuss our December Results.

Our company delivered a strong performance in Q3, making it a strong 9-month period of FY '26 with robust progress across all the important parameters. Total AUM grew by 23% year-on-year to INR 96,690 crores. Led by expanding consolidated margins, stable risk and improving operating leverage, our 9-month FY '26 consol PAT now stands at above INR 1,000 crores versus INR 383 crores in the 9 months of FY '25. All this is without any major one-off gains in the last 9 months.

In a crucial development earlier this month, we received an AA+ rating for our long-term debt from CRISIL. This will be pivotal in our journey of steady scale-up of the business and improving profitability.

In this context, it is also great to see that the price of our recent debt raising has been moving substantially lower. We recently announced the monetization of our stake in Sriram Life Insurance for INR 600 crores. This transaction is expected to conclude in Q4. We expect further monetization of our other investments in the coming quarters. Overall, there is encouraging consistency building in our numbers over the last several quarters. We are confident to meet our near-term and medium-term growth and profitability targets.

With that, I will hand it over to Jairam and his team to share more details of the results.

**Jairam Sridharan:** Thank you, Anand. Good evening, everyone. In the second quarter of this financial year, we had introduced a framework for value creation and long-term alignment with our shareholders.

We have continued with that same framework this quarter. To refresh your mind, the framework has 3 drivers, we believe, for value creation for Piramal shareholders – growth, profitability and predictability. And supporting all these value drivers is our attempt to build a future-proof AI-native company.

**Let me start my comments with an evaluation of our 3rd Quarter performance against this very framework:**

**Starting with growth:**

If you look at Slide #4 in our presentation, AUM was up 34% year-on-year in our Growth book. On a consolidated basis, AUM growth further improved to 23% year-on-year and is well on track to end the year over INR 1 lakh crores and end the year FY '28 at over INR 1.5 lakh crores, as we have mentioned in our medium-term plans.

**The second vector of value creation is profitability, which is covered in the next slide, Slide #5:**

Return on AUM of our Growth business increased further to 1.9% in the 3rd Quarter, compared to 1.7% in the second quarter and 1.3% in the 3rd Quarter of the last financial year. Leverage, i.e., AUM by equity, also continues to increase and is now at 3.5 at the end of the 3rd Quarter, compared to 2.9 in the same quarter last year. We continue to progress steadily towards our goal of 4.5x to 5x on leverage and, of course, 3% on profitability, which I will come to next, the third vector in our value creation.

I would like you to look at the next slide, Slide #6, and we will also refer a little bit to Slide #34. In the 3rd Quarter, Growth business delivered a profit before taxes of INR 427 crores, keeping up the steady and predictable trajectory of the last 8 quarters.

The 9-month Growth business PBT has now crossed INR 1,000 crores. With that, our 9-month consol PAT also stands at INR 1,004 crores without any major one-off gains in these 9 months. The stability and predictability are also visible in our credit risk outcomes, with 90-day delinquencies stable quarter-on-quarter and credit costs down 10 basis points quarter-on-quarter.

**Let's now go one level deeper into our business performance metrics:**

**Starting with growth:**

AUM growth in our Retail business remains very strong. We ended the 3rd Quarter with a retail AUM growth of 34% year-on-year.

Our Mortgage business, comprising housing loans and LAP, grew by 35% year-on-year to INR 53,958 crores. Mortgages account for 56% of the total AUM of the company and 68% of retail AUM. Retail AUM growth was well diversified across our 6 product categories, each one of them growing from between 20% to 60% year-on-year.

Wholesale 2.0 AUM was up 35% year-on-year in the 3rd Quarter, with both real estate and mid-market lending showing year-on-year growth trends which were very strong and around the 34% mark. Growth AUM was thus overall up 34% year-on-year to INR 91,460 crores.

Disbursements in retail were up 26% year-on-year, to INR 10,498 crores. This was however flat versus our performance in the second quarter. If you notice on Slide #15, you will see a similar flattening of disbursement trajectory in Q3 last year as well. This is driven by an internal process-driven cyclical and not as much the market environment.

This year we have also kept pricing on all retail products quite firm in the 3rd Quarter versus the second quarter, as you will notice in product level pricing charts. In the face of a tightening competitive environment on rates, this has had a little bit of an impact as well. However, demand in retail remains very strong and you should expect healthy growth in retail disbursements in Q4, in line with the growth trajectory that you saw last year.

As shown on Slide #19, our retail customer franchise grew by 22% year-on-year to 5.4 million. Our sourcing from cross-sell in unsecured disbursements remains in the 25% to 30% range and we hope to materially improve this in the coming years. As shown on the same slide, our cross-sell portfolio comes right now with significantly lower opex and significantly lower credit costs compared to the open market business.

We have consciously not expanded our branch network in the last 6 quarters. This is now likely to change. In Q4, we plan to take up a little bit of branch opening again. We expect to open a total of approximately 100 branches in Q4. Of these, about 25 are expected to be full-service branches, 25 new gold loan branches, and about 50 microfinance branches. The 2 major white spaces in retail that we have been speaking about for the last few quarters, microfinance and gold, will thus see us making meaningful steps forward in this coming quarter. So, that was on growth.

