

# **Poonawalla Fincorp Limited**

(Formerly known as Magma Fincorp Limited)

**Investor Presentation Q2FY23**

**Scalable Business Model | Pure Retail Play | Digital-First Tech-Led | Customer Centric**

# Agenda



1	Overview & Executive Summary	▶	2-7
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3	Business & Financial Highlights: Consolidated	▶	20-24
4	Business & Financial Highlights: PFL Standalone	▶	25-29
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# Q2FY23 Performance- Excellent Quarter on All Fronts



Differentiated strategy and execution excellence led to all round performance across business growth, credit quality & profitability

Amounts in ₹ cr

Highest ever quarterly disbursement

Highest ever PAT & RoA

Lowest GNPA & NNPA in 38 quarters

Rating upgraded to 'AAA / Stable' by CARE

What do we stand for

“Scalable business model with pure Retail play strategy”

“Technology led and customer centric approach”

“Business construct to deliver sustainable RoA of 3.5% - 4.5%”

AUM

**18,560**

+22% YoY | +5% QoQ

Disbursement

**3,721**

+44% YoY | +8% QoQ

Profit after Tax

**163**

+71% YoY | +16% QoQ

RoA

**3.6%**

+102 bps YoY | +24 bps QoQ

GNPA\*

**1.52%**

- 259 bps YoY | -67 bps QoQ

NNPA\*

**0.83%**

-118 bps YoY | -13 bps QoQ

CRAR (Standalone)

**44.9%**

NIM

**9.8%**

+77 bps YoY | +35 bps QoQ

# Executive Summary - Consolidated

Setting the momentum for expanding growth horizon



## Strong Business Momentum Continues in Q2FY23



- Highest ever quarterly disbursement of ₹ 3,721 cr with new products scaling up well
  - Consistent increase in organic disbursement: Up 180% YoY & 32.4% QoQ
- QoQ organic disbursement: Q2FY22: 1,295 | Q3FY22: 1,543 | Q4FY22: 2,164 | Q1FY23: 2,738 | Q2FY23: 3,625**
- AUM at ₹ 18,560 cr with a growth of 21.5% YoY & 5.1% QoQ | Focused AUM grew by **56.1% YoY & 10.6% QoQ**

## Strengthened Distribution – Direct Digital Program (DDP)



- DDP contribution in total organic disbursements increased to 47% in Q2FY23 compared to 34% in Q1FY23 & 17% in Q4FY22
- All the products covered under DDP model

## Efficiently Managed Liability Book



- Average CoB contained to 7.12% in Q2FY23 in a rising interest rate environment | 6.92% in Q1FY23
- Further increase of capital market share in borrowing mix | Raised ₹ 1,225 cr via CP & NCD in Q2FY23
- Added multiple new relationships during the quarter across MF, Banks & Corporates
- Long term credit rating upgraded to 'AAA/Stable' by CARE for both PFL & PHFL

# Executive Summary - Consolidated

Setting the momentum for expanding growth horizon



## Robust Asset Quality



- **Lowest GNPA & NNPA in last 38 quarters**
- Post the alignment with revised NPA definition as per RBI circular, GNPA & NNPA reduced to 1.52% & 0.83% respectively compared to GS3 & NS3 of 2.19% & 0.95% in Q1FY23

## Rise in Profitability



- NII at ₹ 446 cr increased by 32.7% YoY & 11.9% QoQ
- NIM at 9.8% vis a-vis 9.5% in Q1FY23 & 9.1% in Q2FY22 | Increased by 35 bps QoQ & 77 bps YoY
- **Highest ever RoA at 3.6%** compared to 3.4% in Q1FY23 & 2.6% in Q2FY22
- PAT stood at ₹ 163 cr up 15.8% QoQ & 70.8% YoY

## End to End Digital Capabilities



- 100% digital journey capability for customers across all products
- Focus on customer/partner advocacy: Robotic interfaces, Straight through processing, Multiple self-service channels
- Advanced data analytics usage – Across sales(Including X sell), underwriting, collections & risk monitoring

# Executive Summary - PFL Standalone

Setting the momentum for expanding growth horizon



## Key Highlights Q2FY23

AUM stood at ₹ 13,161 cr ↑ 16.8% YoY & ↑ 4.4% QoQ

100% disbursement through organic route at ₹ 3,110 cr  
↑ 243.7% YoY & ↑ 30.8% QoQ

Focused AUM ↑ 68.5% YoY and ↑ 12.5% QoQ

Monthly disbursement run rate crossed ₹ 1,100 cr in Sep 22

North : West : South : East AUM % mix  
Sep 22:- 26 : 31 : 30 : 13

GNPA\* of 1.77% ↓ 302 bps YoY & ↓ 91 bps bps QoQ  
NNPA\* of 0.94% ↓ 132 bps YoY & ↓ 17 bps bps QoQ

RoA stood at 4.0% in Q2FY23

PAT stood at ₹ 130 cr; ↑ 75.8% YoY & ↑ 5.3% QoQ

Long-term credit rating upgraded to 'AAA/Stable' by CARE

Average CoB at 7.16% ↓ 198 bps YoY & ↑ 19 bps QoQ

# Executive Summary - PHFL



## Key Highlights Q2FY23

AUM stood at ₹ 5,612 cr ↑ 30.9% YoY & ↑ 6.2% QoQ

Disbursement of ₹ 611 cr; ↑ 56.8% YoY & 14.3% QoQ

North : West : South : East AUM mix %

Sep 22:- 33 : 35 : 26 : 6

Operating in 128 branches as on Sep 22

Average CoB @ 7.05%; ↓ 176 bps YoY & ↑ 25 bps QoQ

GNPA\* of 0.84% ↓ 108 bps YoY & ↓ 3 bps QoQ

NNPA\* of 0.53% ↓ 68 bps YoY & ↓ 1 bps QoQ

RoA stood at 2.4% ↑ 64 bps YoY & ↑ 3 bps QoQ

PAT of ₹ 33 cr; ↑ 75.1% YoY & ↑ 8.3% QoQ

Long-term credit rating upgraded to 'AAA/Stable' by CARE

State of the art LOS, LMS & CRM

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# Scalable Business Model to Drive Profitable Growth

Uniquely positioned



## Inherent Strengths...

### Brand Strength & Strong Management

Flagship financing arm of Cyrus Poonawalla Group with shared brand identity  
Professionally run organization with seasoned leadership team

### Robust Balance Sheet

Low leverage of 1.9x on a networth of ₹ 6,410 cr leading to well protected liability book in rising rate environment

### Digital First and Technology Led

Digitalized end to end processes  
Advanced data analytics being leveraged for all business use cases

### Retail Franchise

Focus on Consumer & MSMEs with diversified product suite & PAN-India retail franchise  
Granular book | Risk based pricing

### Target Market Aligned Distribution & Products

Unique sourcing model with mix of Direct Digital Program (DDP) and DSA  
Digital First Products focused on credit tested customers

### Efficiently Managed Liability Book

Both PFL & PHFL rated 'AAA/Stable' by CARE  
Increase in capital market borrowings

## ...to capture market opportunities

### Technology disrupting traditional ways of lending

Rapid expansion & consolidation (Partnership / acquisition) in Fintech space  
Exponential rise in digital lending with focus on customer experience & faster TAT

### Structural tailwinds

Fast growing economy punctuated by high share of consumption spending  
Favorable demographics: High share of digital savvy young population with rising acceptance of credit

### Large and fast growing total addressable market

Large and growing opportunity for consumer & MSME finance  
Growing demand for Pre-owned cars + shift towards digital marketplaces

