

Q2FY25 Investor Presentation

October 25, 2024

Sustainable | Predictable | Productive

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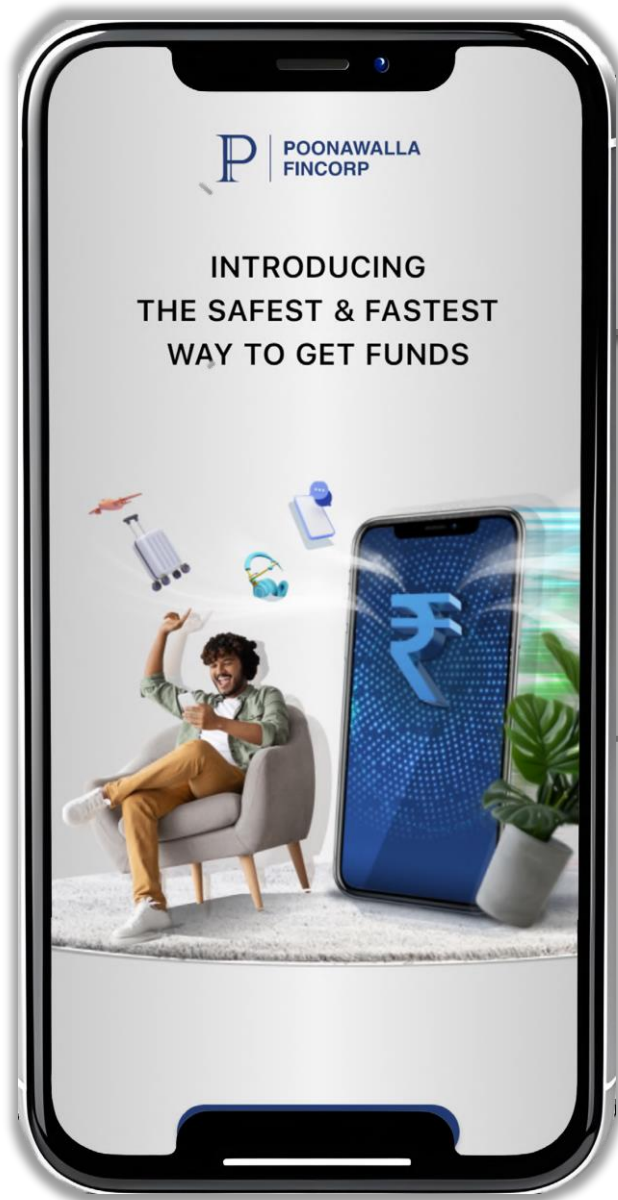
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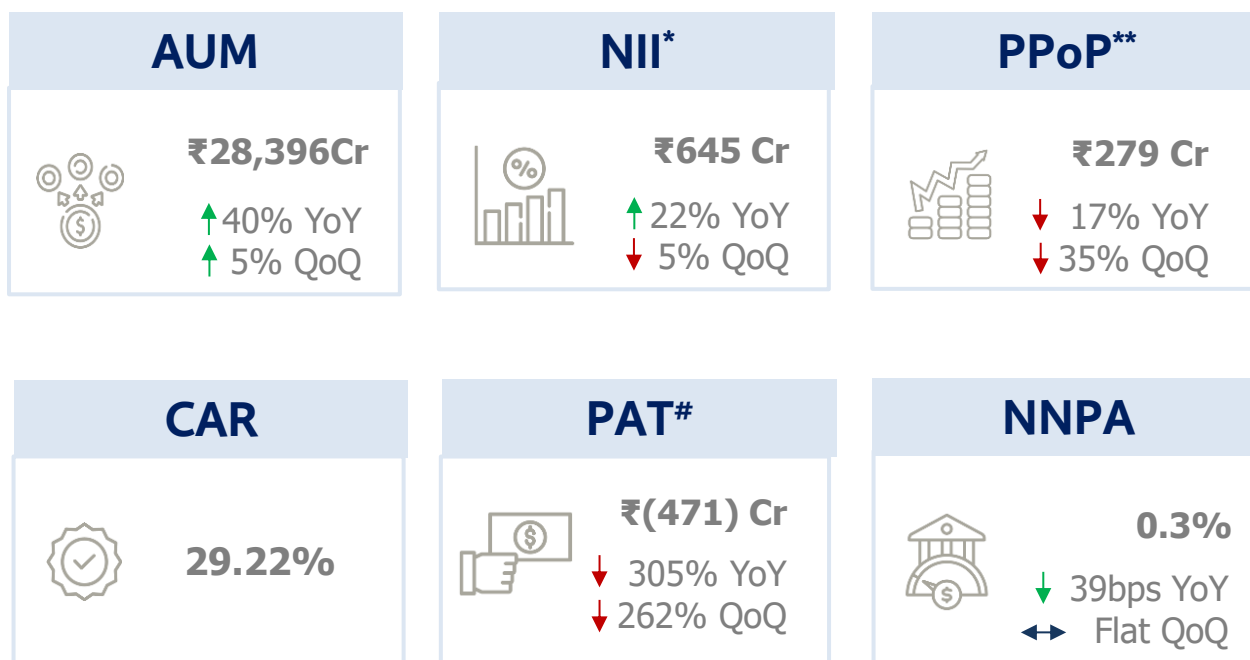
Board of Directors, Management Team, ESG and Awards