**Moving on to margins:**

On a consol basis, margins have continued to expand and are up 51 basis points year-on-year to 6.3%. Growth business margins were stable quarter-on-quarter. Cost of borrowing moderation was gradual in the 3rd Quarter as we saw no MCLR cuts at banks.

We have so far experienced a transmission of about 25 basis points into our cost of borrowing in this rate-cut cycle. We expect a further approximately 25 basis points in the months ahead. We are also actively working on our borrowing mix, taking up lower cost borrowing sources opportunistically. We recently announced our inaugural \$350 million long-term DFI funding from IFC and ADB. The total multilateral fundraising pipeline is up to \$500 million in this financial year.

This quarter saw a big company-level event that Anand referred to earlier, the upgrade by CRISIL to AA+ credit rating. This, we believe, has the potential to lower our cost of borrowing by 50 to 80 basis points once we churn our current borrowing stack out and replace it with new borrowing. The AA+ rating also offers us access to certain parts of the lending market that we could not access before, thus enhancing our ability to continue delivering industry-leading AUM growth. It can also aid expansion of RoAUM and also potentially allows us to lever our balance sheet a little bit higher to lift steady-state ROEs by 3 to 4 percentage points.

On the income side, as shown on Slide #21, the yield on Retail AUM was broadly stable at 13.2%. The reported fee, which was impacted by the processing fee amortization back in the first quarter of Financial Year '25, is consistently normalizing exactly as we guided, and is led by stable underlying fee collection. This story has probably 2 more quarters to play out and it should start becoming steady around that point.

On Retail opex, this continues to be one of the big stories in the company. The opex to AUM further came down by 10 basis points quarter-on-quarter to 3.8% in Q3. You will see this on Slide #21.

We did see a cost impact of about INR 35 crores at the company level due to the new labour code, but opex ratios are able to absorb that impact and still retain their downward trajectory. We have now consistently reduced our opex to AUM ratio for 3 years. Branch and employee productivities have improved materially in this period, leading to a stark improvement in opex efficiency that you see.

As mentioned earlier, in the 4th Quarter, we are looking to restart our branch expansion. However, we expect continued productivity gains for our employees and our branches and with that we are confident to keep taking Retail opex to AUM ratio down towards our target of 3.25% to 3.75%. So, the growth in branches is not going to impact the downward trajectory of OPEX to AUM in any material way.

Tech and AI have been key enablers of our growth and productivity enhancement. On Slide 7, you will see that in the 3rd Quarter, our focus of AI efforts was on collections. We saw a lot of AI use cases in our collection's app, which is homegrown. We had optimization of allocation

channels for resolution using reinforcement learning techniques, use of speech to text to make collections dispositions richer, and real time.

AI collection bots have now started matching human collectors' performance. This means that we can now roll out AI plus human call centers to maximize resolutions. And then you also saw the implementation and expansion of our self-cure models across both secured and unsecured businesses. So, it's been another very busy quarter in terms of AI assets being rolled out across the company.

**Coming to risk:**

The risk performance of the company was solid with flat GNPA and Growth business credit costs coming down by 10 bps Q-o-Q. Retail is 87% of our Growth AUM, and risk performance in this segment has been an industry focal point over the last 6 to 7 quarters.

If you go to Slide #22, you will see that for Piramal, 90 plus DPD in retail at 0.8% remains within the narrow range that we have maintained consistently over the last 3.5 years.

Some observations to be made on retail credit risk in the 3rd Quarter. Unsecured portfolio is showing steady improvement with delinquency down from 3rd quarter FY25 peak to now the lowest levels in the last 5 quarters. All products in unsecured have shown improvement, with segments like Microfinance now nearing long-term lows in their portfolio risk.

Within secured, used car loans showed an uptick in delinquencies in the first half of this financial year. Recent originations, however, suggest stabilization of this risk. Quality of recent originations is sharply better and should result in the 90 plus rate going down.

The LAP segment, we have been talking about it for the last couple of quarters, this segment has witnessed a gradual creep up in risk, even though in absolute terms risk still remains quite low. It needs monitoring of certain subsegments such as low tickets, high leverage customers and some marginal industry segments. We have been taking preventative actions to safeguard our portfolio now for the last 6 months.

Risk in the Home Loan segment remains solid and low with very stable delinquencies. Putting this all together, credit cost of the Growth business, as I mentioned before was down 10 basis points Q-o-Q to 1.6%.

Before I step off the Retail commentary, I would like to share some people news with you. Jagdeep Mallareddy – the CEO of our Retail business; and Sunit Madan – COO have decided to explore new opportunities outside Piramal. Jagdeep and Sunit's leadership helped create a strong foundation for our growth, and I wish them success in their next career stints. They will remain with us till March end to allow smooth transitions.

We have had a very strong leadership pipeline over the last few years and leveraging that, we have already announced elevation of the next set of leaders from inside our system.