# Successfully Executing our Strategic Plan



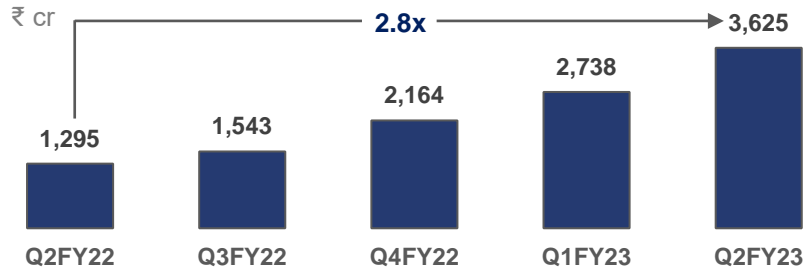
- 1 Differentiating by Offering Superior Customer Value**
- 2 Aligning Distribution & Products that Suit Target Market**
- 3 Digital-First, Technology-Led to the Core**
- 4 Upholding Robust Credit Quality**
- 5 Continuously Optimizing Cost of Borrowing & Liquidity**
- 6 Future Ready Human Capital with Strong Leadership**

# Differentiating by Offering Superior Customer Value

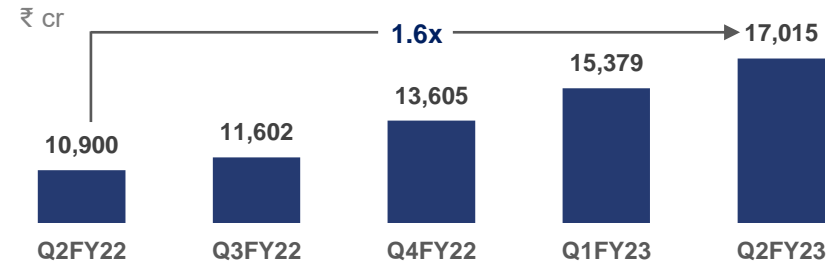
To ensure sustainable growth & leadership in chosen segments



Accelerating organic disbursement growth



Focused AUM has grown 56% YoY



- ▶ 100% end to end digital journey capability
- ▶ Customer Orientation: Committed to give superior experience & create customer delight
- ▶ Amongst the best Turn Around Time (TAT)
- ▶ Continuous engagement across customer lifecycle

Minimal paperwork, reduced human intervention & advanced data analytics

Amongst the best NPS score in industry | 24\*7 customer service availability using digital mediums

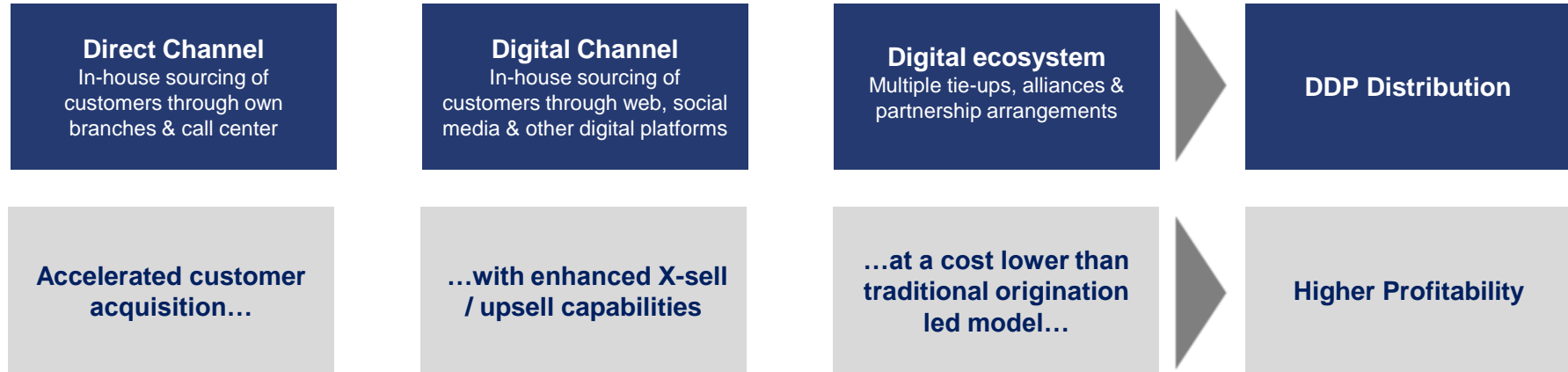
Constant reduction in TAT | Loan disbursals facilitated by lean & agile backend operations

Through distribution reach & technology

# Distribution: In Sync with Emerging Business Models



## Direct Digital Program (DDP) led distribution model



- ▶ Rise in proportion of Direct Digital Program (DDP) Mix
- ▶ Focus on Customer Lifetime Value (CLTV)
- ▶ Technology first & risk calibrated approach

47% of organic disbursement came through DDP channel in Q2FY23 compared to 34% in Q1FY23 & 17% in Q4FY22

X-sell / upsell & pre-approved offers

Leads to lower customer acquisition cost & better asset quality

# Product Suite: Tailored for the Target Segment

Focus on Consumer & MSME segment with diversified offerings



## Existing products

Pre-owned Cars

Digital Business Loans

Machinery Loan

Affordable Home Loan

Digital Personal Loan

Digital Consumption Loan

Affordable LAP

Digital Loan to Professionals

Medical Equipment Loan

Auto Lease

Digital SME LAP

Supply Chain Finance

## Upcoming products

Consumer Finance

Merchant Cash Advance

EMI Card

Credit Card

- ▶ Expanding product suite to meet customer needs
- ▶ Digital led product innovation
- ▶ Complete transparency in product features



Consumption led new customer acquisition with an eye on future  
Leveraging customer base for X-sell / up-sell opportunities

Digital First products, processes & entire customer journey

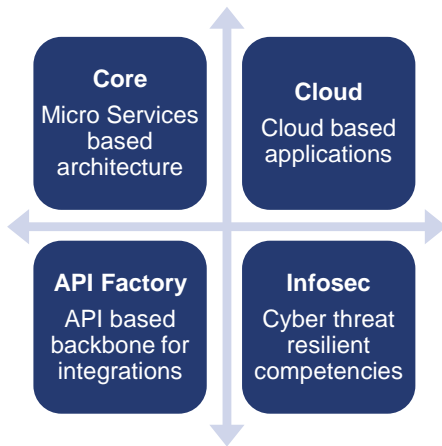
No hidden charges

# Digital-First, Technology-Led to the Core

Leading to competitive moat, efficient operations & sustained growth

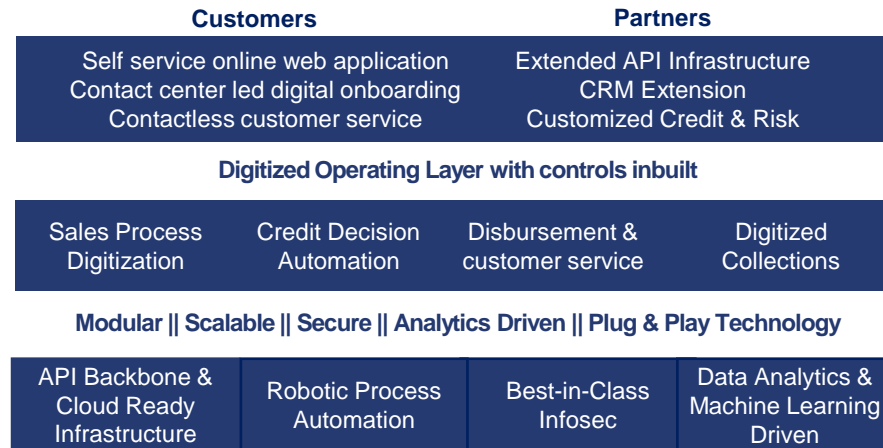


## Deep Investments in Technology



- ▶ Backend built to scale → capability to process high volume & high speed of transactions
- ▶ Preferred partner for Tech-led ecosystem
- ▶ Last mover advantage

