Piramal

Piramal Enterprises

Debt investors presentation

14th Aug 2024

Table of contents

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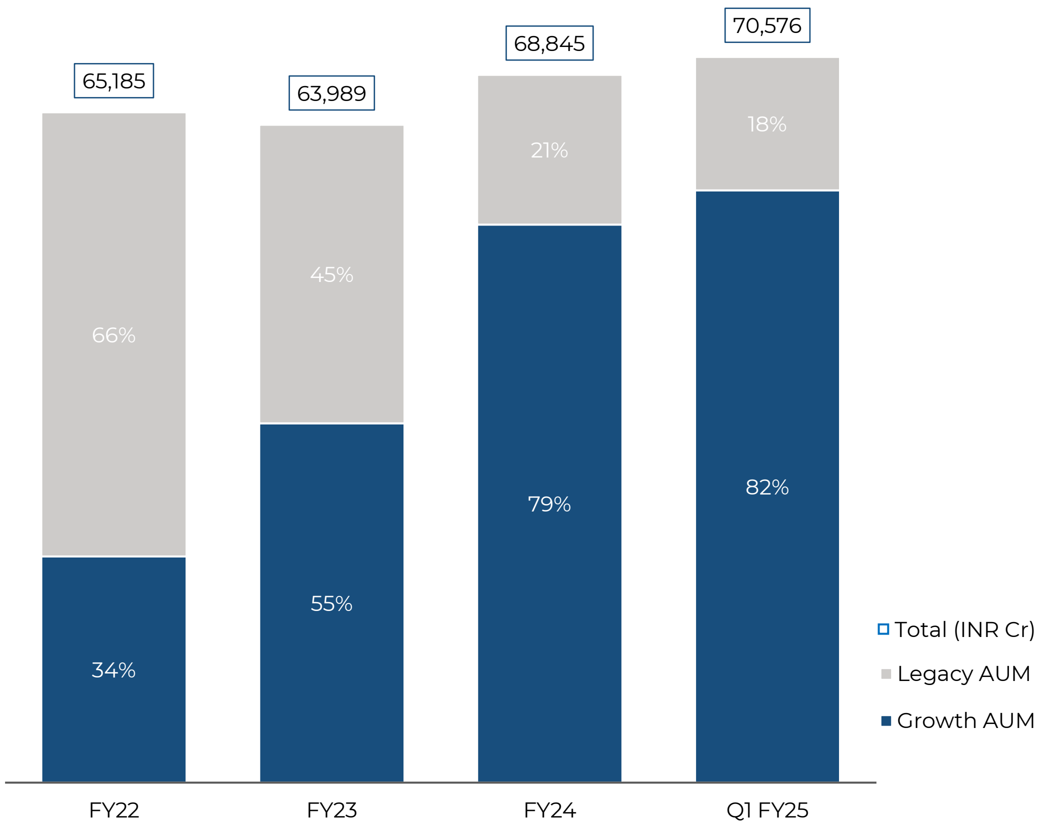
Portfolio composition

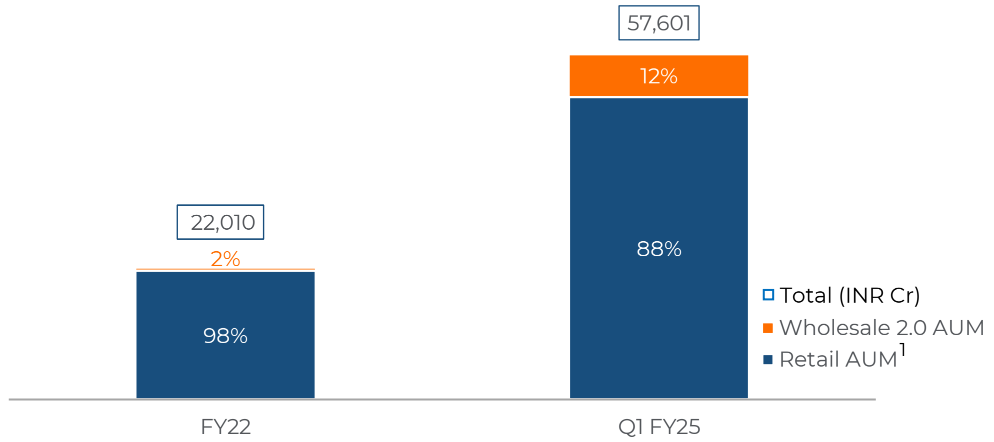
Growth business now 82% of total AUM

Total AUM up 10% YoY- Growth AUM dominate the AUM mix



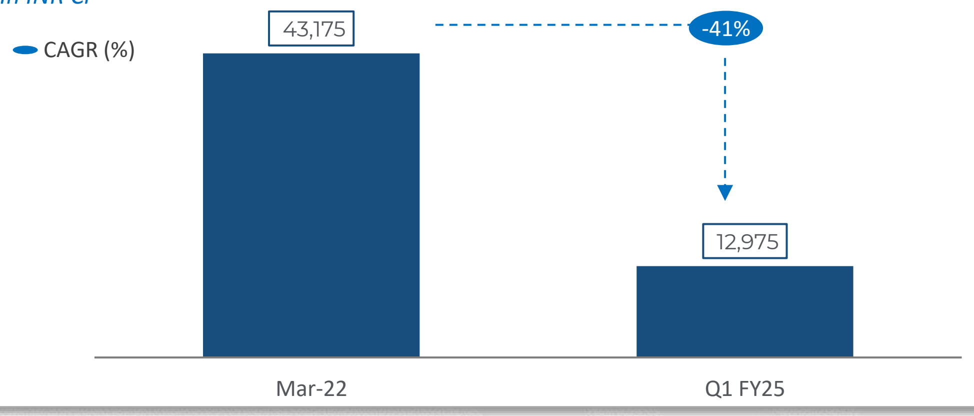
Legacy (discontinued) AUM to be <10% of total AUM in FY25; and <5% in FY26

Growth AUM up 51% YoY



Legacy AUM running down steadily

In INR Cr



Note: (1) Retail AUM includes security receipts (SRs) (INR 1,606 Cr as of Q1 FY25) & pass-through certificates (PTC) (INR 145 Cr as of Q1 FY25), direct assignment (DA) (INR 2,408 Cr as of Q1 FY25), Co-lending (INR 115 Cr as of Q1 FY25)

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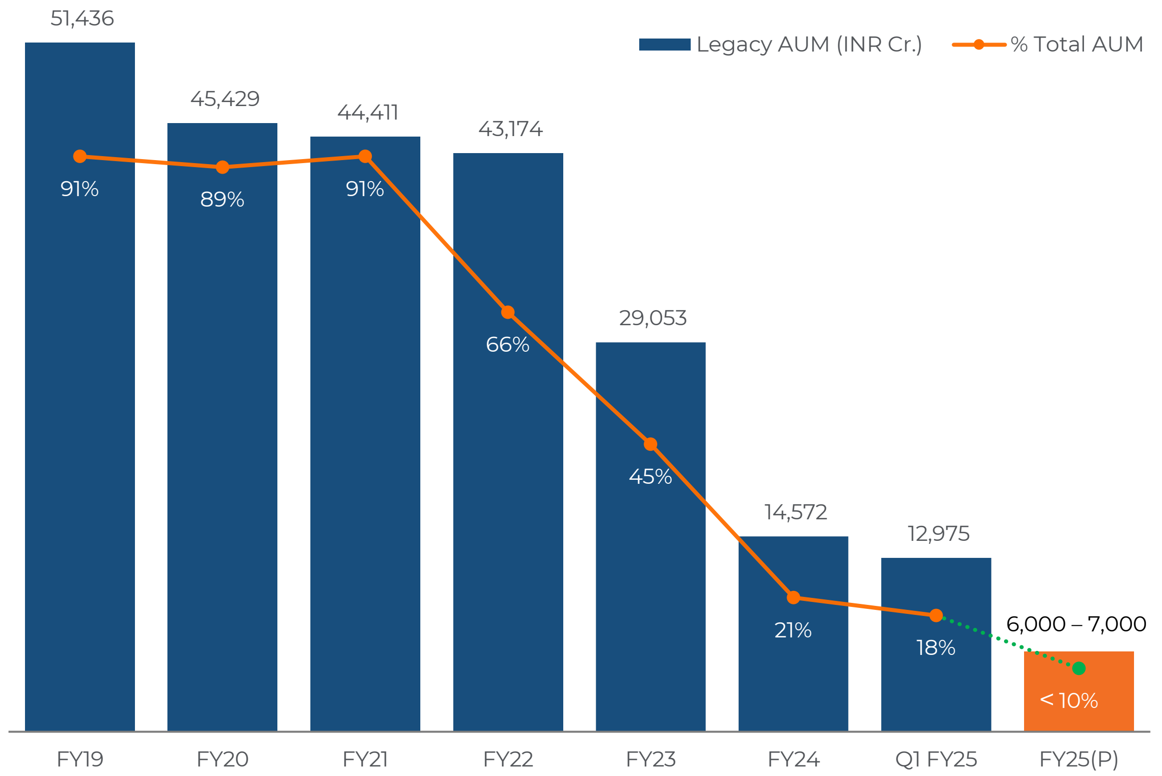
Legacy (discontinued) business

Rapidly reducing legacy AUM



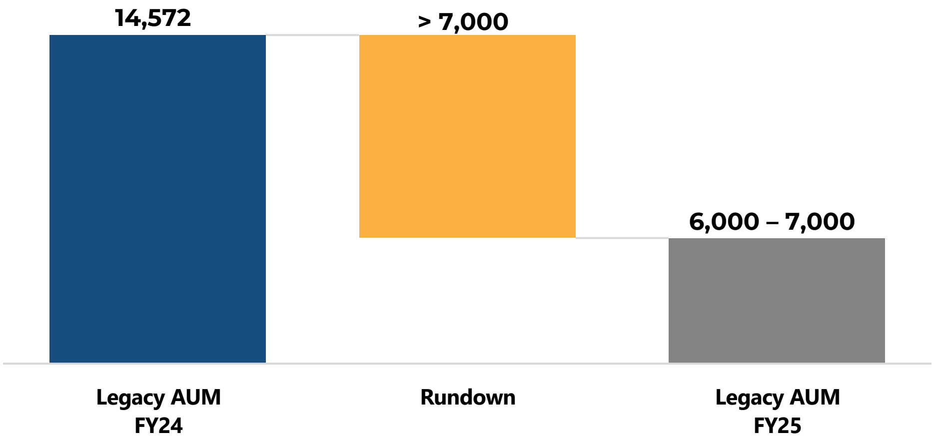
Stagewise legacy AUM mix

In INR Cr.

Category	Q4 FY24	Q1 FY25	Provisions
Stage 1	**10,298**	**9,199**	**591**
- Loans	*4,001*	*3,490*	
- SRs	*3,268*	*2,971*	
- Land & receivables	*1,962*	*1,715*	
- AIF	*1,067*	*1,022*	
Stage 2+3 loans	**4,274**	**3,775**	**1,421**
Total	**14,572**	**12,975**	**2,012**

Reiterate bringing legacy to <10% of AUM in FY25; & <5% in FY26

In INR Cr.