1. Key Highlights

Financial Highlights

Sustained AUM growth; Stepping-up investments



*Including fee and other income

**Includes one-time Opex of ₹ 71 Crore

Includes one-time Opex of ₹ 71 Crore and one-time provisioning of ₹ 666 Crore in STPL book
Q2FY24 excludes exceptional item

- Consistent growth in AUM despite moderation in STPL due to credit recalibration
- One-time Opex and ongoing investments in technology, distribution and people impacted PPoP during the quarter
- Upfront investments to drive future growth
- Higher credit costs on account of one-time provisioning for STPL
- NNPA maintained at 0.3%

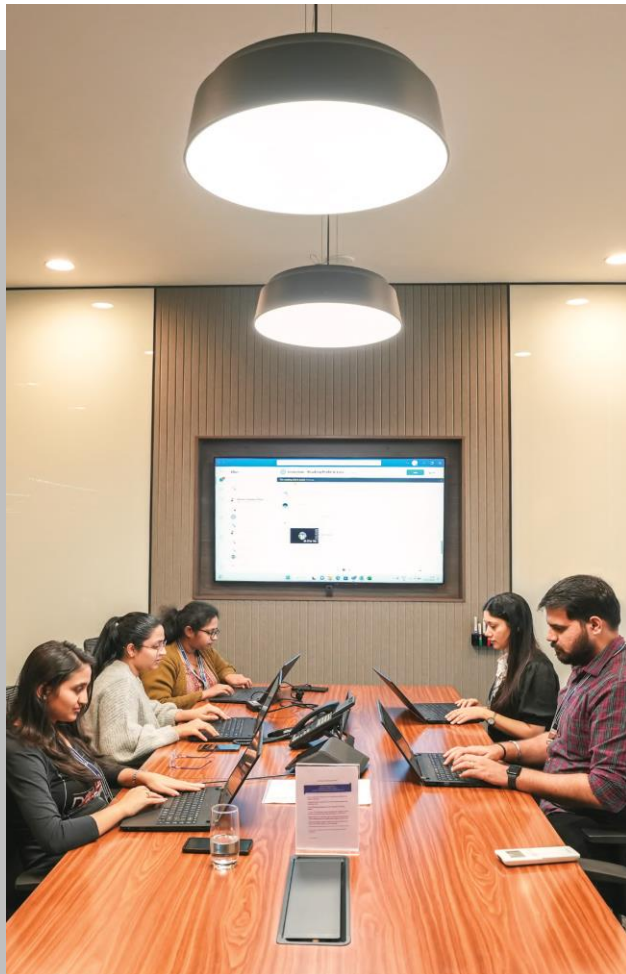


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✓ Assets

✓ Liability

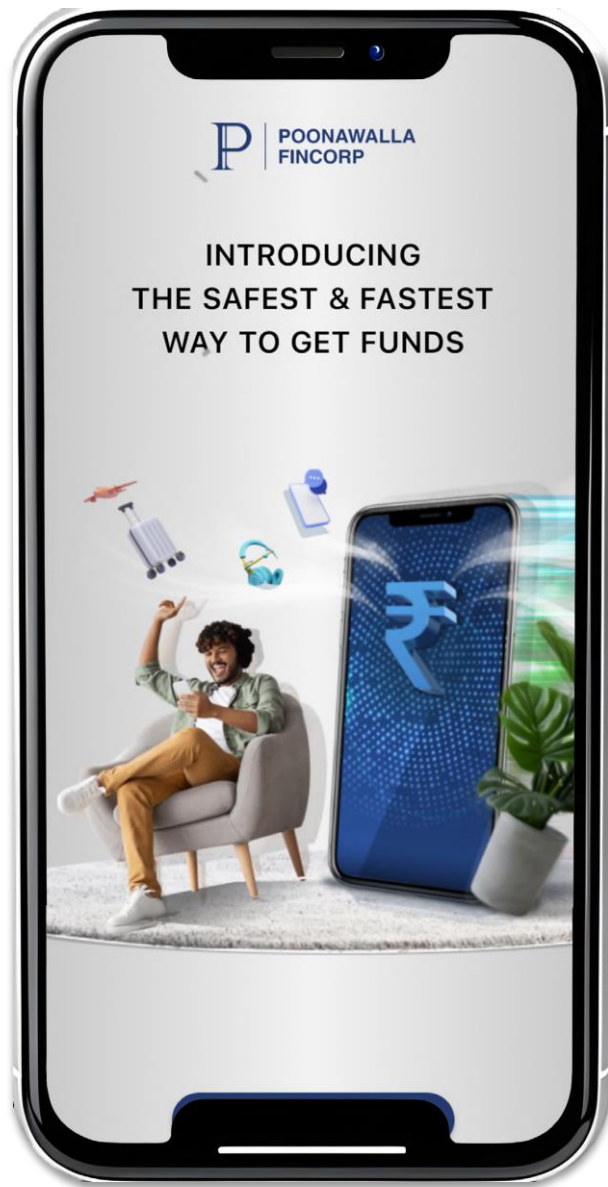
✓ Risk Management

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2. Business Overview

Our Vision and Mission



Vision

To be the most **trusted financial services brand**

Trust denotes legacy and brand promise

Financial services: Holistic term that broadly defines the current and future business expansion