I am happy to announce that Imtiaz Ahmed will take over as our Chief Business Officer and Vikas Arora will take over as our COO effective April 1. Imtiaz and Vikas will lead our retail teams as we enter the next phase of our evolution, and we wish them the very best.

**Finally, let me come back to the overall company:**

If I could point you to Slide #12, at the start of the year, we had shared 5 targets and goals for the company for Financial Year '26. These were around AUM growth, different metrics on business mix and specific guidance on total consolidated PAT. With our strong performance in 9 months of FY '26, we remain very confident to meet all of these targets.

With this, I hand over the call to Yesh to discuss our Wholesale business. Yesh?

**Yesh Nadkarni:** Thanks a lot, Jairam, and hello everyone.

Our Wholesale 2.0 business continues to scale up steadily across Real Estate and Corporate Mid-Market segments as Jairam earlier alluded to. As of December 2025, our Wholesale 2.0 AUM stood at INR 12,047 crores, reflecting a 35% year-on-year growth. Real Estate book contributed about 74% of this, while CMML occupied 26% share of the AUM.

Since the inception of Wholesale 2.0 in FY '22, we have disbursed a cumulative sum of little over INR 22,700 crores across 341 loans. Currently, the portfolio comprises 158 real estate loans with an AUM of INR 8,891 crores, and 64 CMML loans with AUM of INR 3,156 crores.

During the 3rd Quarter, we disbursed INR 2,166 crores. Our average origination per loan was INR 75 crores, while our average disbursement per loan was INR 28 crores. This granular portfolio continues to demonstrate healthy economics with average ticket of INR 54 crores and a stable effective interest rate of 14.5%.

I am glad to note that despite a declining interest rate environment, we have been able to protect yields and NIMs. We continue to see a healthy disbursement pipeline across both real estate and CMML. At the same time, repayments remain elevated at 66% of disbursements during the quarter, which moderated net AUM growth. This trend has been consistent over recent quarters and reflects strong portfolio performance ahead of underwriting and robust asset quality.

From a macro standpoint, we continue to see strong tailwinds across Real Estate and Corporate Mid-Market segments. Home Sales continue to be strong. Corporate balance sheets are much cleaner now and are well capitalized.

While competition remains strong for our business, we believe that we will continue to see strong take-up for our loans across the segments in which we operate. We will continue to grow this book in a thoughtful and calibrated manner over the coming quarters.

As far as our legacy wholesale business goes, we continue to remain focused on achieving our guidance of getting to a size of INR 3,000 crores to INR 3,500 crores by March from the current level of INR 5,230 crores which is already below 5% of total AUM today.

That brings me to the end of the Wholesale section, and I would now request Vikash to take over to discuss financials.

**Vikash Singhal:** Moving to our financial performance:

In Q3 FY '26, we reported consolidated net profit of INR 401 crores as against Q3 FY '25 net profit of INR 39 crores.

Pro forma PBT for Growth business stood at INR 427 crores, growth of 101% year-on-year over PBT of INR 212 crores in Q3 FY '25. Growth business opex grew by 11% year-on-year versus income growth of 30% year-on-year. This included INR 35 crores impact due to new labour code.

Operating profit thus grew by 55% year-on-year to INR 775 crores. In Q3 FY '26, we reported Growth business credit cost of 1.6% versus 1.7% in Q2 FY '26. There was a tax writeback of INR 73 crores in Q3 which is led by cash income tax refunds.

Our total GNPA and NNPA ratios stand at 2.6% and 1.9%, respectively. Our net worth stands at INR 27,872 crores with capital adequacy at 20.3% versus 20.7% in previous quarter.

With these remarks, I would now like to open the floor for questions. Thank you.

**Moderator:** Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Avinash Singh from Emkay Global Financial Services Limited. Please go ahead.

**Avinash Singh:** Yes, hi. Good evening. Thanks for the opportunity. A few questions. Jairam, if I look at Slide 17, the salaried personal loan and digital, I just wanted some more color here on salaried side. If I see there is a ticket size of INR 4.5 lakh and disbursement yield is nearly 17.5%. So, what kind of a sort of a salaried customer these are and how the sourcing is being done here at that kind of a yield?

And are the yields for both the salaried and digital net to you or it is the kind of a yield to customer? I mean, is it kind of catered for that intermediary cost or it's like a gross yield? And why sort of digital yields are lower here than your salary? So, that's question one.

Second question, more again on the medium-term perspective, I would say very-very confident guidance on growth and profitability being reaffirmed again. Now, if I were to look at the market, I would say Retail and SME, a number of your peers are now getting a lot of capital and some of the mid-sized bank also operate in this segment. Now, do you see that excess capital is now chasing the same growth pool or leading to some kind of compression in NIMs? So, these are my 2 questions. Thanks.

**Jairam Sridharan:**

Thanks, Avinash for your questions. Both really good questions. Firstly, let me explain what PL is in our context and how it differs from digital loans. PL is for us definitionally branch-originated business. So, it's personal loans to salaried individuals. And the whole thing is originated in the branch.