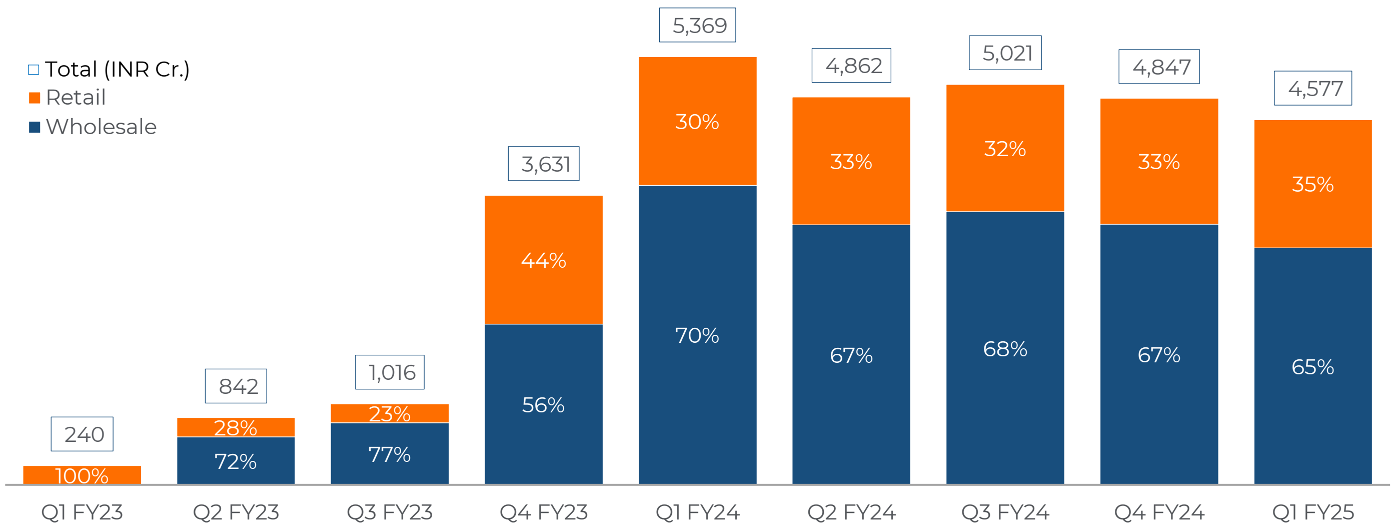
Potential P&L items to consider from the legacy business

- ✓ Provision carried - INR 2,012 Cr existing provisions against legacy book
- ✓ Gains from AIF - Expected gains from AIF of ~INR 1,200 Cr in FY25 and ~INR 500 Cr in FY26
- ✓ Residual stake in Shriram insurance entities (current book value of ~INR 1,700 Cr)
- ✓ Assessed carry forward losses - (INR 10,627 Cr available from FY25 onwards)

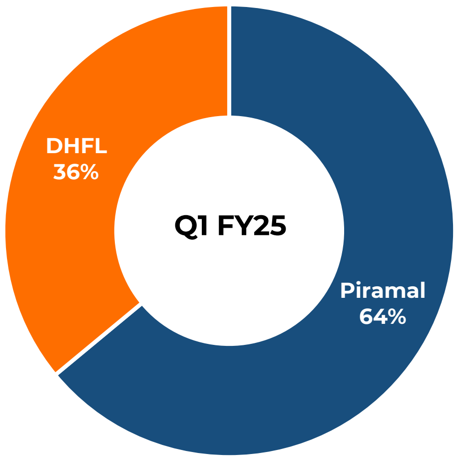
Note: (1) Average yield % includes fee income

Security receipts: peaked in Q1 FY24

Outstanding SRs



Composition of SRs portfolio



- SRs down 15% since Q1 FY24, led by **cash realisation of INR 1,701 Cr.** With gross addition of INR 30 Cr in Q1 FY25, SR book stood at 4,577 Cr
- Concluded **1 ARC transaction** (retail) in Q1 FY25 with total deal value of INR 35 Cr under 15:85 structure. SR's issued worth INR 30 Cr

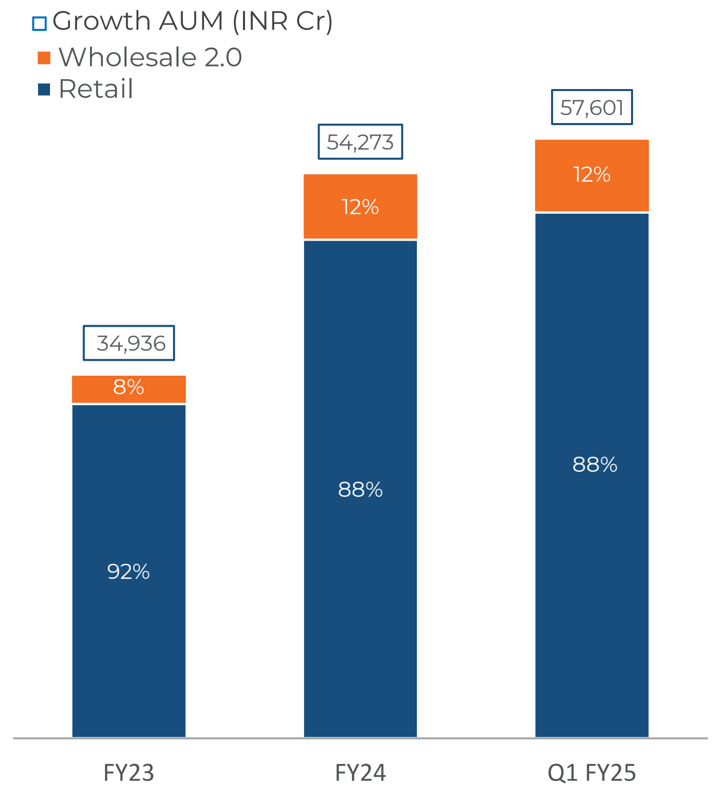
As resolutions progress, we expect reduction in our SR portfolio to continue

Growth business

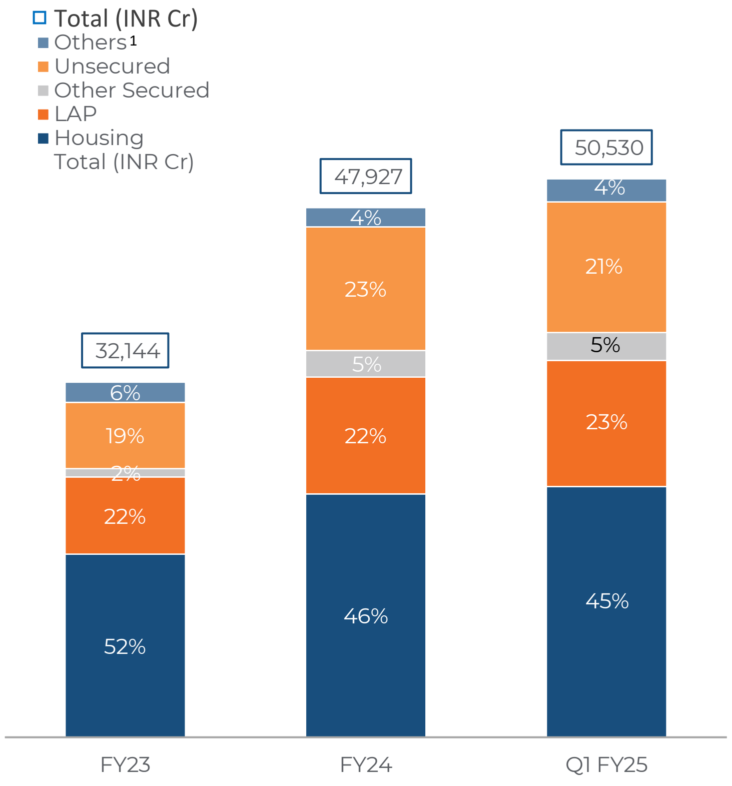
a) Retail
b) Wholesale

Growth AUM of INR 57.6k Cr, up 43% YoY

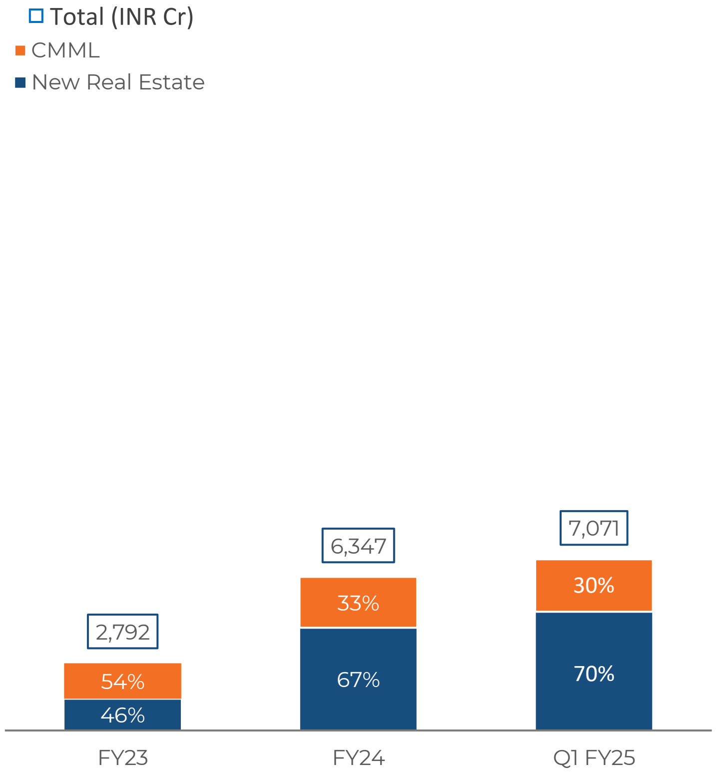
Growth AUM up 43% YoY in FY24



Retail AUM up 49% YoY



Wholesale 2.0 AUM up 132% YoY



Note: (1) Others includes SRs (INR 1,579 Cr as of Q4 FY24) & pass-through certificates (PTC) (INR 152 Cr as of Q4 FY24)

Retail – growth across product verticals; yields in a stable range

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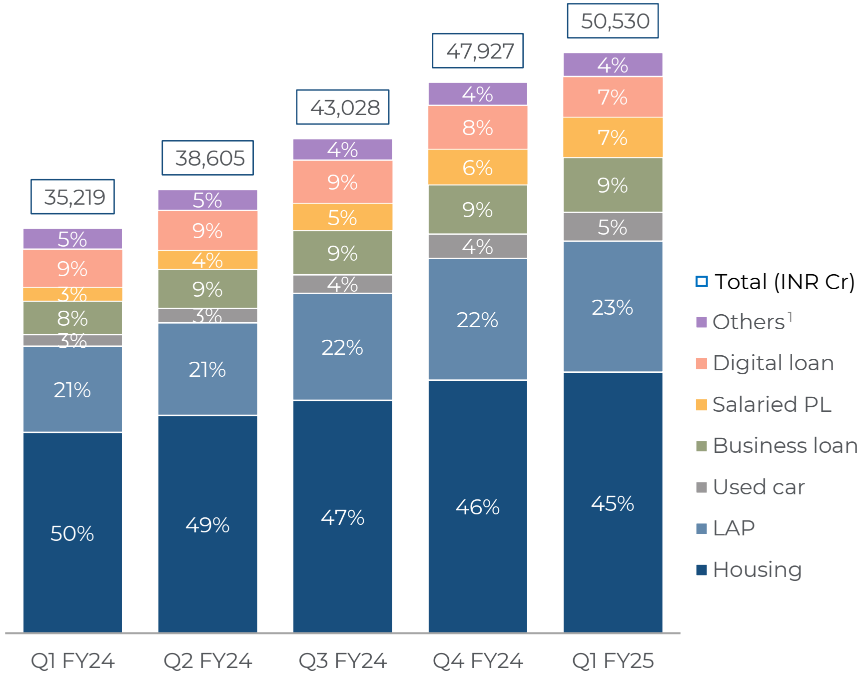
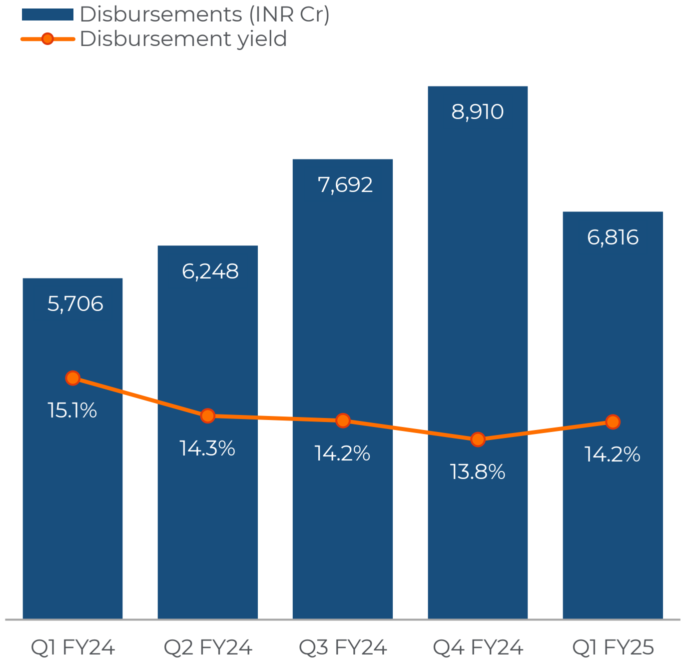
Retail AUM up 43% YoY