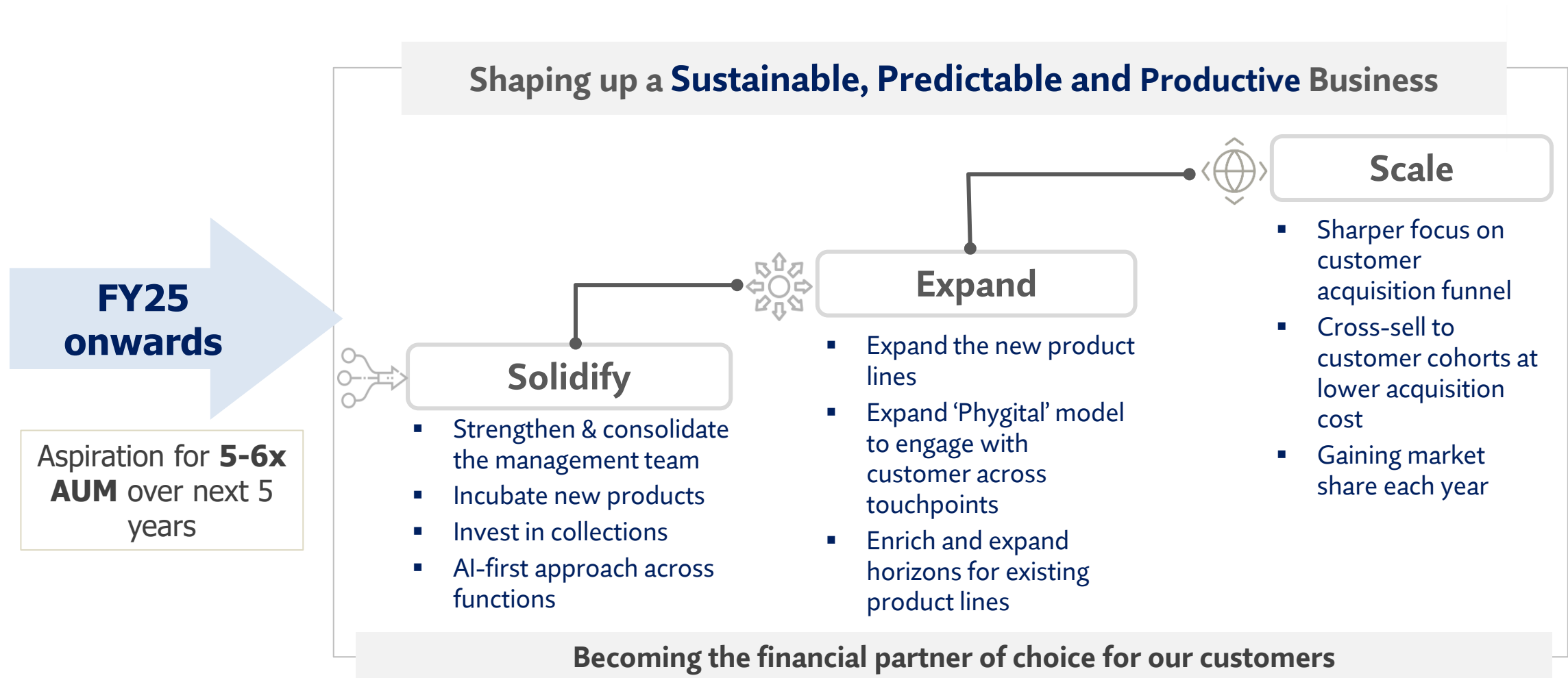


Mission

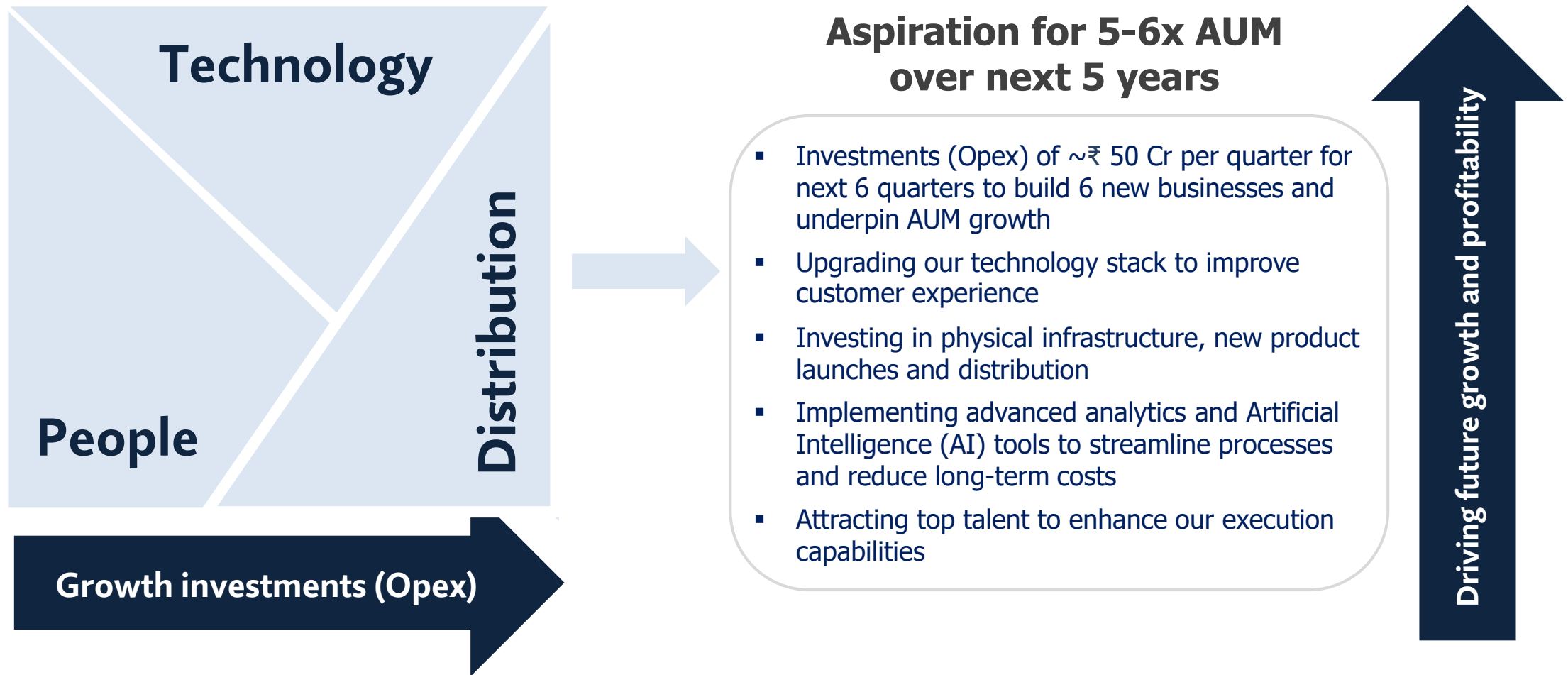
To help our customers succeed financially, and our values guide everything we do: Ethics, Integrity, Inclusion, Teamwork and strive to be the financial partner of choice for our customers, aiming to make a positive impact in our communities.

Way Forward

Solidify, Expand and Scale



Strengthening the core – Investments for growth



Optimising product mix

Incubate and expand with product lines



New Product Launches



PL Prime

- Quality of customers
- Foundation for cross-selling
- Launch digitally and physically



Consumer Durable

- Build large customer franchise
- Generate visibility
- Build high yielding cross-sell models
- No incremental branch infrastructure cost



Shopkeeper Loans

- No incremental branch infrastructure cost
- Business happens at POS
- Both physical and digital models



Used CVs

- Profit maximiser
- Enhancing MSME portfolio
- Secured business



Gold Loans

- Secured business
- Geographical expansion: High potential in T2/T3 markets
- 400 branches to be launched by FY26 with very strong cross-sell machine
- Profit maximiser



Education Loans

- Well-defined end use
- Large market and cross sell opportunity for parents and students in future
- High Customer Lifetime Value

400 Gold loan branches to be launched by FY26

Nurturing customers throughout the lifecycle

AI-led digital strategy

One-stop shop for customer servicing and value-added services



Disbursement through App for PL has already picked-up and web-based loan applications and complete digital onboarding will be replicated for other products as well