Digital loans could be both salaried and self-employed customers. They are originated digitally. The yields that you see here are all yields to us. These are not yield to customers. The yield to us and yield to customer pretty much the same in branch here. So, that makes no difference. So, the 17 we get is the 17 the customer pays.

In digital, however, it is different. The yield to customer is actually much higher than what you see here. What we show here is the yield to us, net of what we pay off to our originating partners. The reason this number is smaller at 14.5% odd, compared to the peer is that on the right-hand side, in the digital loans, we are working right now almost exclusively in an FLDG construct. So, roughly 95% of our originations right now are FLDG backed, which essentially means that our credit cost is near zero. And of course, all acquisition costs belong to the originating partner as well. So, the economics to us are actually very comparable between the 2. In fact, one could argue that it's slightly better in digital. But the economies are very comparable between the 2, even though digital shows up as slightly lower yields.

To your point on are such yields sustainable. You and I both know what has happened to the rate environment in the last 9 months. It has been tight. You see a lot of single-digit interest rates being offered for personal loans to top tier employees in the PL world. We have held on to 17% plus throughout this entire period. Will we be able to maintain 17% plus in Q4? It is not obvious to me, right? It is possible that in Q4 that number falls a little bit, but it's unlikely to do too much. So, I would not worry about it too much. On the margin, something will change, but it's generally a Q4 effect. I don't think anything structural has happened in that market.

Moving on to your second question on growth targets and the fact that we have continued to reiterate our 25% AUM growth goal for the year, we feel very confident of our ability to get

there. As you have seen now, 9 months have gone. Our Growth book is growing at roughly 35% and Growth book is now 95% of our entire book. So, if 95% of your book is growing at 35%, achieving 25% doesn't seem like a really big ask.

And since it's AUM we are talking about, most of that is already in the back. So, we are not betting on any big, huge thing happening in Q4 for us to actually achieve that goal. So, I will continue to reiterate that 25% is something that we will achieve at the end of the year as guided at the beginning of the year.

You had a question on whether excess capital is going to make this segment overheated or there is a margin compression possibility. See, in general, we are seeing a declining rate environment. In declining rate environments, margins do compress. We have not seen enough of that margin compression yet. RBI has cut rates by what, 125 basis points. We have not seen much margin compression at all so far. So, it's already surprising that we have not seen margin compression.

If there is a little bit more that happens from here on, in terms of RBI-led rate cut, yes, you should expect to see a bit of margin compression, but that's cyclical, not structural.

I hope that was good, Avinash. Let's move to the next question.

**Avinash Singh:** Yes, yes. One more, just if you can allow. In what sort of, if I see, I mean, of course, branch opening plans around gold and all. So, the 2 areas where you have been kind of open to inorganic, gold and microfinance. Is that inorganic option still, you are kind of a lookout for these opportunities or right now, it is more that you have decided both to build kind of organically in-house.

**Jairam Sridharan:** Thanks for that question, Avinash, it's a good one. Let me first, make a small errata, as I was speaking, Vikas and Imtiaz messaged me offline, I misspoke a little bit with respect to the 100 branches, so let me correct what I said before. 100 branches in Q4, the mix is 25 of them full service, 20 gold, and 55 microfinance. I think it's a slight modification to what I said before. Imtiaz and Vikas tell me that this is what they are going after in Q4. So, slight modification there, but yes, we are opening branches. Yes, we are interested in gold and microfinance. And yes, we do remain interested in organic as well.

Good deals will come when they come, and you know what our multiples are on our stock, and gold companies are at a very different place right now. So, it might or might not be realistic for one to actually think about an acquisition at an appropriate price right now. But as an institution, Piramal has always had a DNA for M&A and has done it very successfully. Over the years, we continue to remain open in these 2 areas for any good, interesting opportunities.

Nothing very specific to report though, like there is no transaction that I need to talk about right now.

**Avinash Singh:** Got it, got it. Thank you.

**Moderator:** Thank you. The next question is from the line of Abhijit Tibrewal from Motilal Oswal. Please go ahead.

**Abhijit Tibrewal:** Yes, good evening, and thank you for taking my questions. Congratulations on a good quarter. Jairam sir, first things first, if you could just help us understand, how does our mortgage book behave?

Now, why I ask this is very often when we track monoline lenders in mortgages, they do talk about some PLR changes that are being passed on, given that they have seen some benefit in their cost of borrowings.

And like you also mentioned earlier in your opening remarks that we have also benefited, maybe 40 to 50 basis points out of the 125-basis points repo rate cut that has happened. Have we made any PLR changes in our mortgage book in this rate-cut cycle? If yes, if not, what are your thoughts on this mortgage book going forward?

**Jairam Sridharan:** So, it's a good question, thank you, Abhijit for that. See, the way our book works is that we have one PLR across all products. So, we have a retail PLR, and we have a wholesale PLR. So, those are the 2 PLRs that we publish. So, retail PLR is applicable for all product categories in retail, whatever is variable rate linked, everything is linked to that. Its direct linkage is to overall cost of borrowing, as I said, and as you can see in our presentation, our cost of borrowing has fallen by about 24 bps to 25 bps so far in this rate cut cycle. We have not cut PLRs yet, so PLRs remain where they are.