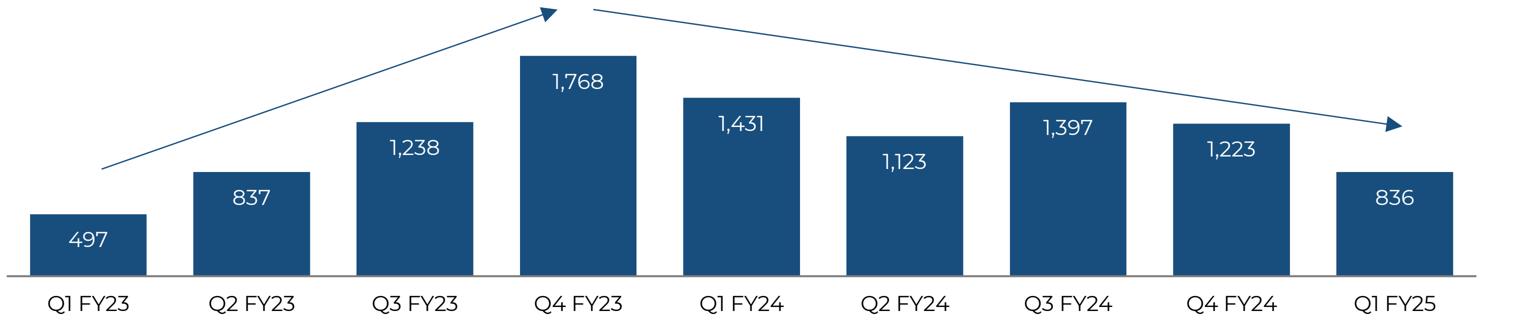
Disbursements up 19% YoY



- Change in **regulatory instructions from RBI** had temporary impact (INR 255 Cr.) on disbursements in housing and LAP
- **Digital Loans** disbursements reduced by >50% from peak 5 quarters ago
- 75% of digital loan disbursement is **credit protected** primarily through FLDG
- **Securitization** picking up, with total 17 DA and 1 co-lending live programs

Digital loans disbursements: slowed down since FY23 highs

In INR Cr.



Notes: (1) Others includes loan against mutual fund (LAMF) (INR 338 Cr as of Q1 FY25), SRs (INR 1,606 Cr as of Q1 FY25) & pass-through certificates (PTC) (INR 145 Cr as of Q1 FY25)

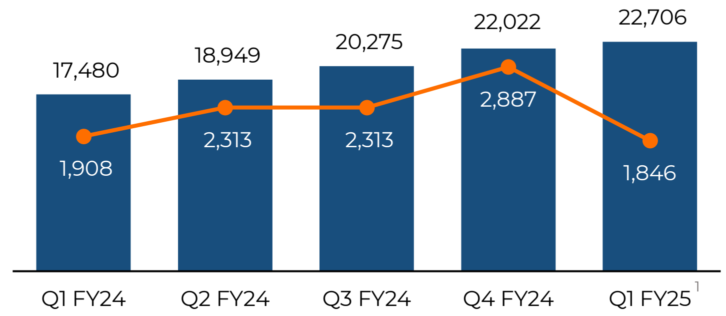
Strong growth momentum across products

AUM (INR Cr) | Disbursements (INR Cr) | YoY AUM growth | YoY disbursement growth

Housing loans

Q1FY25 disb. impacted by regulatory changes

▲30% ▲-3%

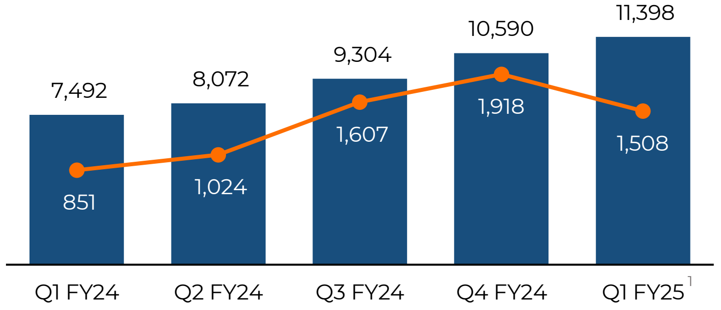


21 Lac	61%	749	11.5%
Average ticket size	*Average LTV*	*Average CIBIL score*	*Disbursement yield*

LAP

Q1FY25 disb. impacted by regulatory changes

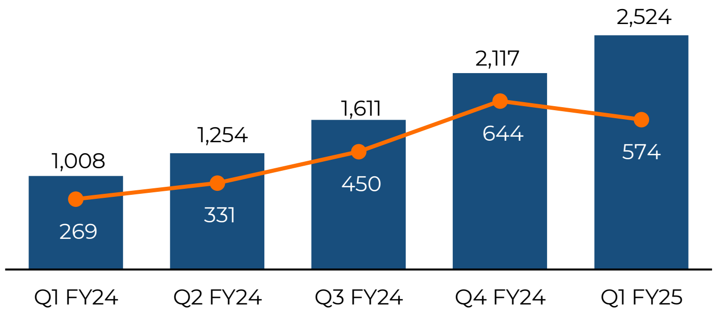
▲52% ▲77%



21 Lac	48%	756	12.7%
Average ticket size	*Average LTV*	*Average CIBIL score*	*Disbursement yield*

Used car loans

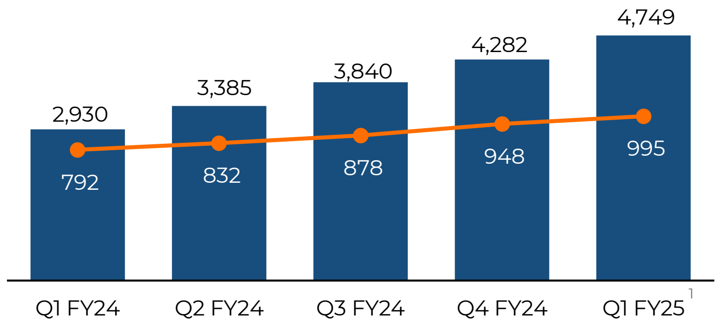
▲150% ▲113%



6.7 Lac	76%	751	15.0%
Average ticket size	*Average LTV*	*Average CIBIL score*	*Disbursement yield*

Business loans

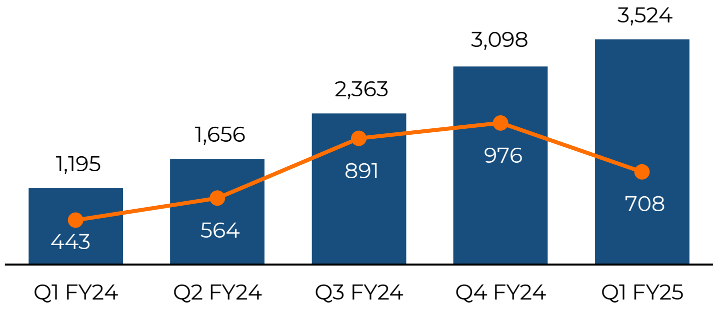
▲62% ▲26%



4.7 Lac	759	19.7%
Average ticket size	*Average CIBIL score*	*Disbursement yield*

Salaried PL

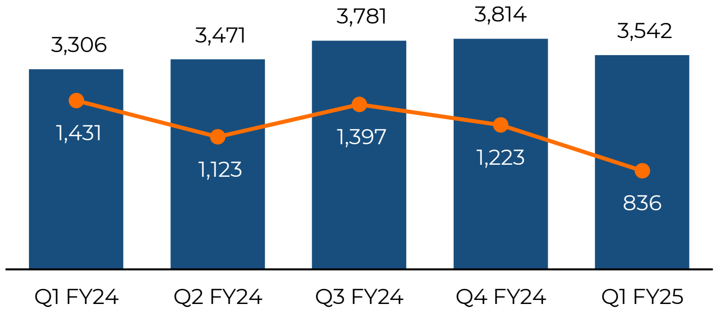
▲195% ▲60%



4.1 Lac	768	17.7%
Average ticket size	*Average CIBIL score*	*Disbursement yield*

Digital loans

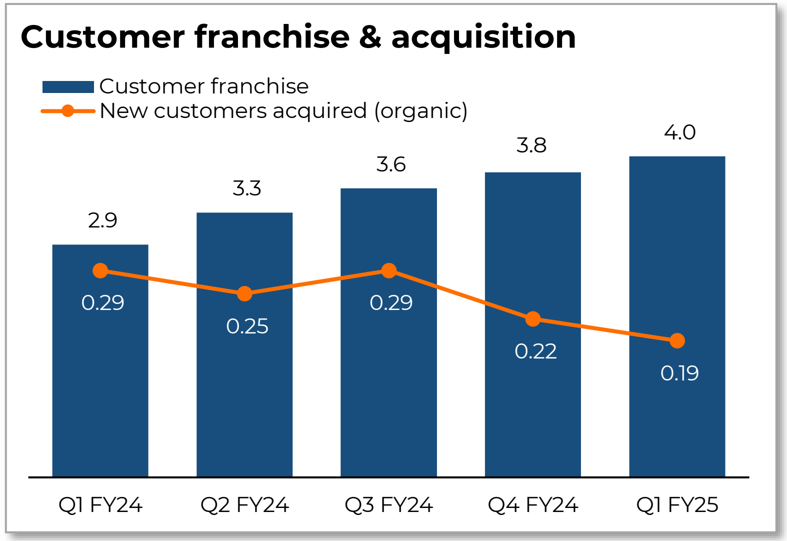
▲7% ▲-42%



0.5 Lac	764	17.4%
Average ticket size	*Average CIBIL score*	*Disbursement yield*

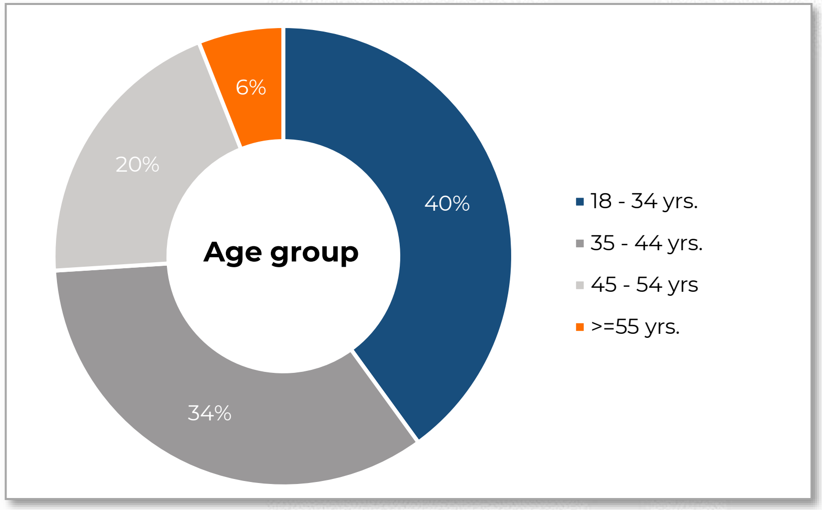
Note: (1) In Q1FY25, concluded DA sale transactions of INR 682 Cr in LAP, INR 308 Cr in Business loans and co-lending transaction of INR 6 Cr in Housing loans, INR 31 Cr in LAP, INR 75 Cr in Business loans.