## Building a Tech led Play



Plug & Play API Stack → Less customization + Low maintenance

Speed of Execution - BRE, API based integration for underwriting checks & validations

Faster adoption of technology leading to fully digitized business operations

## End to End Digitalized Lending – Lower TATs, Minimal Paperwork, Reduced human intervention

- End to end digital journey capability for customers across all products via Digital KYC, Digital Onboarding (E-sign, E-agreement & E-NACH), Automated BRE for quick decisioning & Digital collections via multiple payment modes | Rise in penetration for all metrics
- Disbursement with more than 95% onboarding through digital NACH

## Focus on customer/partner advocacy – Robotic interfaces, Straight through processing, Multiple self-service channels

- Seamless & integrated Omni-channel customer engagement (call center, branch office, mobile app, and website) with focus on 'First Time Right' service and maximizing NPS on all transactions
- 100% digital onboarding of channel partners with same day TAT + system-based payouts + online platform for loan application

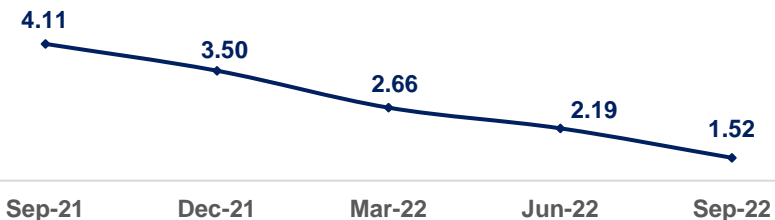
## Advanced data analytics usage – Across sales, underwriting, collections & risk monitoring

- Policy optimization & rationalization done through portfolio deep dive using advanced analytics | Risk scorecards for pre-approved offers, Propensity models leading to higher sales conversions | Predictive models for delinquency & risk segmentation to streamline collection effort
- Leverage 'data warehouse' with real time update of customer data

# 4 Upholding Robust Credit Quality

## Consistent outperformance on Asset Quality

GS3 / GNPA\* (%)



NS3 / NNPA\* (%)



### Chosen market segment, Prudent underwriting & Collection capabilities: Drivers of our robust asset quality

- ▶ High Quality customer profile
- ▶ Closely monitored Early Warning Signals
- ▶ Conservative underwriting standards with counter cyclic adjustments in policy and front ended Write offs

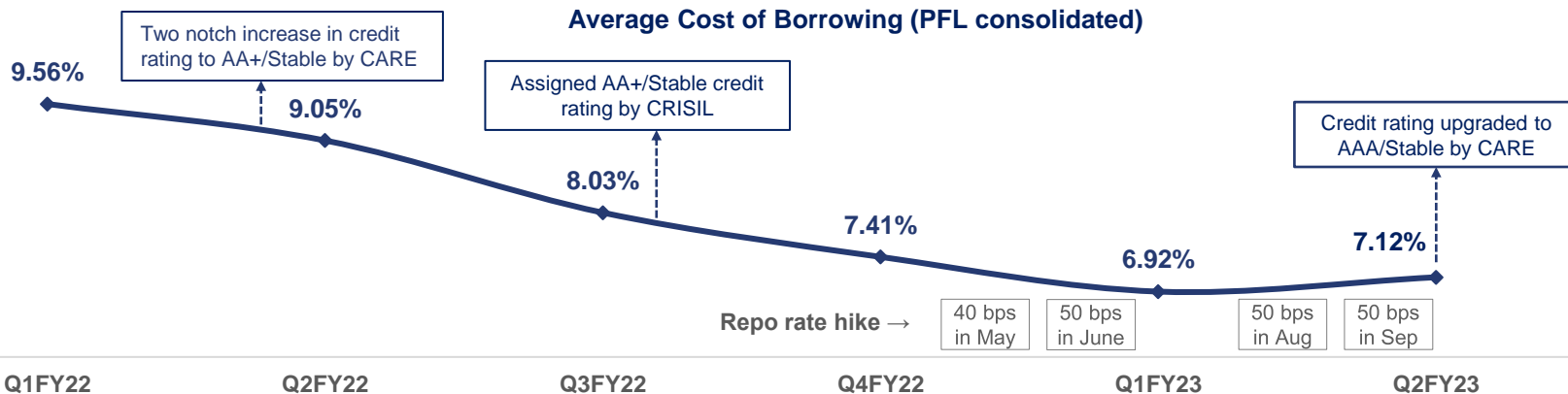
Metropolitan & Urban area focused portfolio  
~80% portfolio is > CIBIL 730+ in unsecured segment

Early-stage delinquency within guardrails

Approval rate guided by conservative policy parameters to have predictable portfolio quality

\*The reduction in GNPA / NNPA is despite the alignment with revised NPA definition as per RBI circular | Comparison of aligned GNPA / NNPA on Sep-22 drawn from GS3 / NS3 of previous periods

# Optimizing Cost of Borrowing & Liquidity Position



## Enabling growth at optimum cost of borrowing

► Dynamic liability management

► Expansion of lenders / subscribers

► Maintaining adequate liquidity



Optimum mix of instruments & diversified sources leading to competitive cost of borrowing

Onboarded new MF, Banks & Corporate lenders

₹ 4,812 cr of liquidity surplus

# Future Ready Human Capital with Strong Leadership

## Building the Right Culture



### Productivity & Rewards

- OKR framework launched
- New incentive model & policy implemented
- Enhanced ESOP coverage to include middle management



### Development

- Well defined development plan across all levels
- Competency framework implemented
- Functional & Behavioral training program launched.
- Leadership program for high potentials



### Operational Efficiency

- New HRMS system & analytics launched
- Strengthened the staff governance framework
- Flexibility at work- Leave, Work From Home & Comp Off



### Employee Engagement

- Employee satisfaction survey with GPTW initiated
- Synergy - Organization wide townhalls started
- Fun at work programs
- Reward & Recognition program

Building a high performance culture in the organization with a balance of employee development & engagement.  
**Recognised as a Most Preferred Workplace 2022-23 by Marksmen Daily.**

# Management Vision 2025

Performance well ahead of long-term guidance



## Vision 2025

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To be amongst the **Top 3 NBFCs in consumer and MSMEs**

Risk-calibrated accelerated growth, **~3x of FY21 AUM**

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Amongst the lowest COF in the industry **~250 bps reduction in borrowing cost**

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Best-in-class Asset Quality; **Net Stage 3 < 1%**

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Accelerate the growth trajectory of PHFL followed by **value unlocking through IPO**

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## On the right track (Q2FY23 status)

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**Leadership board position in 3 products:- BL, POC and LTP on monthly disbursement basis**

AUM @ 1.3x of FY21 | Focused AUM @ 2.1x of FY21

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### **Achieved**

To continue to be amongst the lowest cost borrower

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### **Achieved**

Net NPA @ 0.83% as on 30<sup>th</sup> Sep'22

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**Initiated fund raise of upto ₹1,000 cr**