The overall benefit to us has not been enough for us to actually do a cut yet. My expectation is that there will probably be, if the trends continue and if we do get further enhancements in our cost of borrowing, and we continue to get more pass-through on MCLR cuts from banks, you might see us do something in the first quarter of the next financial year, but so far we have not cut PLRs yet, and we do not have repo-linked lending, unlike the banks, etc., so we don't see any direct pass-through of repo rate cuts, because obviously we do not borrow in the repo market.

**Abhijit Tibrewal:** Got it. And to that end, we are not even seeing any elevated BT-out pressure, because we have not really cut PLRs, I mean, even that is holding up well.

**Jairam Sridharan:** Yes. It's holding up really well. It surprised me a bit, to be honest. One would have expected that we would see a little bit more, BT-out, but we have not seen it. It has held actually quite steady at sub-10% levels.

**Abhijit Tibrewal:** Got it, sir. And then a related question here, you said we benefited by about 24-25 basis points in this rate cut cycle, and the fact that we got a new credit rating of AA+ from CRISIL, I mean,

is my understanding correct? We need one more AA+ credit rating from any of the credit rating agencies for us to really start benefiting from our cost of borrowings?

**Jairam Sridharan:** You are correct. So, we are now rated by 3 rating agencies, 2 of the ones that we had originally, which is ICRA and CARE, who currently have us at AA, and the new one, CRISIL, that now has us at AA+. We are speaking with all the other rating agencies in light of what happened with CRISIL, and I hope to have something to share with you in the next few weeks.

**Abhijit Tibrewal:** Got it. And then sir, LAP, used cars, you already gave out some color on your opening remarks, so if you could add some nuances to that, basically these are the 2 products that you have highlighted in the past as well. While LAP growth has been very strong across the industry, at the same time, there is some anxiety around, can LAP be the next product to exhibit some stress? Because I strongly feel, except maybe primary home loans, LAP and gold, practically every other retail asset class has shown something or the other over the last 2, 3 years.

**Jairam Sridharan:** Yes. So, see, on LAP, this quarter gave us less reason to be anxious than the previous quarter. You saw me talk a lot about it in the previous quarter, because if you look at our Page 22, which shows our risk trajectory over the last 3, 3.5 years, you will see what has been happening to LAP, that very, very slow and steady creep upwards in risk that has been happening. But this quarter, you will see that that creep did not happen too much. It almost kind of flattened out a tad.

So, I do not know whether it is the beginning of something or what, but we did not see much more. We didn't see any improvements or anything, let me not kind of raise too many hopes there. But yes, this quarter was just a tad better than the previous quarter.

Having said that, the low end of LAP continues to struggle, less than Rs. 10 lakh LAP is pretty much dead in terms of risk performance, it's in really bad shape. So, I don't think that's coming back anytime soon. But larger LAPs are still holding up. And right now, larger the better. So, the large ticket is actually doing really nicely.

On used cars, the last 2 quarters have been kind of raising the alarm bell a little bit on what's happening here and how risk has really kind of ratcheted up. But this quarter was a little bit of an improvement. It kind of came down just a little bit. Nothing to celebrate yet. But when I see the horizontals, if you see on Page 23, the horizontals, you will see that the vintage risk has just started coming down in the second half of last year, which means that it will flow through in better risk in the future. So, small sign is that the Auto business, after having had somewhat poor credit risk in the first half of the year, is starting to actually get a little bit better.

**Abhijit Tibrewal:** Got it. And sir, did you just mention that micro-LAP, small ticket LAP, still continues to do very bad because you have shared the same thing in the last quarter as well. And we saw all through last quarters.

**Jairam Sridharan:** Yes. We have exited that market for now. So, we will have to see. So, in that business, there is no good news to report.

**Abhijit Tibrewal:** Got it. And gold loans, which all geographies are we going to target first?

**Jairam Sridharan:** I do not want to talk about it yet. We have a marketing plan, and I want to be ready from a PR perspective, etc. We are going to 2 states; I will tell you that. We are starting in exactly 2 states. But I do not want to talk about it yet, till we are ready with our local marketing plans, etc., and then you will hear it from us in the next few weeks. Vikas, who's on the call, is personally driving that under his leadership. We feel very good about our ability to go live. I know I have been talking about gold for a few quarters, and it has been a bit delayed in terms of launch, but this quarter we will get it done.

**Abhijit Tibrewal:** Got it. And sir, I just want to squeeze in one last question, because this has been coming from investors for the last week or so, just trying to understand. First things first, congratulations to Imtiaz and Vikas for taking over as CBO and COO, respectively. But with regards to Jagdeep and Sunit Madan, did we try to understand whether they are going to a peer or they are trying to start something of their own?

**Jairam Sridharan:** We know exactly where they are going, but it's up to them to tell you and their new employer to tell you. You will know soon enough, man. It will be very public very soon. So, it's not our place to talk about it. You know, you will see it. And we wish them well. They are going to a good place. It will all be good. And you will all know it very soon.