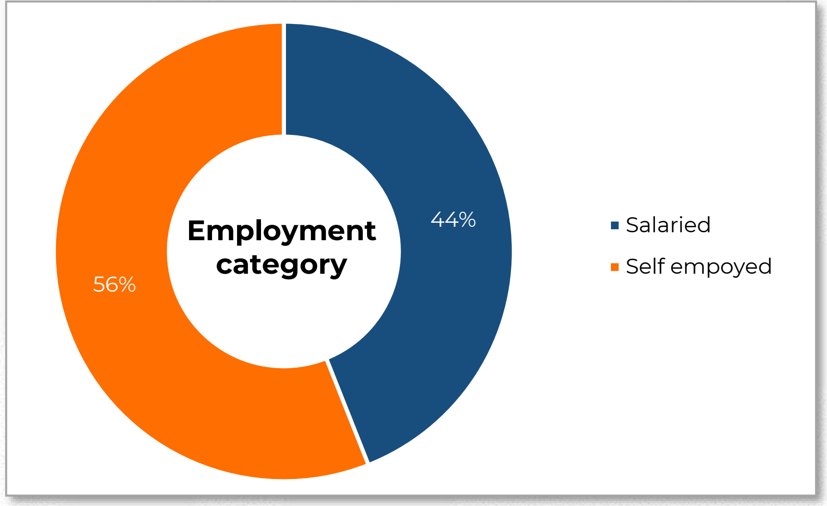
Retail - customer profile

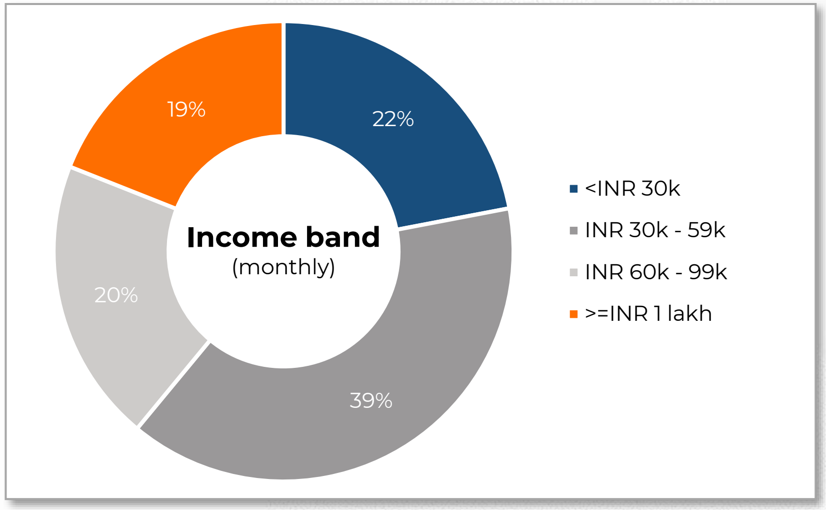


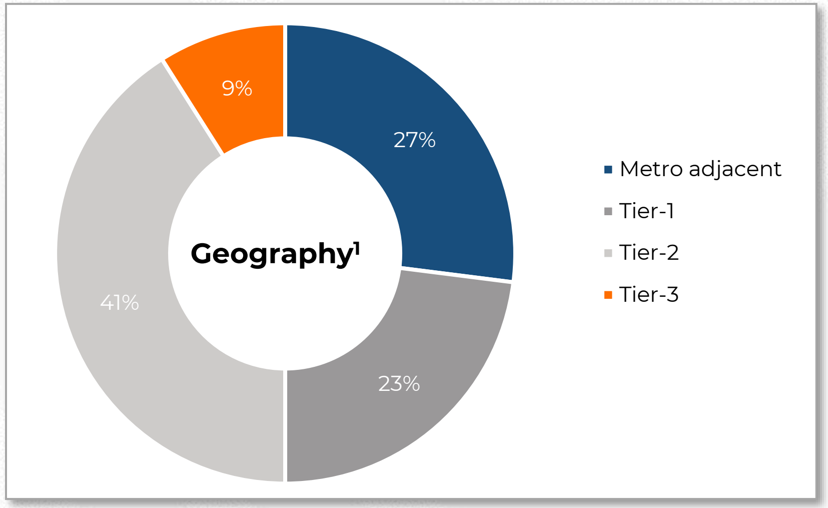
Branch-based customer acquisition

(All charts for number of customers acquired in FY24)





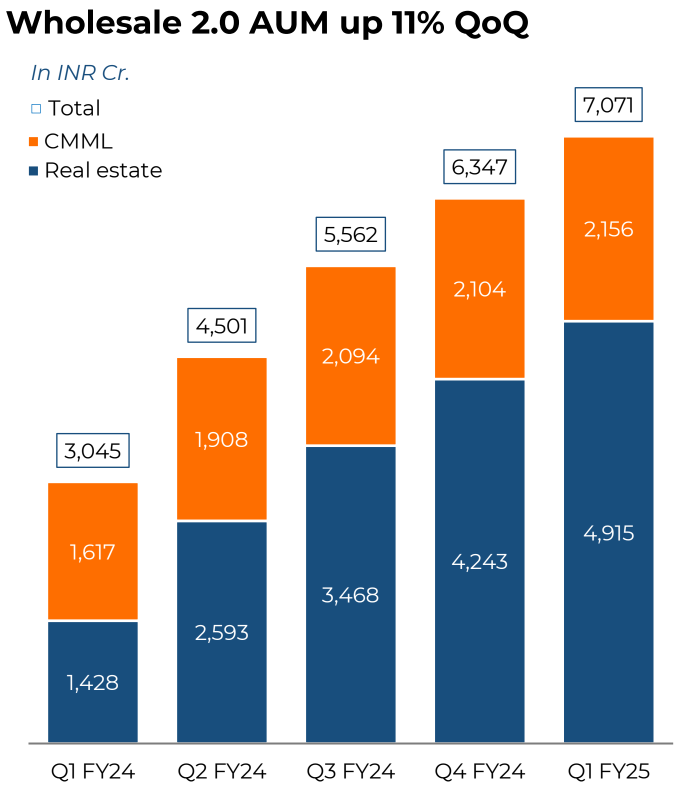


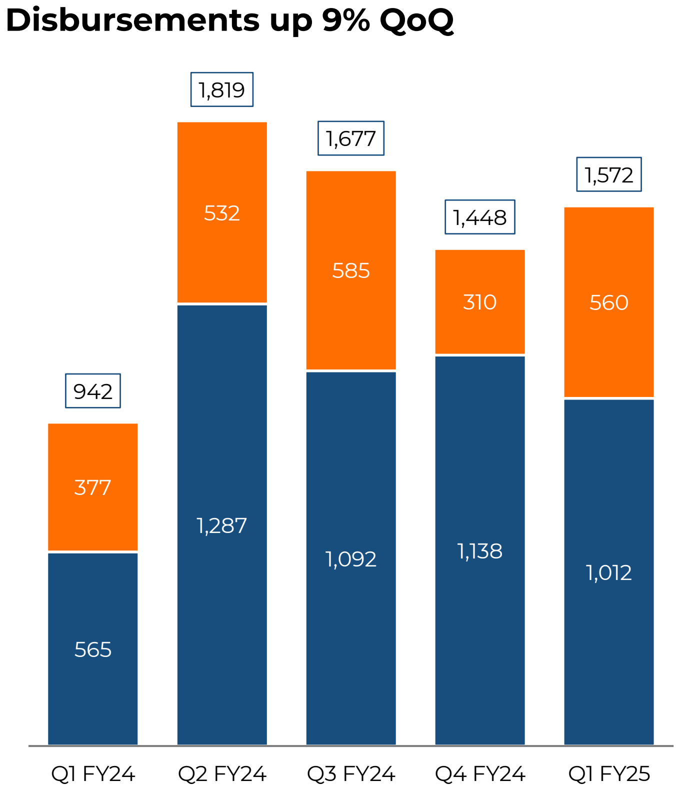


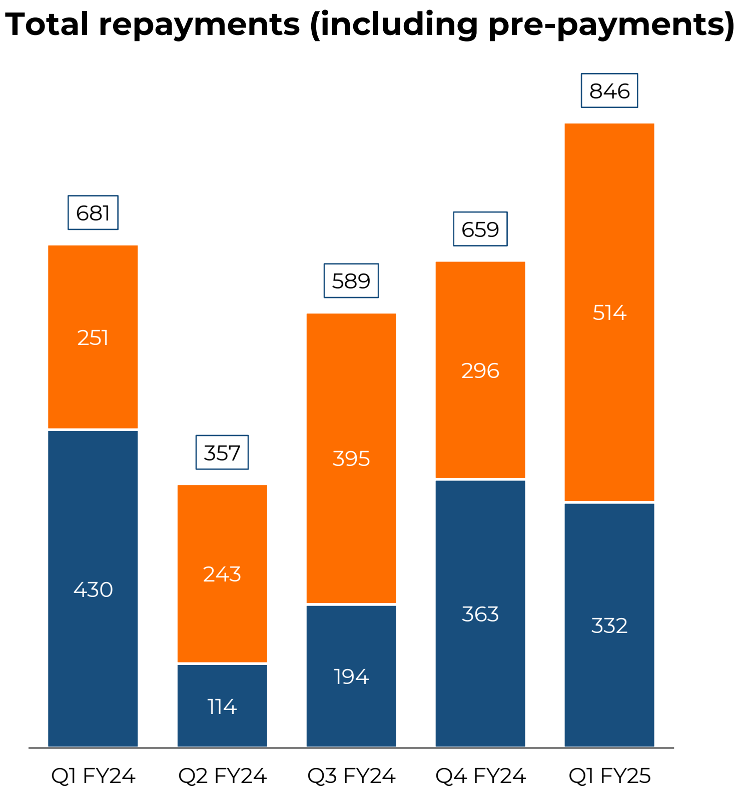
Customers acquired though branch network represent 91% of Retail AUM

Note: (1) Population considered Tier 1: 40+ lacs, Tier2: 10-40 lacs, Tier3: <10 lacs; metro adjacent locations carved out from tier 1/2/3 for centres in peripheries of metros.

Wholesale 2.0 - Building a diversified and granular book backed by cash flows and assets





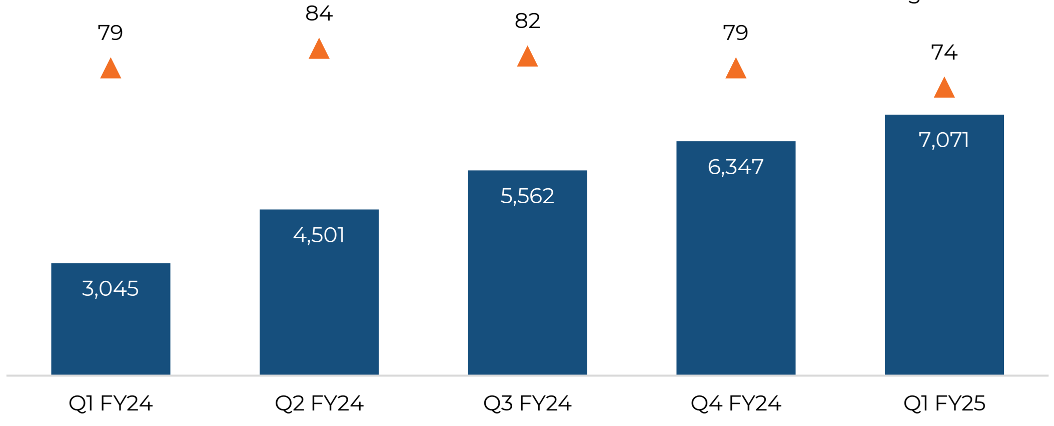


- **Disbursements** of INR 1,572 Cr in Q1 FY25; INR 572 Cr disbursed in Jun'2024
- **Performing well**, in line with or ahead of underwriting, as reflected in prepayments
- **Pre-payments** received worth INR 602 Cr in Q1 FY25
- **Exited deals** worth INR 2,097 Cr in total so far

Wholesale 2.0: Granular and diversified build-out

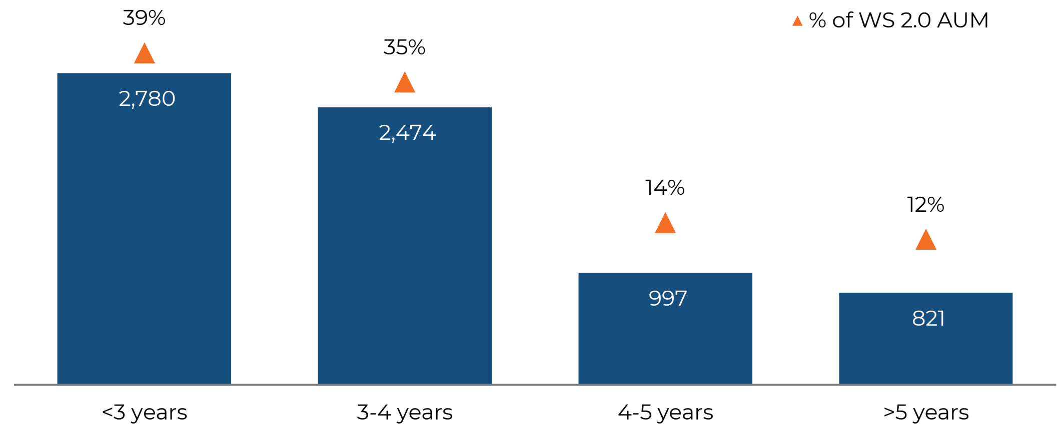
Total AUM: A granular build-out

In INR Cr.