Digital Onboarding

Account Aggregator
based Banking

Alternate Data

Dedicated Customer
App & Call Support

eKYC & Signing

AI & ML models

Intelligent System
Based Decisioning

App will evolve as a one-stop shop for customers

Servicing Features

Enhancement of the interface to improve interactivity and usability

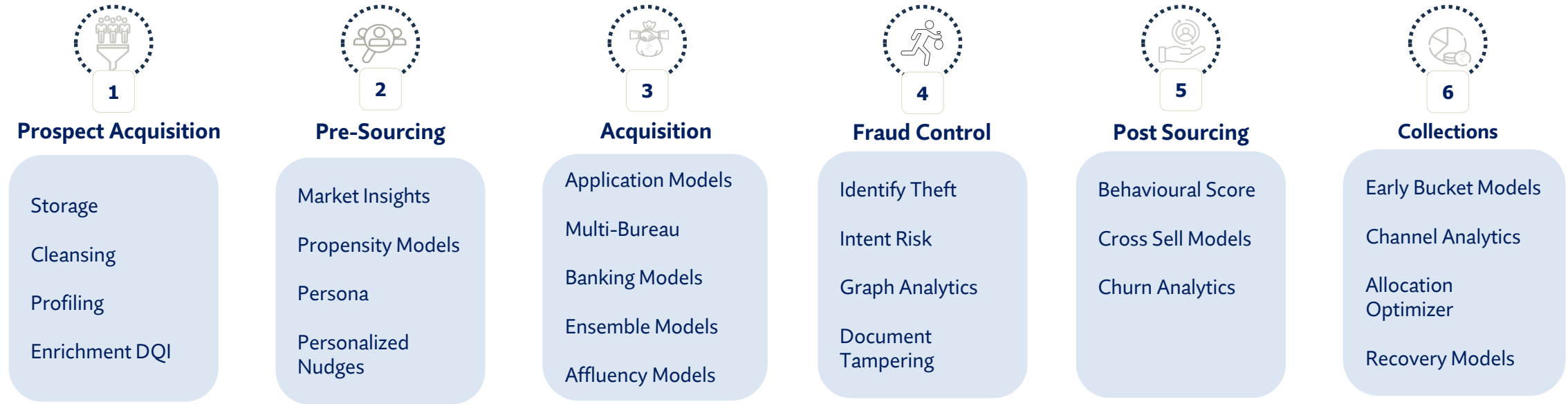
Engagement Features

Enhanced value-added services for customers

Specific AI projects have been launched

Leveraging data analytics

Application across Product & Credit lifecycle



Powered by Enriched Data and Capability Stacks



Data Marts



AI/ ML Techniques



Hyper personalization



CI/ CD



Reinforcement Learning



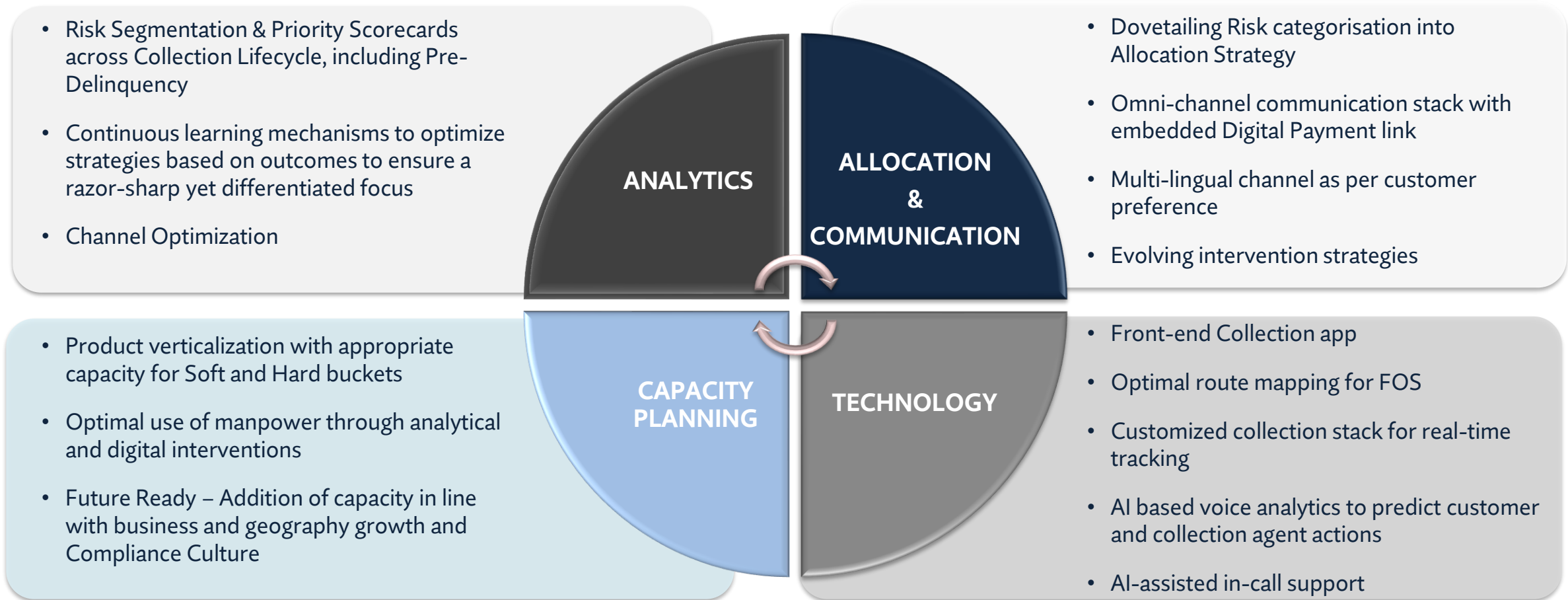
Alternate Data
& Partnerships Score



Enriched Customer Experience

A future-ready collection strategy

Scaling collection infrastructure



Deepening engagement with all stakeholders

Fostering strong relationships across the value chain



Employees

- Implementation of robust engagement framework to foster a vibrant and connected workplace
- Comprehensive Programs and initiatives aimed at nurturing and building future leaders
- Framework in place to deepen Connect with employees for addressing concerns and celebrating success
- Talent development and succession planning



Channel Partners

- Increase partner visibility and reward & recognize them in their growth journey
- Enhance transparency & turn around time (TAT) through seamless business processes & technology
- Upgrade to a quick and effective feedback and query resolution mechanism



Customers

- Holistic customer engagement plan
- Personalize services and products to meet customer expectations
- Strengthen quick and effective query resolution mechanism

Human Resources: Planned Innovations and Goals



HR Vision

To enable both HR and employees to complete HR-related tasks with minimal effort, aiming to achieve “Zero Clicks” experience

1 Employee Development

Prioritizing employee development by continuous learning and interventions to enhance productivity and ensure their long-term success

2 Candidate Experience

AI-enabled systems providing the best support throughout the application process to prospective candidates

3 Employee Lifecycle Management:

AI-enabled tools for continuous support to employees from Onboarding to Career Development
Focus on employee wellbeing

4 Empowering Managers

Managers to be equipped with AI-driven insights empowering decision making



Impact

Increased engagement with employees promoting their learning and development, navigation of career paths, and informed career choices

Better outcomes for both the candidates and our hiring process.