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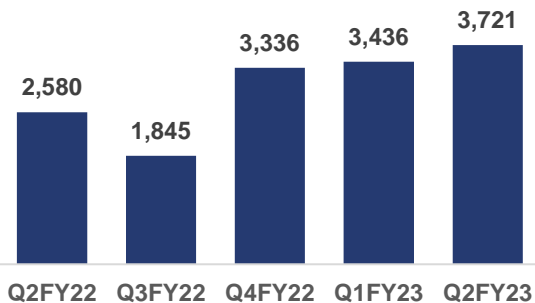
# Performance Parameters - Consolidated

Robust growth continues | Significant reduction in GNPA & NNPA

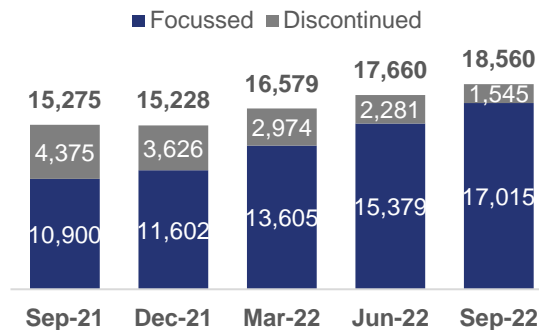


Amounts in ₹ cr

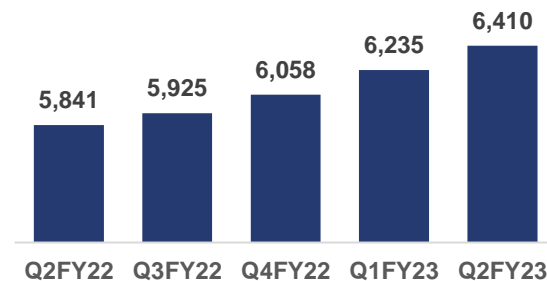
## Disbursement



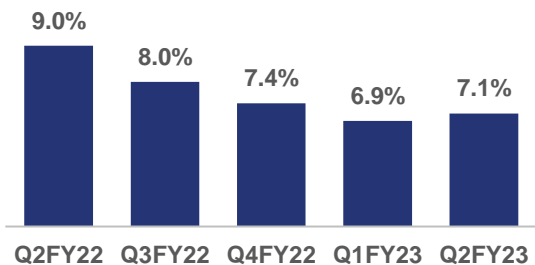
## AUM



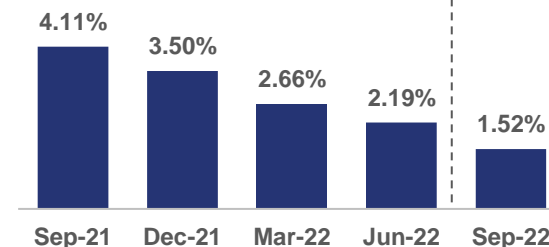
## Network



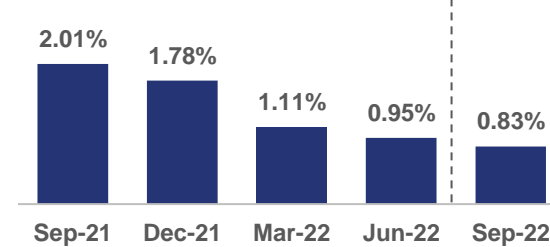
## Cost of Borrowing



## GS3 / GNPA\*



## NS3 / NNPA\*



\*The reduction in GNPA / NNPA is despite the alignment with revised NPA definition as per RBI circular | Comparison of aligned GNPA / NNPA on Sep-22 drawn from GS3 / NS3 of previous periods

# Asset Quality

Significant improvement on sustained basis



	PFL			PHFL			Consolidated		
	Sep-21	Jun-22	Sep-22	Sep-21	Jun-22	Sep-22	Sep-21	Jun-22	Sep-22
Stage 1 Assets	80.9%	90.8%	<b>93.6%</b>	86.0%	92.2%	<b>96.1%</b>	82.1%	91.1%	<b>94.3%</b>
Stage 2 Assets	14.3%	6.6%	<b>4.7%</b>	12.1%	7.0%	<b>3.0%</b>	13.8%	6.7%	<b>4.2%</b>
Stage 1 PCR	1.5%	2.5%	<b>0.9%</b>	0.3%	0.3%	<b>0.5%</b>	1.2%	1.9%	<b>0.8%</b>
Stage 2 PCR	17.2%	28.7%	<b>10.4%</b>	13.9%	11.2%	<b>12.3%</b>	16.5%	23.8%	<b>10.8%</b>
Stage 1 & 2 PCR	3.9%	4.3%	<b>1.3%</b>	2.0%	1.1%	<b>0.8%</b>	3.4%	3.4%	<b>1.2%</b>
Gross Stage 3 (₹ cr) / GNPA*	509	327	<b>224</b>	64	40	<b>40</b>	573	367	<b>264</b>
Net Stage 3 (₹ cr) / NNPA*	234	134	<b>118</b>	40	24	<b>25</b>	275	158	<b>143</b>
<b>Gross Stage 3 / GNPA*</b>	<b>4.79%</b>	<b>2.68%</b>	<b>1.77%</b>	<b>1.92%</b>	<b>0.87%</b>	<b>0.84%</b>	<b>4.11%</b>	<b>2.19%</b>	<b>1.52%</b>
<b>Net Stage 3 / NNPA*</b>	<b>2.27%</b>	<b>1.11%</b>	<b>0.94%</b>	<b>1.22%</b>	<b>0.54%</b>	<b>0.53%</b>	<b>2.01%</b>	<b>0.95%</b>	<b>0.83%</b>
Stage 3 PCR	54.0%	59.2%	<b>47.3%</b>	37.1%	38.9%	<b>36.7%</b>	52.1%	57.0%	<b>45.7%</b>

## % of on book AUM

- Portfolio well provisioned: On book AUM of discontinued portfolio has come down to ₹ 1,276 cr from ₹ 2,040 cr in Q1FY23
- The restructured book reduced to ₹ 467 cr ( 2.5% of AUM) as on Sep22 from ₹ 619 cr (3.5% of AUM) as on Jun22
- Restructured book in 0 bucket at ₹ 211 cr ( 45% of restructured book)

# Profit & Loss Statement - Consolidated



Particulars	Q2FY23	Q2FY22	Q1FY23	YoY	QoQ	FY22
<b>NII</b>	<b>446</b>	336	398	<b>32.7%</b>	<b>11.9%</b>	1,325
<b>Opex</b>	<b>269</b>	177	235	<b>51.8%</b>	<b>14.2%</b>	742
<b>PPOP</b>	<b>177</b>	159	163	<b>11.3%</b>	<b>8.7%</b>	583
<b>Credit cost</b>	<b>(41)</b>	35	(12)	-	-	93
<b>Share of profit in JV</b>	<b>0</b>	3	0	-	-	2
<b>Profit Before Tax</b>	<b>218</b>	126	183	<b>72.2%</b>	<b>19.3%</b>	492
<b>Profit After Tax</b>	<b>163</b>	96	141	<b>70.8%</b>	<b>15.8%</b>	375

# Balance Sheet - Consolidated



Particulars	30-Sep-22	30-Sep-21	31-Mar-22
Cash & Bank balances	506	790	597
Receivables	24	15	15
Loans (Net of provision)	17,012	13,153	14,851
Investments	659	192	0
Other Financial Assets	442	226	235
Non Financial Assets	649	609	746
<b>Total Assets</b>	<b>19,293</b>	<b>14,984</b>	<b>16,443</b>
Borrowings	12,348	8,689	9,909
Other Liabilities	535	454	476
Share Capital	153	153	153
Reserves & Surplus	6,257	5,688	5,905
<b>Total Liabilities</b>	<b>19,293</b>	<b>14,984</b>	<b>16,443</b>