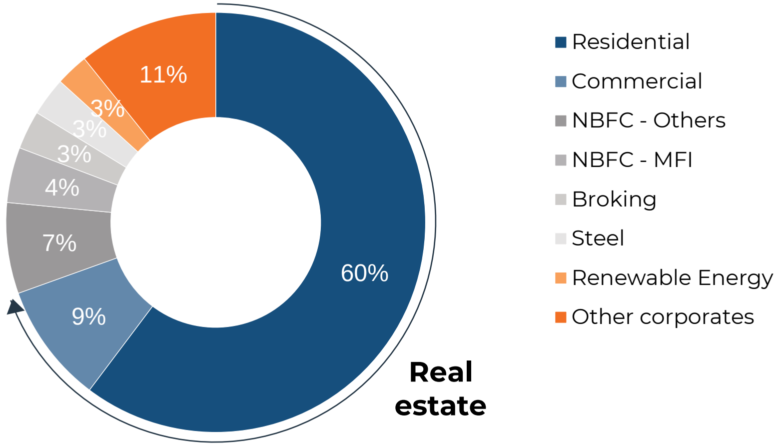
Well balanced asset duration

As of June 2024



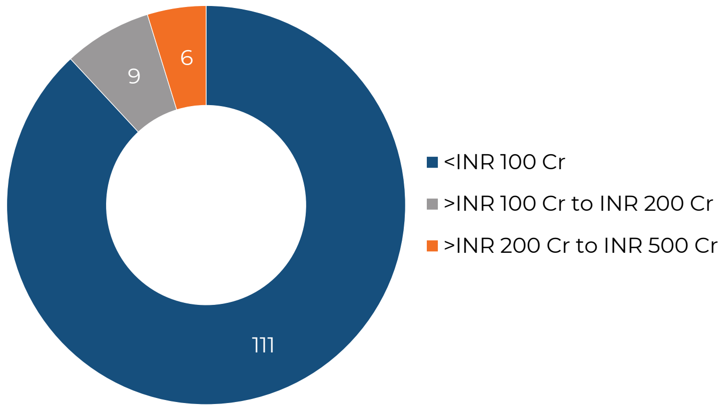
Overall asset diversity (AUM mix)

As of June 2024



Mix by ticket size range

 # Number of deals; June 2024



Note: All charts represents data for outstanding AUM

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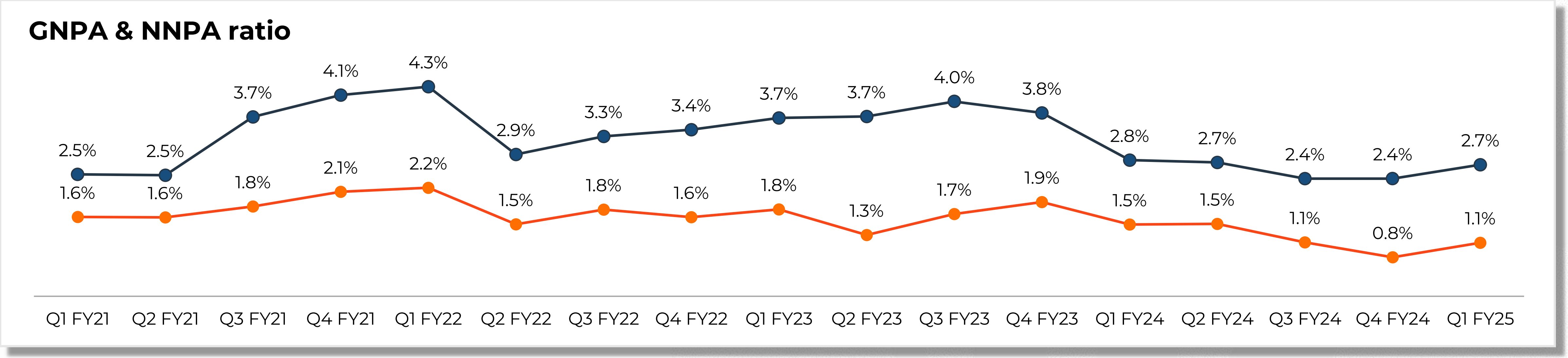
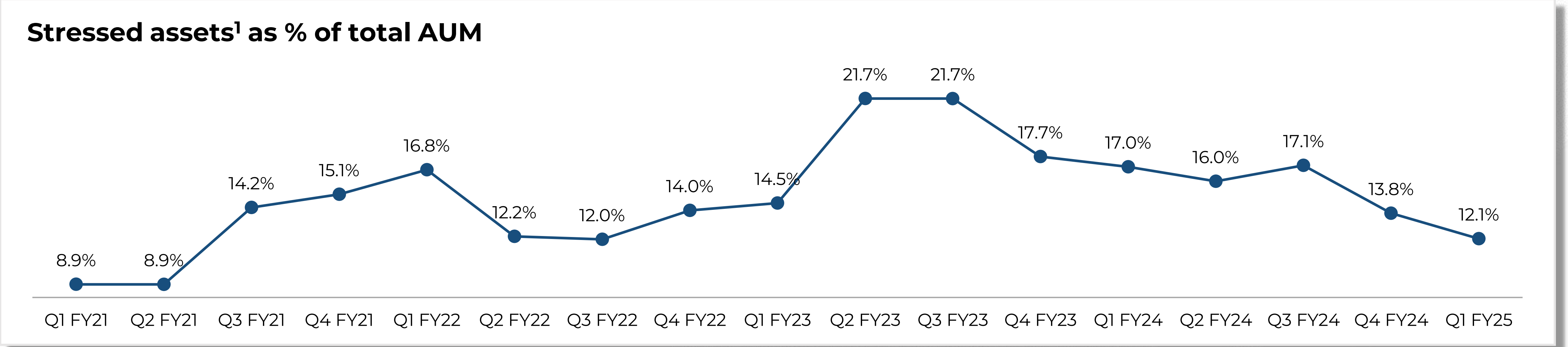
Asset Quality

Asset quality metrics: Post peak in FY23 have returned to pre-stress periods

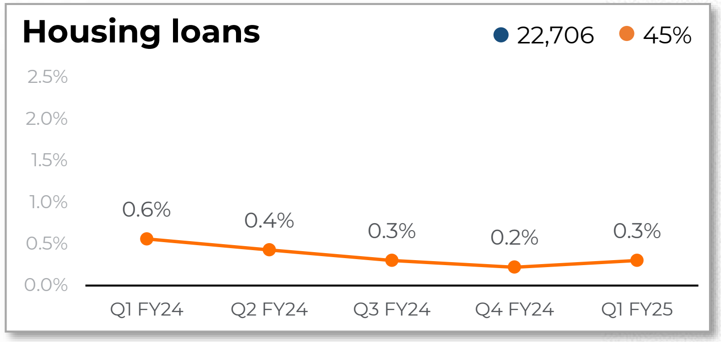


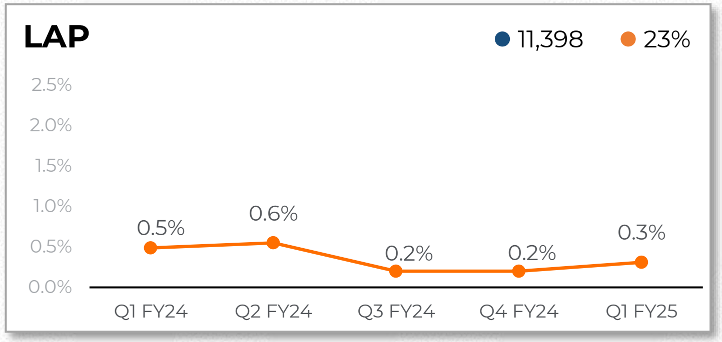


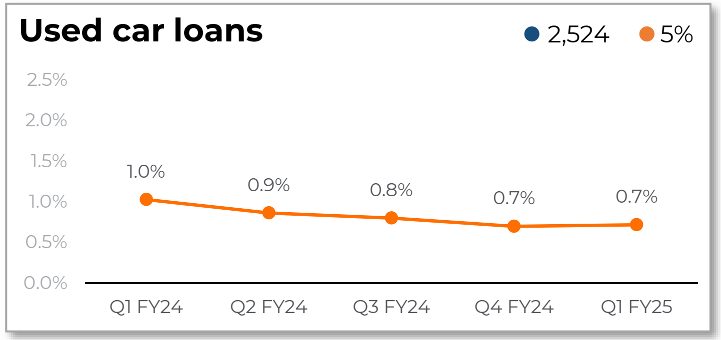
Note: (1) Stressed assets include wholesale stage 2+3 assets, land & receivables & wholesale SRs

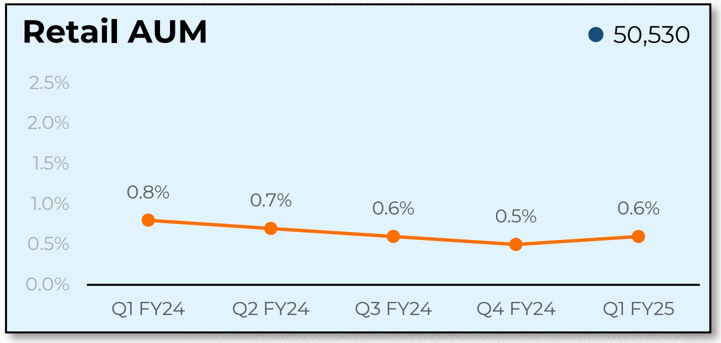
Retail risk – 90+ DPD[1], by product

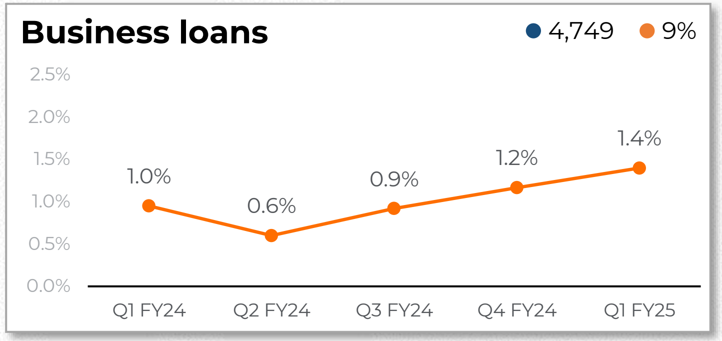
● AUM as of Q1 FY25 (INR Cr)
● % of retail AUM as of Q1 FY25

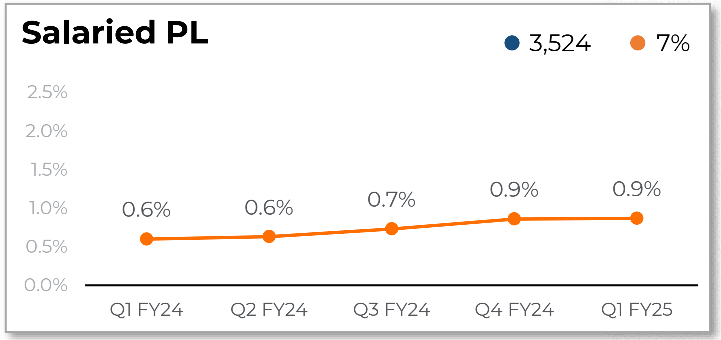


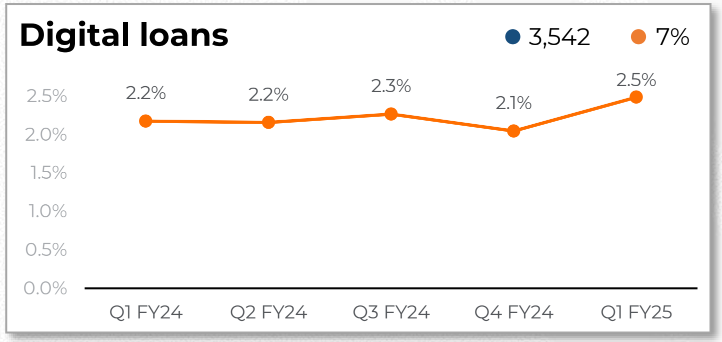












Note: (1) 90+ DPD delinquency = 90 to 179 days DPD

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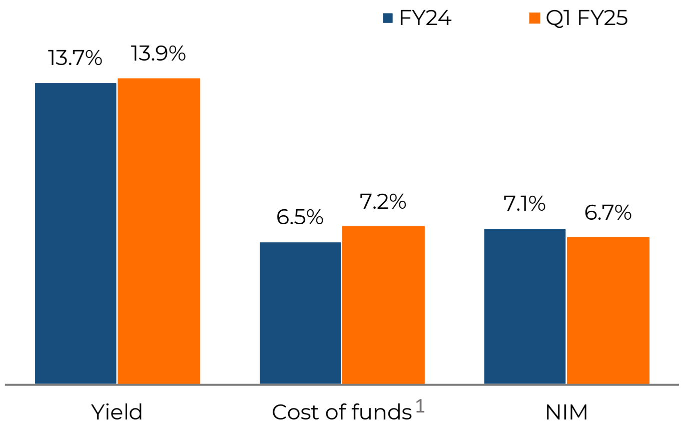
Profitability