Transforming various stages of employees' journey.
Fostering employee engagement with enhanced satisfaction and focus on wellness

Improving managerial efficiency and fostering leadership development.

Leveraging Artificial Intelligence (AI) and Machine Learning (ML), emphasis on Large Language Models (LLMs), to drive towards goal of “Zero lag” in resolving employee queries

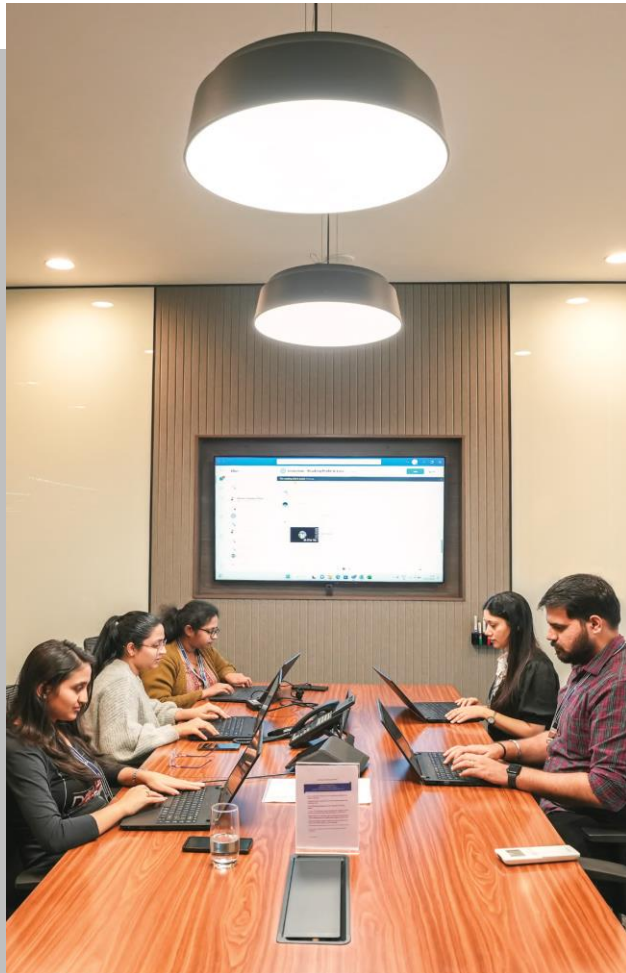


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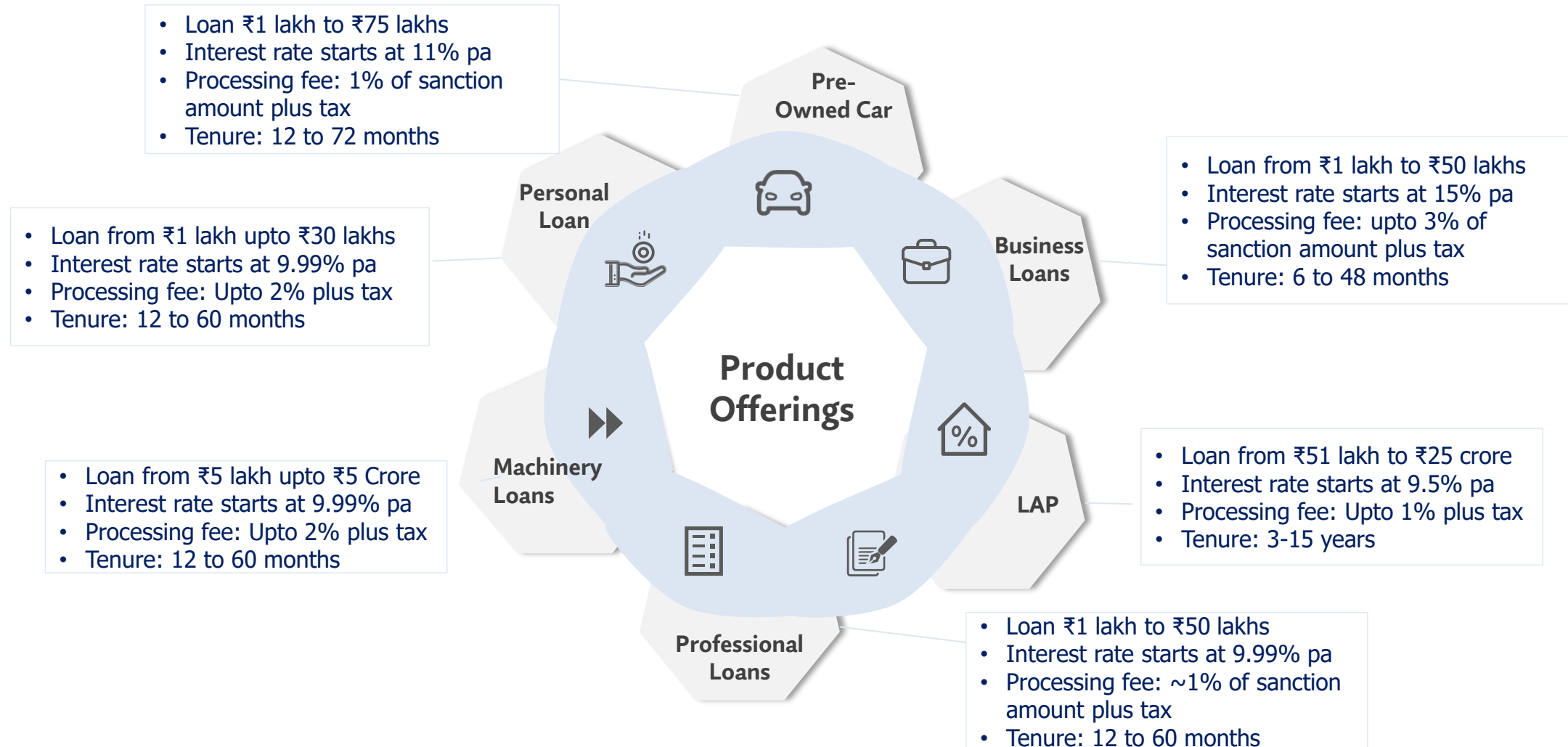
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Board of Directors, Management Team, ESG and Awards