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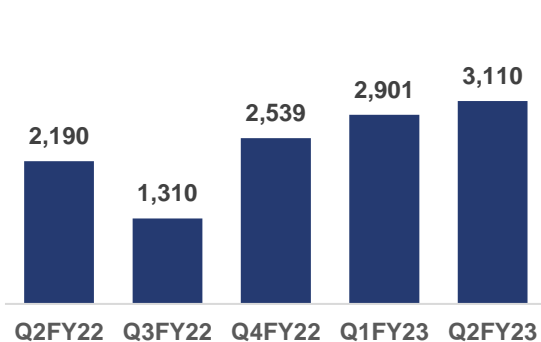
# Performance Parameters - Standalone

Robust growth continues | Significant reduction in CoB, GNPA & NNPA

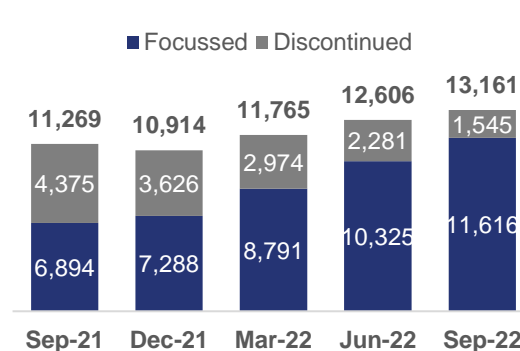


Amounts in ₹ cr

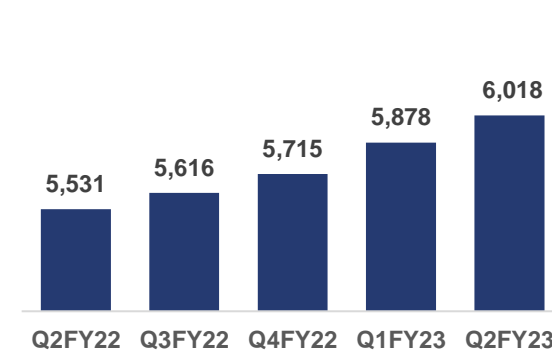
## Disbursement



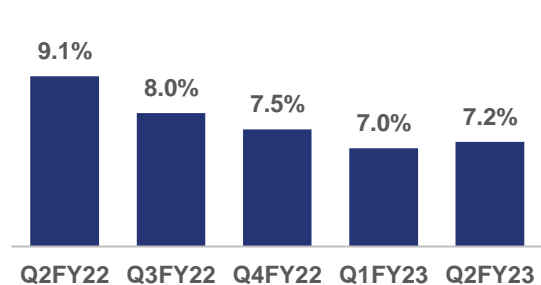
## AUM



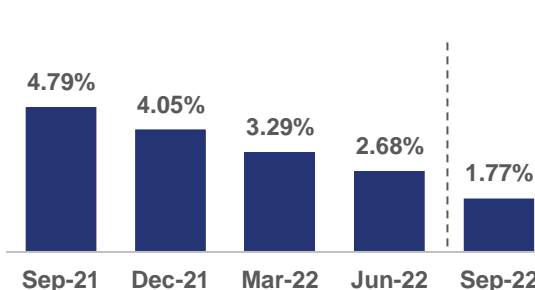
## Network



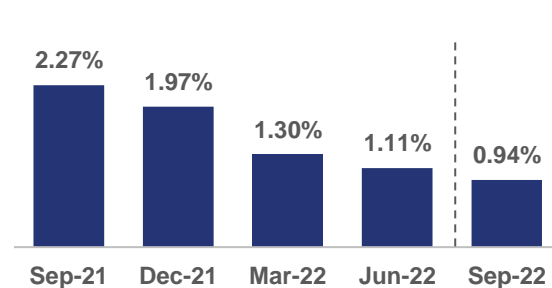
## Average Cost of Borrowing



## GS3 / GNPA\*



## NS3 / NNPA\*

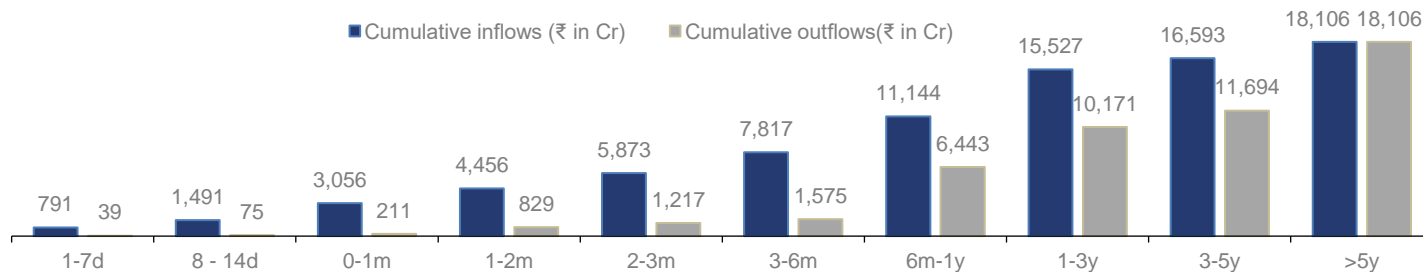


\*The reduction in GNPA / NNPA is despite the alignment with revised NPA definition as per RBI circular | Comparison of aligned GNPA / NNPA on Sep-22 drawn from GS3 / NS3 of previous periods

# ALM statement and Liquidity - PFL Standalone



## Structural Liquidity Statement as on 30<sup>th</sup> Sep 22



<b>Cumulative Positive Gap</b>	<b>752</b>	<b>1,416</b>	<b>2,845</b>	<b>3,627</b>	<b>4,657</b>	<b>6,242</b>	<b>4,701</b>	<b>5,356</b>	<b>4,899</b>	<b>0</b>
<b>Cumulative (%)</b>	<b>1906%</b>	<b>1882%</b>	<b>1347%</b>	<b>438%</b>	<b>383%</b>	<b>396%</b>	<b>73%</b>	<b>53%</b>	<b>42%</b>	<b>0%</b>

Liquidity as on 30<sup>th</sup> Sep 22 for PFL standalone at ₹ 3,786 cr in the form of cash, cash equivalents and undrawn bank lines

# Profit & Loss Statement - PFL Standalone



Particulars	Q2FY23	Q2FY22	Q1FY23	YoY	QoQ	FY22
<b>NII</b>	<b>336</b>	269	310	<b>25.1%</b>	<b>8.4%</b>	1,058
<b>Opex</b>	<b>210</b>	145	190	<b>44.6%</b>	<b>10.3%</b>	595
<b>PPOP</b>	<b>127</b>	124	120	<b>2.2%</b>	<b>5.4%</b>	463
<b>Credit cost</b>	<b>(47)</b>	25	(14)	-	-	78
<b>Profit Before Tax</b>	<b>174</b>	98	155	<b>76.9%</b>	<b>12.3%</b>	385
<b>Profit After Tax</b>	<b>130</b>	74	124	<b>75.8%</b>	<b>5.3%</b>	293