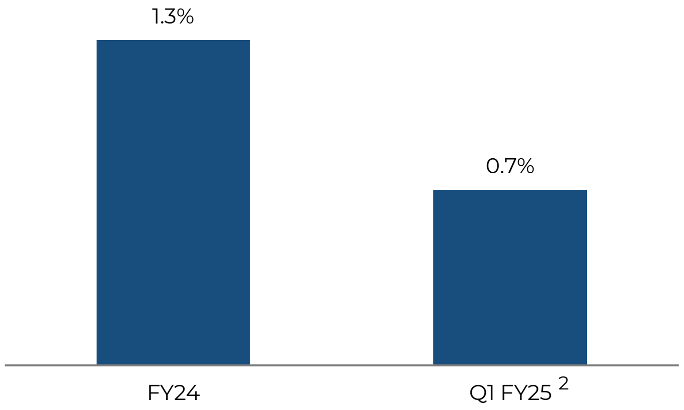
Growth business profitability – opex ratio key driver

(All ratios as % of average AUM of growth business)

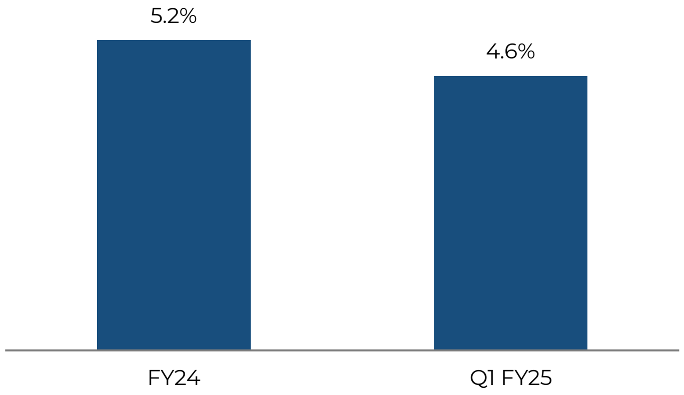
Yield and NIM



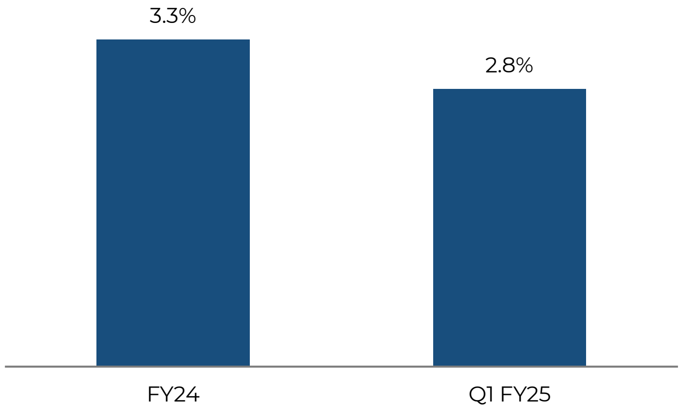
Fee income



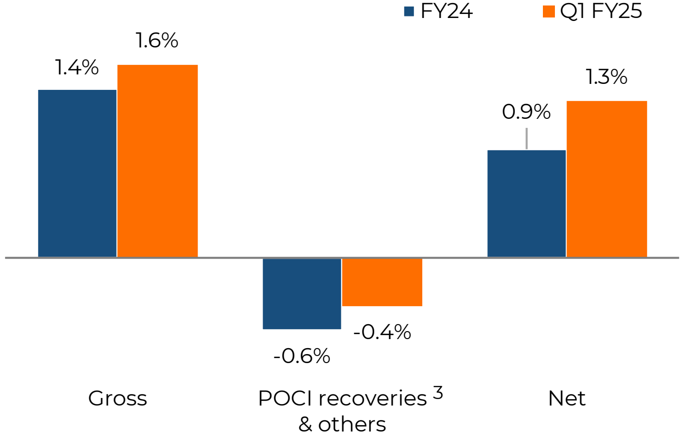
Opex



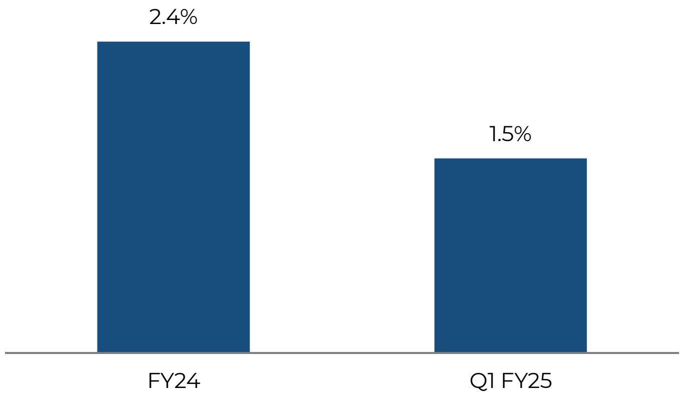
PPOP



Credit cost



PBT

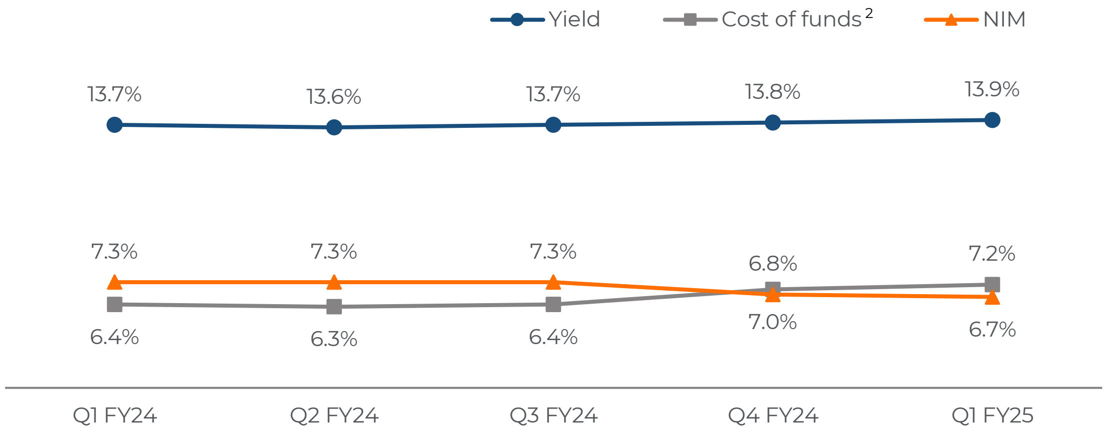


Notes: (1) COF = Interest expense / Total average funds (including equity);
(2) AUM growth of 50% YoY and amortization of processing fees resulted in the drop in fee income;
(4) Purchased or originated credit impaired (POCI);

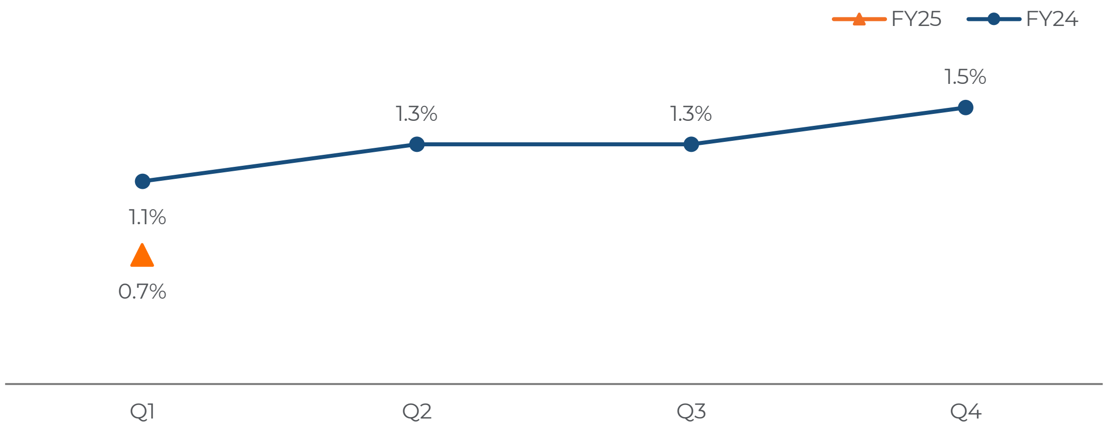
P&L performance – growth business

(All ratios as % of average AUM of growth business)

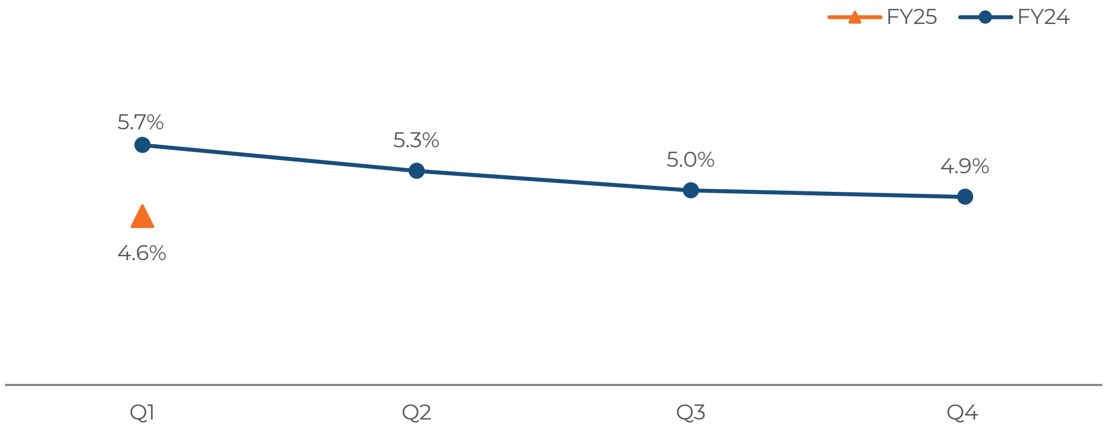
Yields and NIM[1]