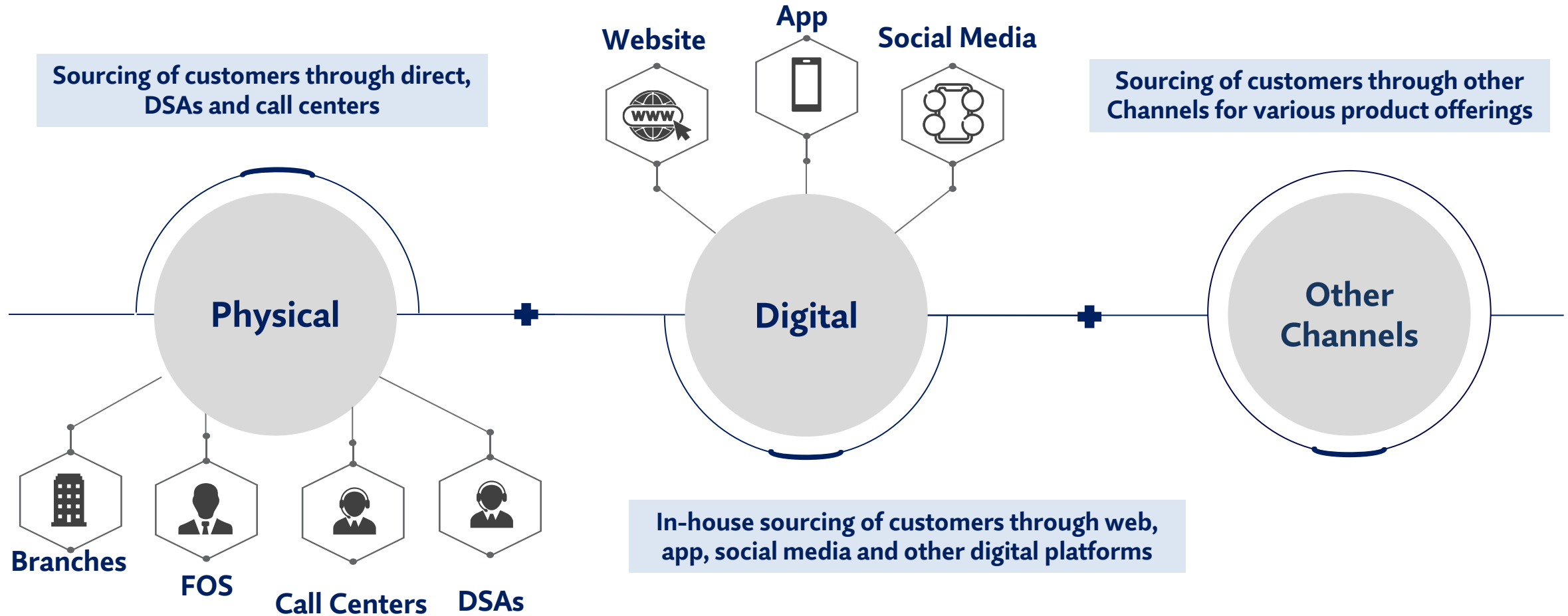
Well diversified product suite

Tailored to target our focused segment



Phygital Distribution Model

An architecture for customer sourcing



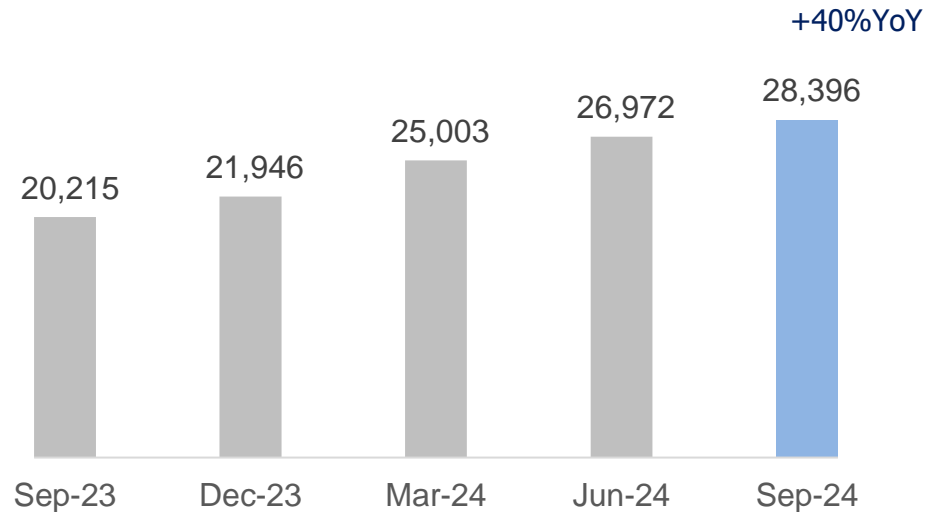
Assets Under Management

Diversified AUM with right secured to unsecured mix



- Consistent growth in AUM despite slowing down STPL for credit calibration
- Right balance of secured to unsecured mix at 51:49 with secured mix improving by 225 bps QoQ

Assets under Management [₹ crore]



AUM Mix

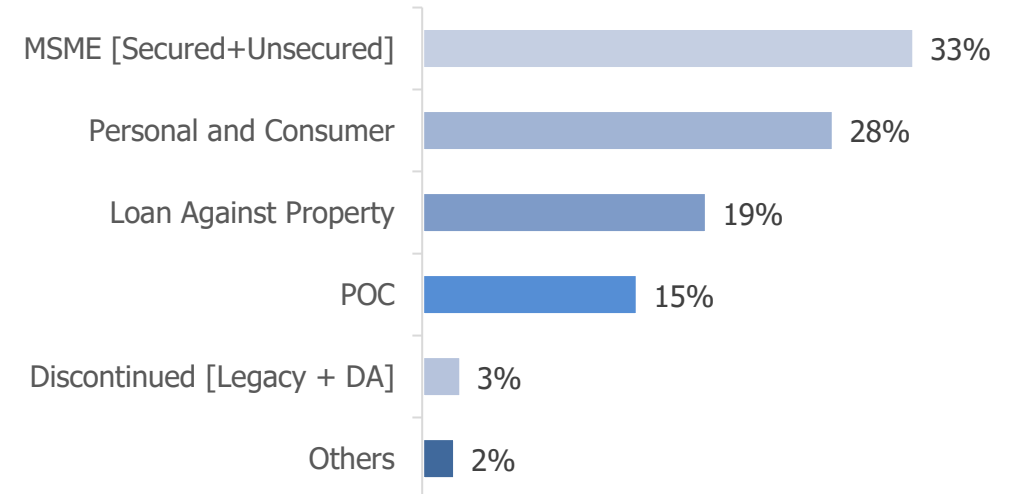