# Balance Sheet - PFL Standalone



Particulars	30-Sep-22	30-Sep-21	31-Mar-22
Cash & Bank balances	335	730	537
Receivables	22	15	14
Loans (Net of provision)	12,290	9,909	10,678
Investments	1,479	929	820
Other Financial Assets	317	119	144
Non Financial Assets	534	570	616
<b>Total Assets</b>	<b>14,978</b>	<b>12,272</b>	<b>12,810</b>
Borrowings	8,510	6,367	6,726
Other Liabilities	450	373	369
Share Capital	153	153	153
Reserves & Surplus	5,865	5,379	5,562
<b>Total Liabilities</b>	<b>14,978</b>	<b>12,272</b>	<b>12,810</b>

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# Poonawalla Housing Finance

## At a glance



Amounts in ₹ cr

- Poonawalla Housing Finance Limited (PHFL), subsidiary of PFL, is a **PAN India affordable segment HFC** with 128 branches across India.
- Direct relationship model with the customers 'Go Direct' strategy: 72% of loans through direct sourcing in Q2FY23
- **Driving financial inclusion** by serving new to credit customers having limited access to formal credit
- **Granular secured portfolio** spread across geographies with active customer count of 50,000+
- **Long term credit rating** upgraded to 'AAA/Stable' by CARE

AUM

**5,612**

+31% YoY | +6% QoQ

Q2FY23

Disbursement

**611**

+57% YoY | +14% QoQ

PAT

**33**

+75% YoY | +8% QoQ

RoA

**2.4%**

+64 bps YoY | +3 bps QoQ

GNPA\*

**0.84%**

-108 bps YoY | -3 bps QoQ

NNPA\*

**0.53%**

-68 bps YoY | -1 bps QoQ

CRAR

**39.1%**

Networth

**1,151**

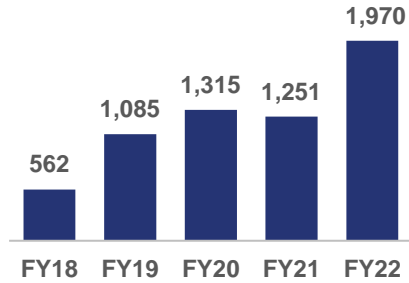
# Historical Performance - PHFL

Poised for sustainable growth – Directly sourced, Granular, Home loan focus book

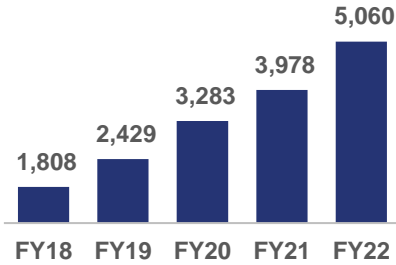


Amounts in ₹ cr

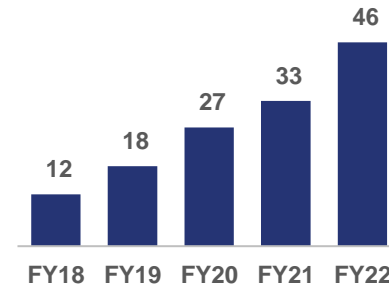
## Disbursement



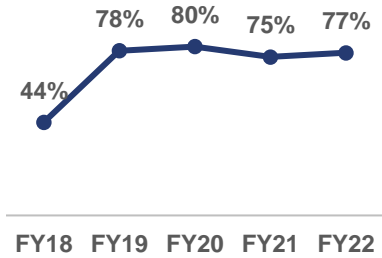
## AUM



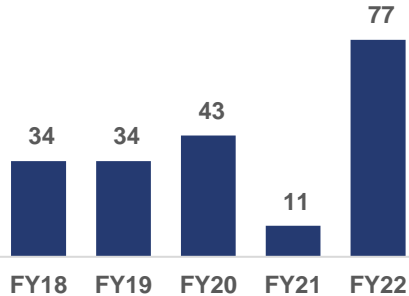
## Live Customers (in 000s)



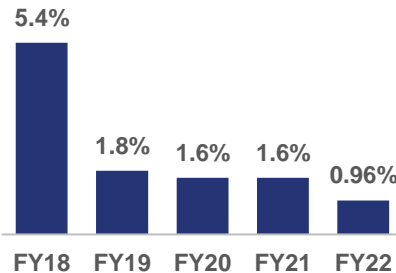
## Direct Ratio (Units)