Fee income



Opex



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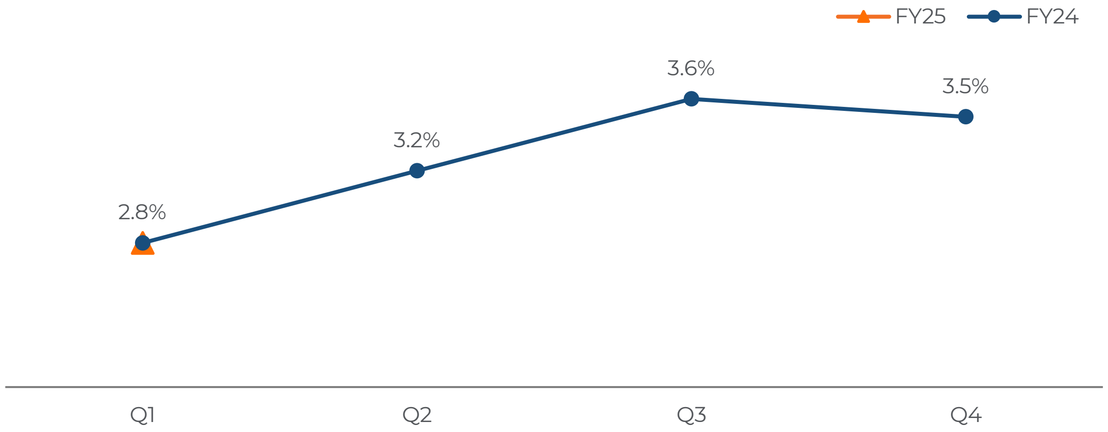
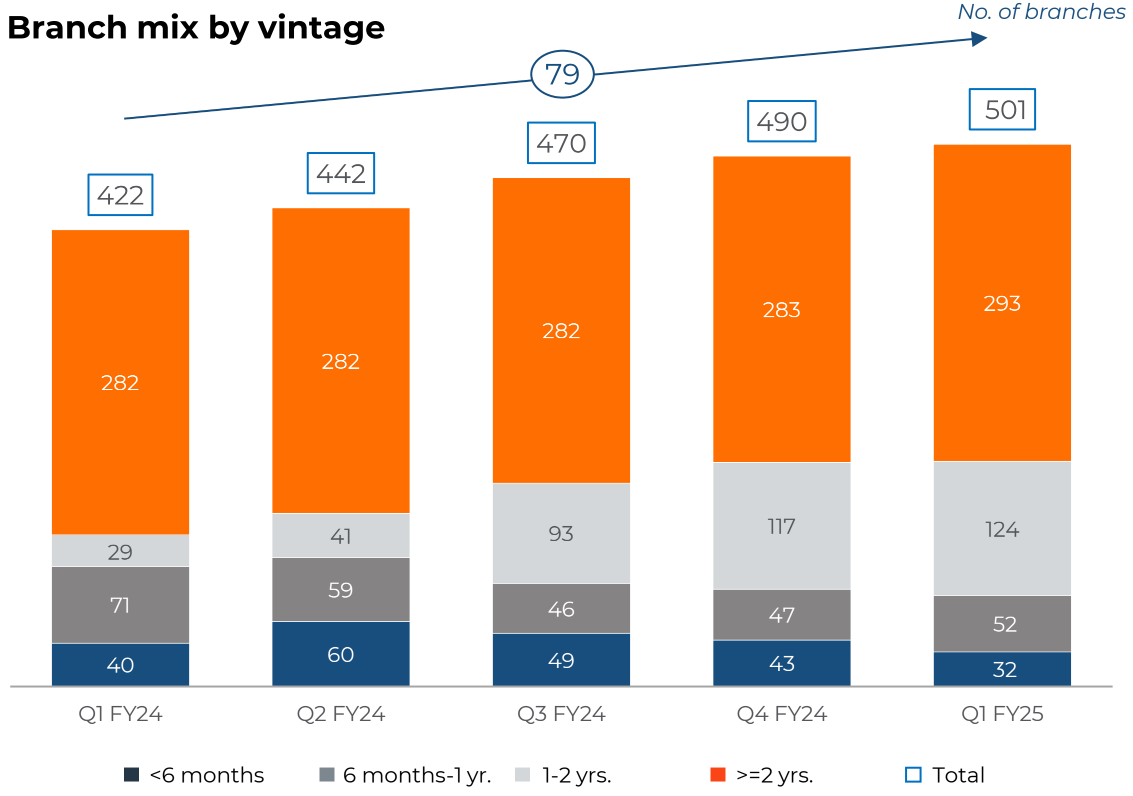


Notes: (1) Net interest income = interest income - interest expense
(2) COF = Interest expense / Total average on book AUM

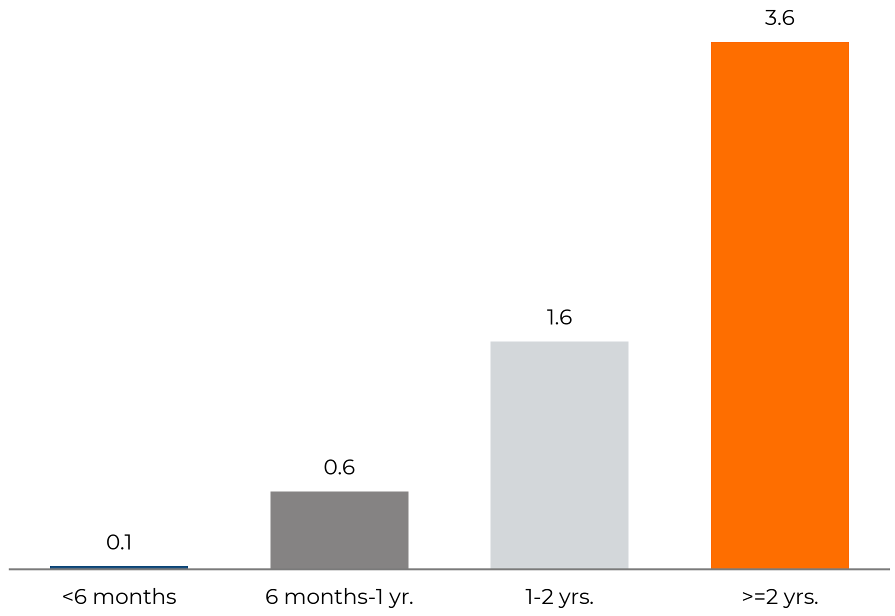
Productivity improvement to continue, driven by increasing Branch maturity

Branch mix by vintage



Benchmark monthly disbursement[1] per branch

In INR Cr.



- 80% of retail AUM's geographic exposure[2] is in metro adjacent and tier-2 & 3 cities as of 30th Jun '24
- Plan to expand up to 600 branches

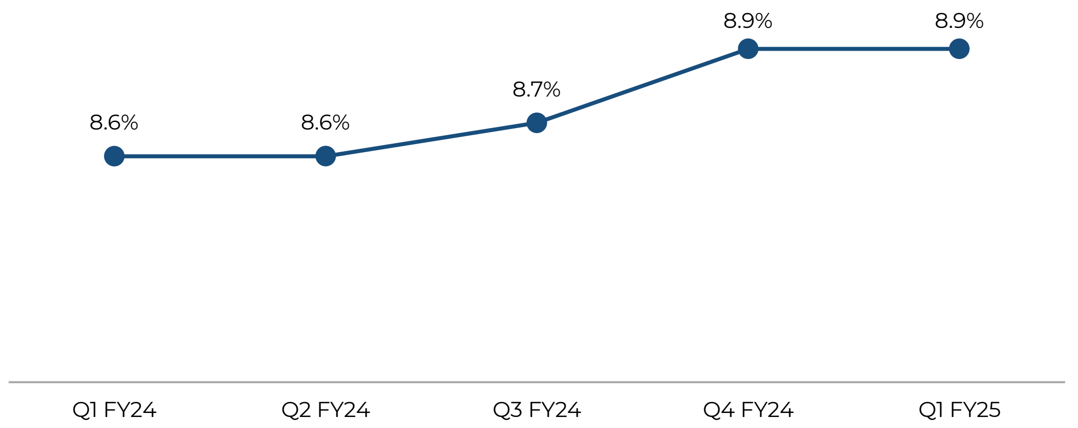
501	210	26	415	608
Conventional branches	*Microfinance branches*	*No. of states present*	*No. of cities/ Towns present*	*Districts served*

Notes: (1) Only for branch led products
(2) Population considered Tier 1: 40+ lacs, Tier2: 10-40 lacs, Tier3: <10 lacs; metro adjacent locations carved out from tier 1/2/3 for centres in peripheries of metros.

Liabilities Management

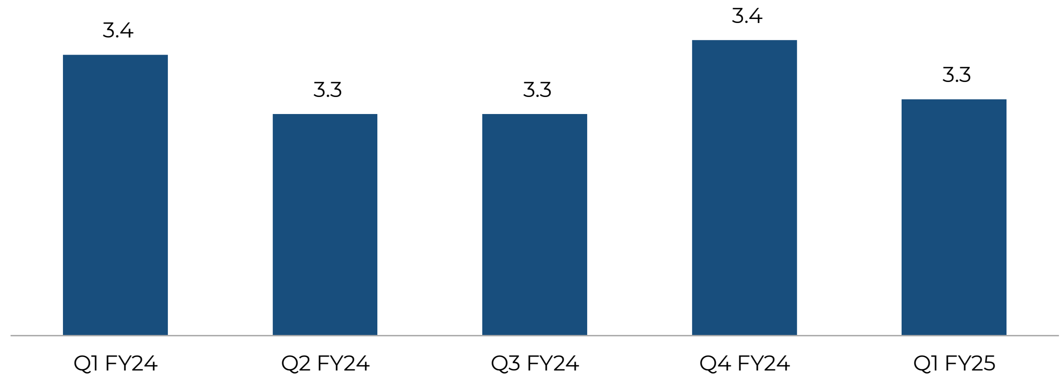
Liabilities management

Average borrowing cost[1]



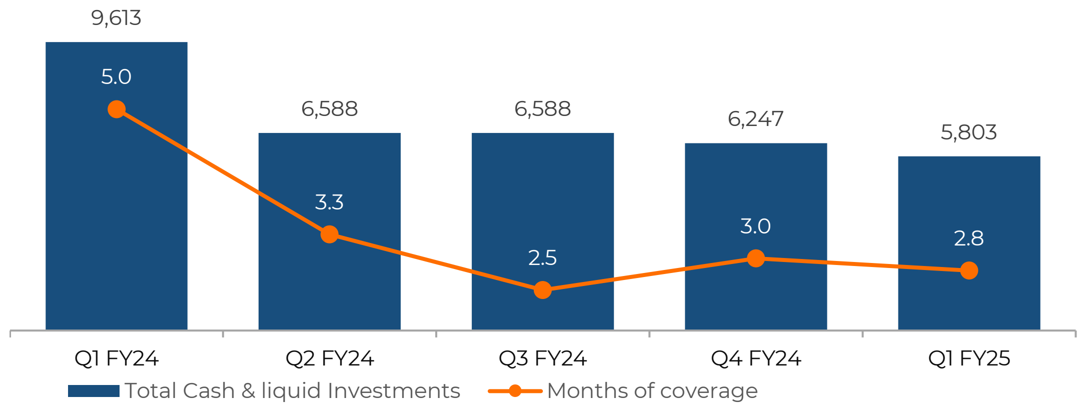
Maturity of borrowings

In years, weighted average on a residual basis

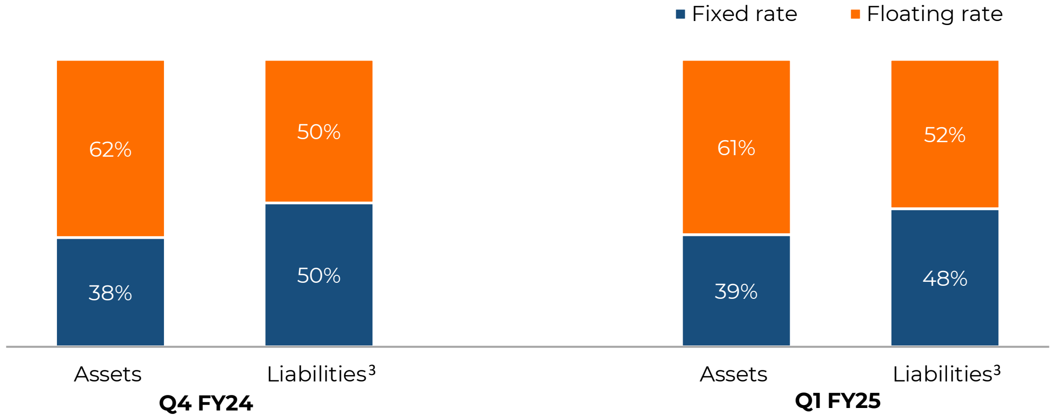


Cash and Liquid Investments[2]

In INR Cr, period-end



Fixed : Floating rate mix

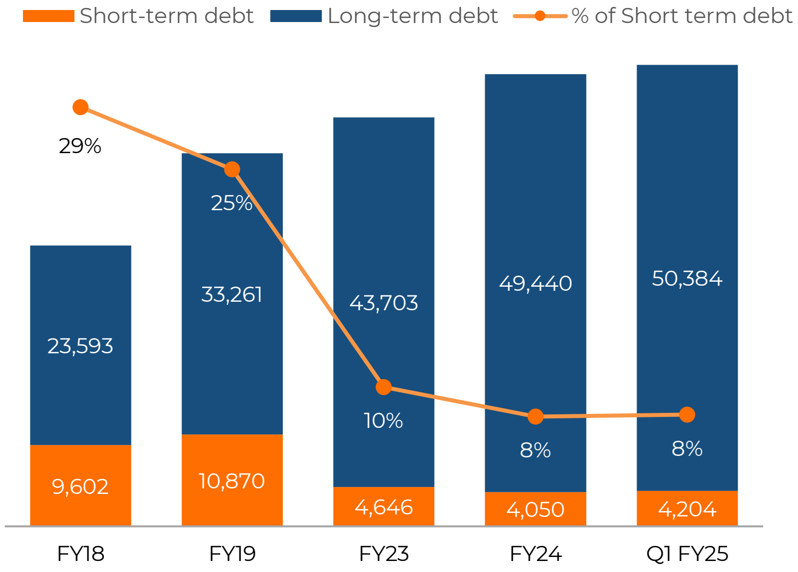


Notes: (1) Borrowing cost =Interest Expense / Average interest - bearing liabilities
(2) Shriram Investments worth Rs. 4,820 were liquidated in Jun'23
(3) Liabilities includes fixed rate borrowings of INR 16,172 Cr for Q1 FY25 & 16,172 Cr for Q4 FY24