**Abhijit Tibrewal:** Sure, sir. This is useful. Thank you for patiently answering all my questions. And I wish you and your team the very best.

**Jairam Sridharan:** Thank you, Abhijit.

**Moderator:** The next question is from the line of Kushagra Goel from CLSA. Please go ahead.

**Kushagra Goel:** Hi, sir. Thank you for taking my question. So, just 2 questions. One was I wanted to understand this internal process seasonality, which you mentioned in your opening remarks. How should we think about it? Second was on the tenure of the Wholesale 2.0 portfolio. So, that seems to be coming down. What's the impact there? Is it just driven by the prepayments or how is that happening? So, yes, those are my 2 questions.

**Jairam Sridharan:** Okay. On the first one, I am not going to give a lot of detail on this. Pardon me on this. It's a little bit of a secret sauce of ours. There is something we like to do in the first half of the year, which we have been doing for the last 2 years with great success. And that's front loading a little bit of our growth in the year and is helping us from a profitability perspective for the full year.

It is something a little bit different than what a lot of our peers do. I do not want to share too many details on it, honestly. But suffice to say that it is a choice that we make internally on how we run our business, and it has worked really well for us and I would like to continue that in the future. So, it's a very conscious thing.

On tenure, you want to speak?

**Yesh Nadkarni:** Well, the reduction in tenure is mainly driven by repayments, right? If you can actually look at the data on Page 25, about 66% of what we are disbursing is getting repaid, right, quarter on quarter. So, that really is how it works. But having said that, I think as we grow the book from here, I think we will soon see that number stabilize and probably go up.

**Kushagra Goel:** Okay. Got it. Also, one more question if I can just squeeze in.

**Jairam Sridharan:** Carry on.

**Kushagra Goel:** So, regarding your profitability guidance, right now, I believe in 9 months, we have already reached INR 960 odd crores. So, in 4th Quarter, are you also going to get some one-off gains. So, how are you thinking about that?

**Jairam Sridharan:** Okay. So, see, at a consol level, we are at a little over INR 1,000 crores, about INR 1,004 crores, I think in 9 months, and INR 1,066 crores at the Growth level. So, yes, we have come a very long way already. And your point is absolutely right. Our significant one-off gain that we have mentioned in the past is slated to come in Q4 as well.

Our intent, we are not changing our guidance on profits. We will retain it as it is. You do see that we still have about INR 5,200 crores of legacy book. Any incremental gains we have, if we need to take some action to set off against future impairments on the legacy book, etc., we might end up kind of using on that. Our intent is going to be to strengthen the balance sheet as opposed to taking a lot more into P&L. Let me just leave it at that. Rest, for the wise, a hint is enough.

**Kushagra Goel:** Sure. Thank you.

**Moderator:** Thank you. We will take the next question from the line of Prithviraj Patil from Investec. Please go ahead.

**Prithviraj Patil:** Thanks for the opportunity.

**Jairam Sridharan:** Hi Prithvi.

**Prithviraj Patil:** Hi. Thanks for the opportunity. So, I just had one question. I see the stage GS1, GS2, GS3 disclosures, and I see that the legacy assets in the retail book has slipped into GS2. I just wanted to know what's the reason behind that, and is there anything to look through the numbers?

**Jairam Sridharan:** I did not understand the question. Which slide? Just tell me a little bit about which slide you are looking at.

**Prithviraj Patil:** I looked at the Stage-1 disclosures that are given, and I just calculated the GS2 numbers for the legacy assets. So, it appears that Stage-2 has increased in the legacy book and the retail book. So, I just wanted to know.

**Jairam Sridharan:** In retail book, in absolute terms book is growing so the number is increasing.

**Ravi Singh:** So, the Stage-2 Growth book number for Q2 is 1,525.

**Jairam Sridharan:** Actually, Growth assets was 1,525, Stage-2 in Q2. It has come down to 1,503 in Q3. So, it's kind of stable. If anything, it has come down a tad. As far as the legacy is concerned, it was ~INR 150. Now it is ~INR 200. There is nothing there. There is nothing to report, let me just say. There is no meaningful event here. There will be some small accounts go here and there. But there is really nothing to report. It's fine.

**Prithviraj Patil:** Okay, This was there in the data book that was shared.

**Jairam Sridharan:** Ravi and his team will connect with you offline and let's just make sure that we square off the numbers with you.

**Prithviraj Patil:** Yes, thanks.

**Jairam Sridharan:** Thank you.

**Moderator:** Thank you. The next question is from the line of Harshit Toshniwal from Premji Invest. Please go ahead.

**Jairam Sridharan:** Hi Harshit.

**Harshit Toshniwal:** Hi Jairam. Thanks for the result and allowing me to ask a question. Actually, I had 2 questions. One was a bit related to the last one itself that, as you pointed out, actually Stage-2 has reduced, but Stage-3 in Retail has seen some uptick from 1.8% to 2% sequentially. So, if you can throw some color, more on the recovery aspect of it, that is it a particular asset category or asset class where you have seen recovery to be slightly tricky and which is why that has fallen.