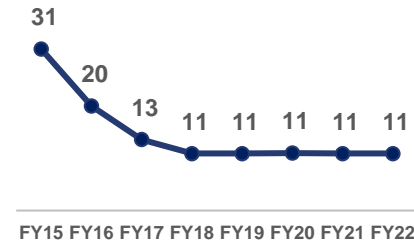
## PAT



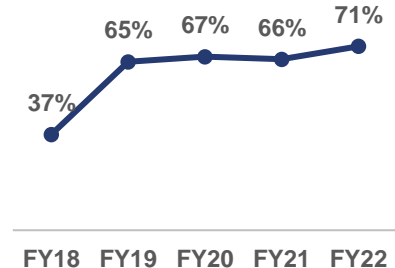
## GS3



## ATS



## HL Ratio (Units)



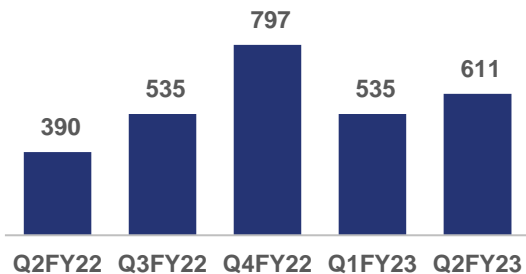
# Performance Parameters - PHFL

Robust AUM growth with Significant reduction in GNPA and NNPA

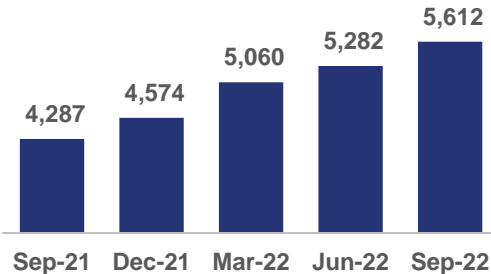


Amounts in ₹ cr

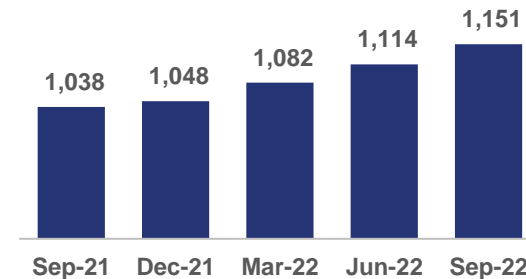
## Disbursement



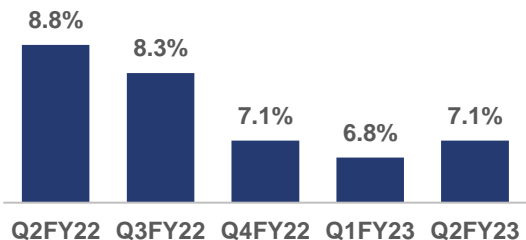
## AUM



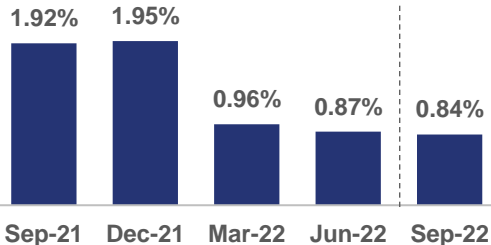
## Network



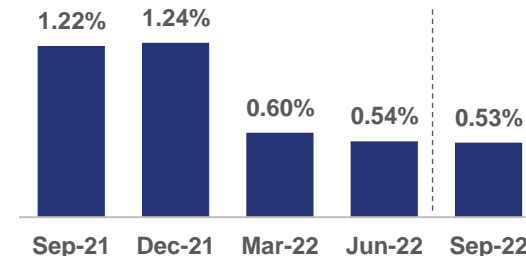
## CoB



## GS3 / GNPA\*



## NS3 / NNPA\*



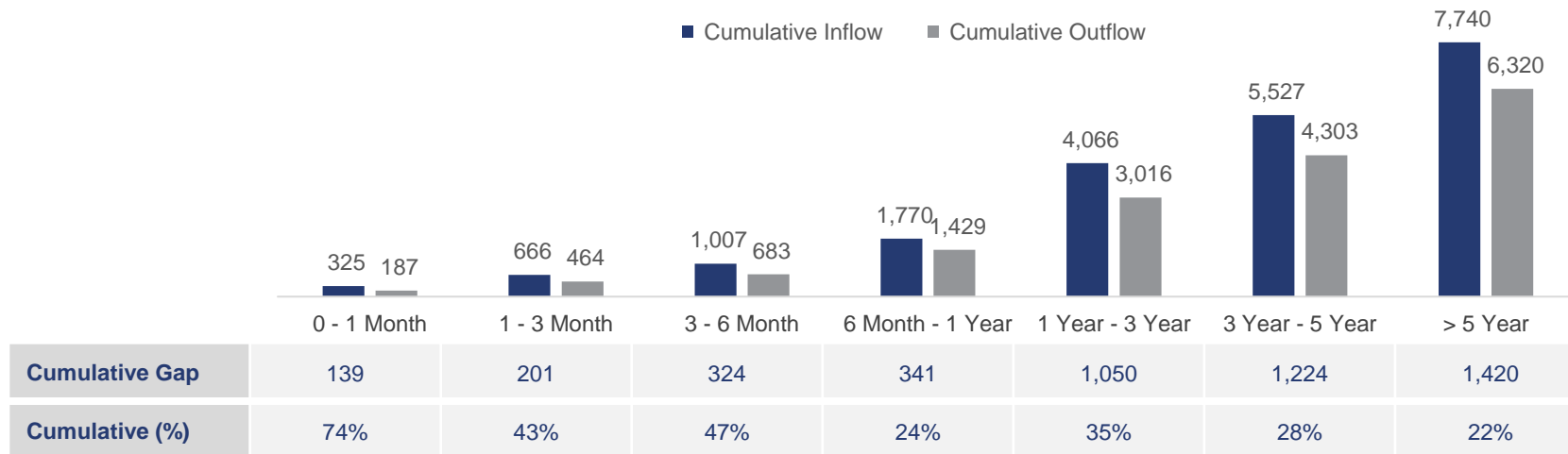
\*The reduction in GNPA / NNPA is despite the alignment with revised NPA definition as per RBI circular | Comparison of aligned GNPA / NNPA on Sep-22 drawn from GS3 / NS3 of previous periods

# ALM statement and Liquidity - PHFL

Well matched ALM profile | Adequate liquidity



## Structural Liquidity Statement as on 30<sup>th</sup> Sep 22



Liquidity as on 30<sup>th</sup> Sep 22 at ₹ 1,026 cr in form of cash and cash equivalents and undrawn bank lines

# Profit & Loss Statement - PHFL



Particulars	Q2FY23	Q2FY22	Q1FY23	YoY	QoQ	FY22
<b>NII</b>	<b>109</b>	67	88	<b>62.6%</b>	<b>24.5%</b>	263
<b>Opex</b>	<b>59</b>	32	45	<b>84.7%</b>	<b>30.6%</b>	147
<b>PPOP</b>	<b>50</b>	35	43	<b>42.6%</b>	<b>18.0%</b>	116
<b>Credit cost</b>	<b>7</b>	10	2	<b>(31.7%)</b>	<b>186.7%</b>	14
<b>Profit Before Tax</b>	<b>43</b>	25	40	<b>72.0%</b>	<b>8.0%</b>	101
<b>Profit After Tax</b>	<b>33</b>	<b>19</b>	<b>30</b>	<b>75.1%</b>	<b>8.3%</b>	<b>77</b>

# Balance Sheet - PHFL



Particulars	30-Sep-22	30-Sep-21	31-Mar-22
Cash & Bank balances	173	62	62
Loans (Net of provision)	4,727	3,252	4,177
Other Financial Assets	133	111	86
Non Financial Assets	63	37	62
<b>Total Assets</b>	<b>5,095</b>	<b>3,462</b>	<b>4,387</b>
Borrowings	3,838	2,337	3,198
Other Liabilities	106	87	107
Share Capital	252	250	252
Reserves & Surplus	899	788	830
<b>Total Liabilities</b>	<b>5,095</b>	<b>3,462</b>	<b>4,387</b>

# Agenda



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# Way Forward

## Lead indicators point at strong performance in H2FY23 & beyond

- ▶ **Strong growth expected in H2FY23 & beyond**

Achieved monthly organic disbursement rate of ~ ₹ 1,300 cr in Sep 22 providing momentum for future growth  
Strong digital distribution model and product diversification

- ▶ **Direct Digital Program to continue strong trajectory**

Increased traction from Customer interface + Rise in X-sell / upsell

- ▶ **Foray into consumer loans and small ticket personal loans**

Focused on mass affluent, enabled by risk analytics & low cost of acquisition

- ▶ **Cost of borrowing increase to be optimized in rising rate environment**

Long term rating upgrade to 'AAA/Stable', diversification of liabilities & strong ALM management

- ▶ **Deepening Technology, Digital & Analytics - Roadmap**

For accelerated growth in consumer loan segment & superior customer experience

## Digital Transformation Journey So Far & Way Forward

It's been 5 quarters since Magma acquisition; we have successfully completed Phase 1 of technology transformation and launched multiple new products as per our stated strategy. It has helped put in place a stable and scalable digital platform.

With strong roots in place, the Company has now embarked on the phase 2 journey and on its way to launch Consumer Loans, EMI card, Credit card, and other Digital Loan offerings over the next 2-3 quarters through a state-of-the-art digital platform to offer superior customer experience.

Forthcoming slides outline the strategic roadmap of Phase 2...

# Strong Roots of Digital, Technology & Analytics

Successfully implemented in Phase 1 over the last 5 quarters



Core Platform	Customer Relationship Management	Loan Origination Platform	Rule Engine Platform	Loan Management Platform	Collection Management Platform
	Lead generation Calling & Campaigns Validations & Checks	Onboarding Process workflow Advanced validations	Real time Analysis Policy validation Decision engine	Loan Servicing Loan Repayment Loan Closure	Dues follow up Case Allocation & Legal Repo. & Settlement
API Gateway	Multiple APIs for seamless interface				
Marketing Solutions	SMS	WhatsApp	E-mail	Custom Journeys	Contact Centre
	Dialler Operations	Customer History	Customer Offers	Single customer view	Call Governance
Contact Centre	Across Sales & Service				
Data & Analytics	Straight Through Processing (STP)	Pre-Approved / Qualified Offer Generation	Product X-Sell / Up Sell Propensity	Data Warehouse	Analysis & Reporting
Digital	Digital KYC Smart Contract	Chatbot & Robotic Process Automation	Unified Payments Platform	End 2 End Web based Journeys	Strong Digital Marketing Capabilities
Infrastructure	Cloud Infrastructure	Disaster Recovery Infrastructure	High Availability Infrastructure	Data Security	Cyber Security
Channels	Branch    Direct Sales    Web    Contact Centre    Direct Sales Agent    App				