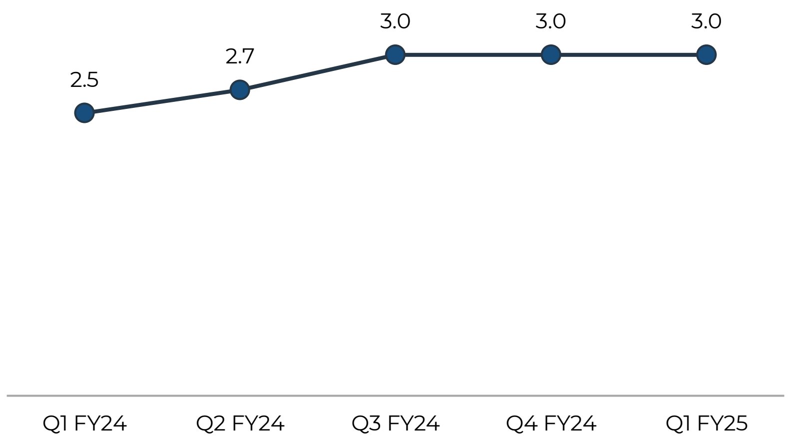
Leverage and capital adequacy

Outstanding Borrowing

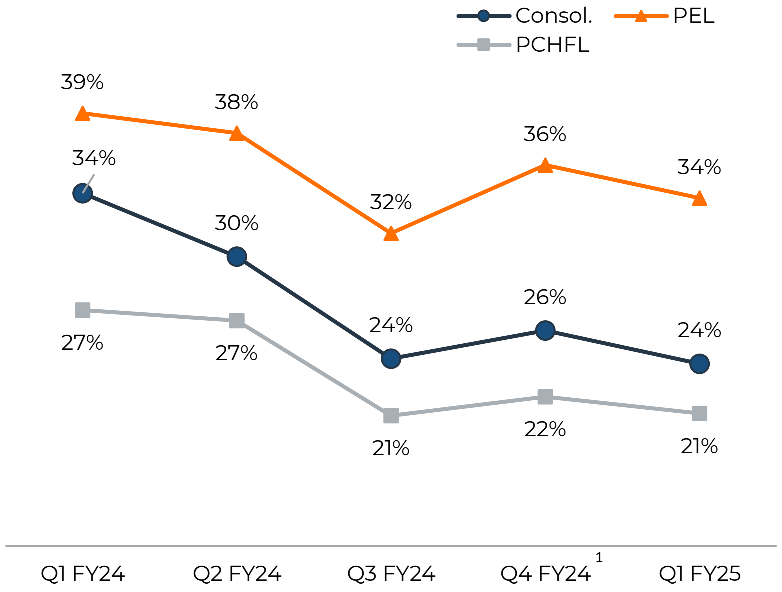
In INR Cr



Leverage – A/E



Capital Adequacy

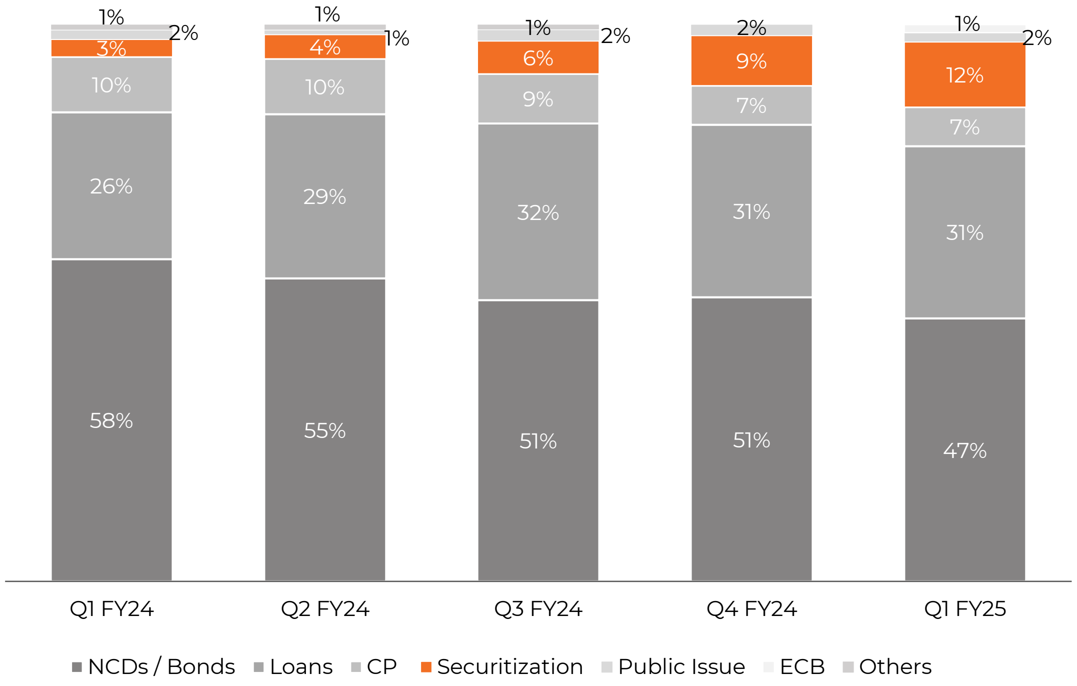


- **Short term debt in the range of 5-10% of the total outstanding borrowing**
- **Strong capitalization levels and low leverage provide firepower to sustained AUM growth**

Notes: (1) Impact of RBI circular on investments in AIFs dated 19th Dec 2023

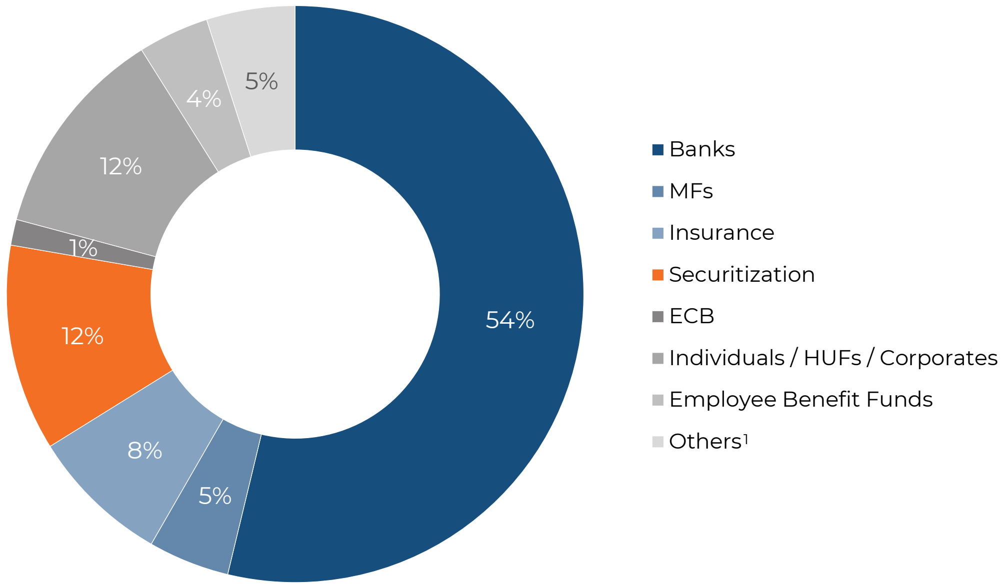
Diversifying the borrowing mix

Rising role of securitization



Borrowing mix by type of lender

As of Jun '24



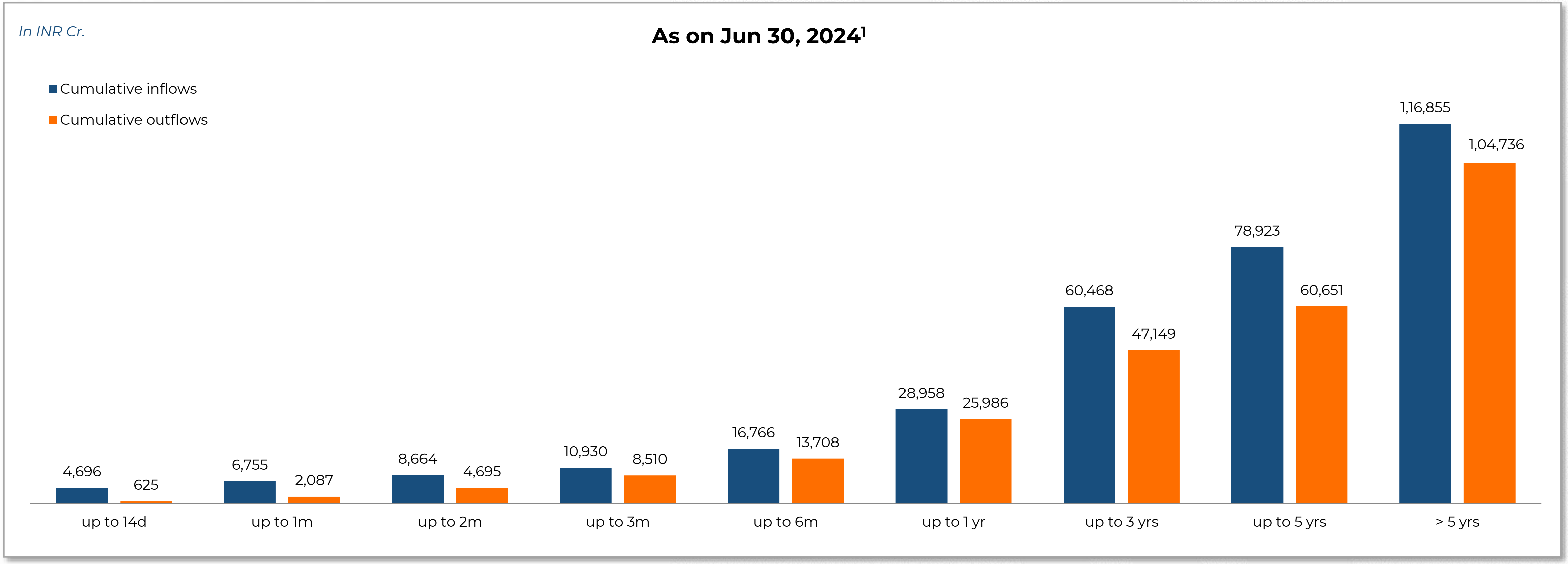
Domestic ratings	Long term ratings	Short term ratings
	ICRA & CARE: AA Outlook Stable	CRISIL, ICRA, CARE: A1+

International ratings	S&P: BB- Moody's: Ba3

Maiden international credit ratings received | $100mn social impact loan | $300mn USD sustainability bond[2]

Notes: Borrowings Include direct assignment (DA) of INR 2,408 Cr as of Q1 FY25, INR 1,598 Cr as of Q4 FY24, INR 875 Cr as of Q3 FY24, INR 612 Cr as of Q2 FY24 and INR 328 Cr as of Q1 FY24
(1) Includes NHB, & other financial institutions which contribute 3% and 2% respectively to overall borrowings
(2) Sustainability bond raised in July 2024

Asset-liability profile



Cumulative GAP[2] (%)

+652%	**+224%**	**+85%**	**+28%**	**+22%**	**+11%**	**+28%**	**+30%**	**+12%**

Notes: (1) Based on contractual 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

Piramal

Update on Merger

Update: Proposed merger of PEL with PCHFL

Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26

Board Approval
(May 8th, 2024)

Filing of scheme with Stock Exchanges

Receipt of Stock Exchanges, SEBI & RBI approval

NCLT process

NCLT Approval
(includes necessary approvals from shareholders and creditors)

Record Date

Listing of new securities of Piramal Finance Ltd.

Blackout Period[1]
~40-45 Days

The implementation process is on track – proposed merger shall be completed within expected timelines

Notes: Above timelines are subject to regulatory and relevant statutory approvals
(1) Blackout period pertains to all listed securities of PEL

Thank You