And the second was one on the management transition itself. So, our understanding was that for the current setup, Jagdeep and Sunit had a very relevant role in terms of the sales reporting and one on for the credit and everything operations.

Now, just want to get a sense that in terms of the bandwidth, in terms of capability, in terms of how you want to shuffle the roles, how should we expect as investors specifically from the Management stability point of view?

**Jairam Sridharan:** Sure. I will come to that. Let me take your first question on what's happening to stage. There is nothing happening in Stage-2, Stage-3. The delinquency numbers are the best numbers to look at if you are looking for Stage-3, because in retail, Stage-3 and delinquency are pretty much the same number, except that delinquency numbers cut off at 179, whereas gross Stage-3 continues on till infinity.

So, if you are looking for recent trends on what is happening in terms of new additions to bad book, delinquency is a better metric than Stage-3, because Stage-3 will just keep retaining really old books in its numerator. And as you can see in the delinquency, delinquency rates at a portfolio level have been very, very stable. So, nothing really has happened.

LGD, if anything, has improved, except in auto, where it has fallen a little bit. But in every other business, LGD has remained the same or improved. And PD numbers anyway are there in the delinquency numbers. As you can see, they are very, very stable. So, there is nothing really going on.

The way to think about Stage-2 and Stage-3, etc., in retail is that asset classification is formulaic in retail. Nobody is sitting and thinking about whether to classify this asset as a Stage-1 or 2 or 3. Everything is in the system. It's a pure formula based on days past due. And automatically, accounts get classified as such.

And similarly, the provisions also just happen automatically by the system. So, there is no judgment involved in any of that. And for you to get a sense of what the risk is in the stock that is open in the balance sheet, the delinquency metrics, I would argue, are the best metric. And that's why we show them with such a long duration timeline to give you a little bit of a sense of what's going on there. And while 1 or 2 businesses keep going up and down every quarter, on an overall basis, there has been a lot of stability. And that's what you should take away, that there is a lot of stability in the overall risk level.

On your management structure point, yes, the way we were structured is that Jagdeep was responsible for the revenue side of things and growth side of things. And Sunith was responsible for the control side of things. That is exactly the structure that we are continuing. So, Imtiaz is responsible for the growth side of things, and Vikas is responsible for the control side. And so,

nothing should change. They are both very familiar with the way these roles operate and how we have run our business over the last 6 years.

And coming as insiders to the system, there is absolutely no ramp up time there. And they do have 2.5 months of full transition. So, I expect zero dislocation. As investors, you should not worry about it at all. And you will get to meet the new leadership team as and when we catch up. There is no reason for you to feel like there will be any disruption of any kind.

**Harshit Toshniwal:** Got it. And one last thing, if I missed, is that while I think we have performed exceptionally well on the cost from where we were 2 years back. But if I look at our business construct, which is 60%-65% secured portfolio, home loan, LAP primarily. And even when I look at probably the kind of yields that it can generate because of its business construct itself.

Even when I look at our long-term cost-to-asset guidance of 3.2 to 3.7, I actually am trying to sense that it will still be higher than probably what our 60-40 for home loan, LAP versus other product business mix will be able to gather. So, just want to understand that on cost-to-assets. I think what is internally, because obviously we have come across long way, but still, we are at a base where there remains a reasonable amount of scope for improving that in the DuPont. So, I want to get your sense on that.

**Jairam Sridharan:** Yes. So, my boss is sitting right in front of me, and he really wants to jump in and answer this question, but I really do not want him to.

**Anand Piramal:** You are sounding like me.

**Jairam Sridharan:** Yes, Anand is saying you are sounding like him. So, this is exactly what he tells me all the time. So, yes, there is some merit to what you are saying.

Here's the way we have approached this, right? We have looked at a peer group of affordable housing players, of auto financiers, of unsecured lending financiers, and created a group. And based on that, we have done our benchmarking.

Our understanding is that doing the weight average between these 3 businesses in the way they are set up in our book, we get to basically 3.2% for us to get to the 75th percentile on cost-to-assets. That's our analysis of the entire sector right now. And that's the reason why we have set up this 3.25% to 3.75% as our range. But as you have seen in the last 3 years, basically every quarter we have brought down opex to assets. We will continue to push that. We will see where we get to. I know as owners, it is absolutely your right to expect the best from us, and to push us, and I fully take that on board. And we will continue to push ourselves and do well. Right now, I am benchmarking to about the 75th percentile, which gets us to about 3.20%. So, we will see where we are at.

**Harshit Toshniwal:** Got it. Perfect. Thanks a lot.

**Jairam Sridharan:** Well, no thanks to you for setting a target for me. All right, let's move on.

**Moderator:** Thank you. We will take the next question from the line of Vikram Damani from Damani Family Office. Please go ahead.

**Vikram Damani:** Okay, I will just jump right into it. On Slide 15, I see that your retail disbursements have slowed down INR 500 crores quarter on quarter. Anything you want to call out?