# Phase 2: Deepening Technology, Digital & Analytics

More Innovative, Digitized, Personalized, Engaging & Convenient - For superior customer experience



Highly customised orchestration layer integrating across channels to create unique experience

Data	Apps	Consumer Products	Eco-System	Personalization	Engagement
Consent Based Data	Consumer App	Transaction Credit	Merchant Partnerships	Demographic	Rewards
Digital Footprint Data	Merchant App	Subvention Based	E-Commerce Partnerships	Behaviour	Promotions
Eco-System Data	Partner App	Check Out Finance	Payments Partnerships	Propensity	Utilities
Auto Refresh Data	Referral App	Card Products	Merchant Platforms	Contextual	Notifications

Best –In-Class → || Customer Experience || Customer Service || Customer Engagement ||

**The Future of Digital is here...Optimised for Network Effect...  
and hence Disruptive Growth.**

# Phase 2 :Journey Started..

## Ground-work on various initiatives underway



Enhanced Digital Platform	Customer Portal	Straight Through Disbursal Platform	Customer Mobile Super App	App Based Lending & Referrals	Digital Collections Platform
	Partner On-boarding & Self Service Platform	Automated & Fully Integrated Sales Incentives & Commissions Engine	Fully Integrated Cloud ERP Platform	Merchant Mobile App	Fully Integrated Treasury Management Platform
New Digital Products	Supply Chain Finance	Merchant Finance	Virtual Cards	Transaction Finance	Credit Limit Program
Network & Marketplace	Marketplace	E Commerce	Referrals Program	Co-Lending	QR Code Merchants
AI & ML Initiatives	ML Scorecards based Campaigns	AI Enabled Automated Voice Based Collections	AI Enabled Digital Assistant for Customer Self Service	Omnichannel Customer Persona Based Onboarding	AI Powered Transaction Recon Engine
	AI Powered Automated Outbound Sales Calls	AI Powered Inbound Voice Assistant	ML Based Collections Scorecard	ML Based Behavior Scorecard	ML Powered Sales Forecast & Management Dashboards
Infrastructure	Multi Cloud Hosting	Enhanced Info Security Operations Center	Network Operations Center	DevOps Platform	Zero On-Premises Data Center
Future Tech Thought Leadership	250+ In-house Development Team		Industry best Training Program for Fresh Engineering Talent		

# Phase 2: Enhanced Customer Service - 360° View\*

Self Service, Personalized, Insight Driven – “Making Service delivery a Sales Channel”

## Self Service & FTR Resolutions

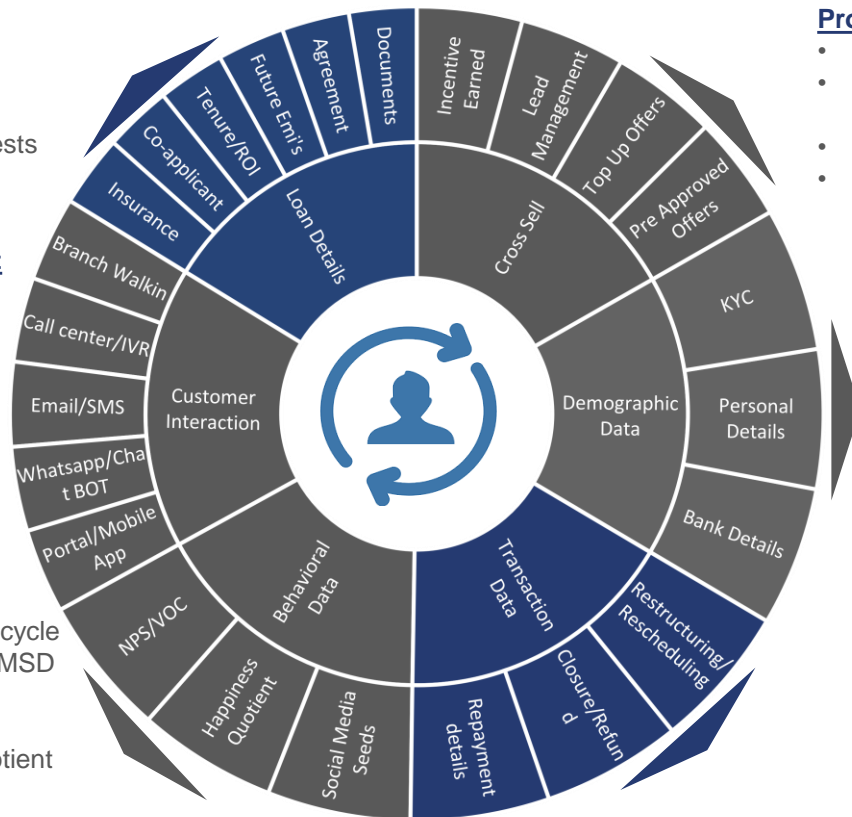
- Agent assist & Customer 360
- Loan details
- One click send for customer requests
- Integration with Insurance hub

## Customer Interaction Management

- Omnichannel 360° View
- Hyper-Personalization for distinctive & contextual experience.
- CRM to Cloud telephony dialler Integration
- Customer Portal & Mobile App
- Self Serving Kiosk @ branches
- Integrated Communication Hub

## Customer Insights

- NPS – VOC Collections across lifecycle
- NPS Score addition & mapping in MSD CRM through all digital channels
- Customer Sentiment Analysis
- Building Customer Happiness Quotient
- Contextual hyper-personalized communications



## Promote & Manage Cross Sell

- Segmented campaign management in CRM
- STP fulfilment journey for Pre-Approved Offers
- Co-browser assisted Journeys
- Lead Management & tracking

## Drive STP & FTR

- E-Nach Status/curing/swapping
- E-Nach registration (tracking)
- CKYC / Re-KYC initiation
- Personal data updation (Email / Mobile)

## STP Servicing, Process Automations

- Unified Payment Platform
- Realtime Payment Posting & Receipting
- Proactive NOC Issuance Automation
- Closure & Refund Issuance Automation

\*Significant progress made in these propositions

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# Board of Directors - Poonawalla Fincorp

Experienced & Diversified Board



**Mr. Adar Poonawalla**  
*Chairman &  
Non-Executive Director*



**Mr. Abhay Bhutada**  
*Managing Director*



**Mr. Amar Deshpande**  
*Non-Executive Director*



**Mr. Sajid Fazalbhoj**  
*Non-Executive Director*



**Mr. Atul Kumar Gupta**  
*Non-Executive Director*



**Ms. Vijayalakshmi R. Iyer**  
*Independent Director*



**Mr. Prabhakar Dalal**  
*Independent Director*



**Mr. Bontha Prasad Rao**  
*Independent Director*



**Mr. G. Jaganmohan Rao**  
*Independent Director*



**Mr. Sanjay Kumar**  
*Independent Director*

# Awards and Accolades

## Recognition from Industry circles



### HR Practices



Recognized as the most preferred workplace 2022-23

### Customer Centricity



One of the most Customer centric Brands at Economic Times CX Summit 2022

### Digital NBFC



'Best Digital NBFC of the Year' award at the 4th Annual India NBFC Summit 2022

### Cyber Security



'Cybersecurity Financial team of the year 2022' by Quantic India

### Operational Excellence



Gold award at the 37<sup>th</sup> annual convention of Quality control forum of India (QCFI) - 2022

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