**Jairam Sridharan:** Nothing. It will all come back. Do not worry about it. It will come back. The kind of growth you saw in Q3 to Q4 last year, you will see a similar kind of growth in Q3 to Q4 this year.

**Vikram Damani:** Okay, lovely. That's the only one that was left for me. Thank you. Have a good day.

**Jairam Sridharan:** Thank you, Vikram.

**Moderator:** Thank you. We will take the next question from the line of Anusha Raheja from Dalal and Broacha. Please go ahead.

**Anusha Raheja:** Yes, thanks for taking my question, and congratulations on great set of numbers. Sir, on the DHFL assets that we have acquired, so how much is the principal or the interest amount that we are supposed to pay, say, for example, any calculation there for the next 2-3 years?

**Jairam Sridharan:** See, DHFL assets are now fully integrated into our overall AUM books. So, we are not doing any separation on that. From the original book, we have about INR 7,000 crores left. About INR 7,000 crores in our AUM comes from DHFL, everything else is now Piramal originated.

Basically on the liability side, we took on about INR 19,000 crores was our original issuance. What is left right now is about INR 15,000 crores. We will keep repaying it in tranches. I think the first big tranche comes due next year, where big principal repayments are coming. It is carried on our book at about 7.25% effective yield. So, it will start going off in small tranches starting next year.

And at 7.25%, since our incremental right now, as Anand mentioned in his opening remarks, is right now already around the 8 mark. And with a little bit of rating improvement, it will hopefully get a little bit better. So, our replacement cost is going to be something similar. So, it is going to have no meaningful effect on our overall cost of borrowing is our expectation.

**Anusha Raheja:** So, to pay those borrowings, are you going to raise it? Or it is going to get funded by the existing borrowing? So, will that result in increase in the CP ratio?

**Jairam Sridharan:** No, we will not raise CPs. This is long-term borrowing, so we will not raise CPs. We will do NCDs to borrow against this. My expectation is by the time this comes due, we should be able to raise NCDs at roughly this price. So, replacement will not be meaningfully negative.

So, you should not consider this as a big material event. There will be some impact, some small impact, but we should be able to absorb it in our overall cost of borrowing given our recent ratings action.

**Anusha Raheja:** Okay, and just one last thing. So, the calculation that we are working on, that PAT of around INR 3,000 odd crores and INR 4,500 odd crores by FY '28, so this bakes in this NCD payment as well, right?

**Jairam Sridharan:** Yes.

**Anusha Raheja:** Okay. Fine. Thank you so much.

**Jairam Sridharan:** Thank you.

**Moderator:** Thank you. The next question is from the line of Vikram Damani from Damani Family Office. Please go ahead.

**Vikram Damani:** Hi, it's me again. Sorry, just wanted to check one more thing. What's the timeframe to set up the 100 new branches and additional Capex that you guys expect to spend?

**Jairam Sridharan:** This quarter, 100 is for this quarter. 25 full-service branches, about 20 gold loans branches and about 55 microfinance branches. Everything will happen in this quarter. And the Capex here is very, very small. As I said, our overall goal on opex to AUM remains the same. That trajectory you should continue to expect.

We will calibrate our branch growth strategy to make sure that we are able to give you a good smooth trajectory on opex to assets.

**Vikram Damani:** Super. And then anything beyond the 100 branches or this is it?

**Jairam Sridharan:** Yes, yes, next year we will open some more, but I am not ready to talk about it yet. We are still thinking through it.

**Vikram Damani:** Okay. Super. Thank you so much.

**Jairam Sridharan:** Thank you.

**Moderator:** The next question is from the line of Rahil S. from Sapphire Capital. Please go ahead.

**Rahil S.:** Good evening, sir. Given this total AUM trajectory going ahead up till FY '28, so until we reach the journey, if you can sort of paint a picture about the ROA as well and the NIMs too, how does it function?

**Jairam Sridharan:** Yes. So, if you look at Page number 5, this is our kind of long-range goals, what we are targeting. Return on AUM, we want to target around the 3% mark, and you can see the progress we have made over the last 2 years.

And similarly, on the right-hand side, from an AUM to equity standpoint, we want to be in the 4.5x to 5x kind of range, and we have come now to about 3.5x. So, you can see the trajectories. Both these trajectories are kind of self-evident in terms of how close we are to that long range goal.

We remain confident that the business is well positioned to get to those outcomes over the next 2 to 3 years.

**Rahil S.:** Okay. That's it from my side. Thank you so much.

**Jairam Sridharan:** Thank you.

**Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over back to Mr. Jairam Sridharan for closing comments. Thank you and over to you, sir.

**Jairam Sridharan:** Yes, thanks. I will take it here. One quick erratum again, I mentioned that the NCDs of DHFL are carried on our books at 7.25. Rupen tells me that it's 7.37, so it's a little bit higher. So, as long as we are able to refinance at around those ranges, then the net impact on us will be marginal. So, that's on that point.

Thank you very much for very engaged questions this time, ladies and gentlemen. I know it's a busy day for results. Thank you all for joining us and have a very good evening.

**Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Piramal Finance Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.