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Credit Rating

Highest rating - AAA



Long-term Ratings*

CRISIL Ratings

Q2FY25

CARE Ratings

AAA/Stable

Short-term Ratings**

CRISIL Ratings

Q2FY25

CARE Ratings

A1+

*Long-term rated instruments includes Bank Facilities, NCD and Subordinated Debt | **Short-term rated instrument includes Commercial Paper

Credit Ratings reaffirmed by both rating agencies in Q2FY25

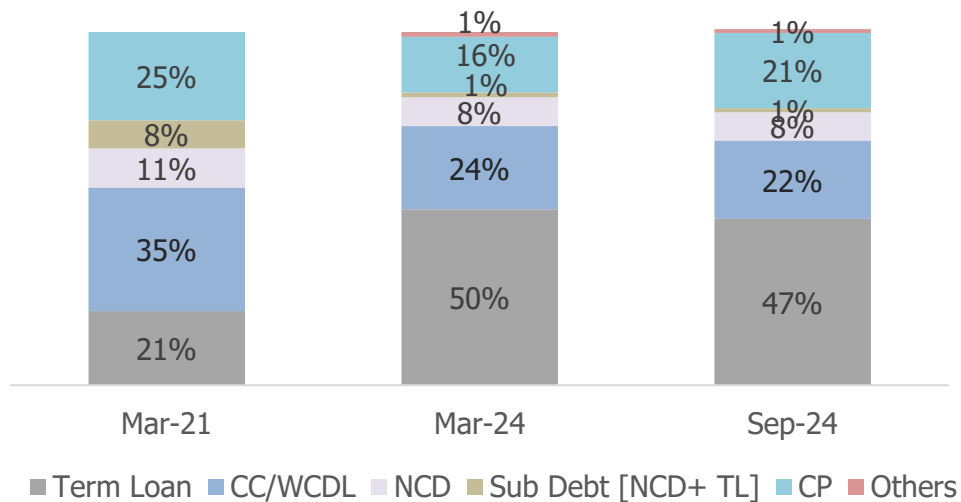
Composition of Borrowings

Well diversified liability profile

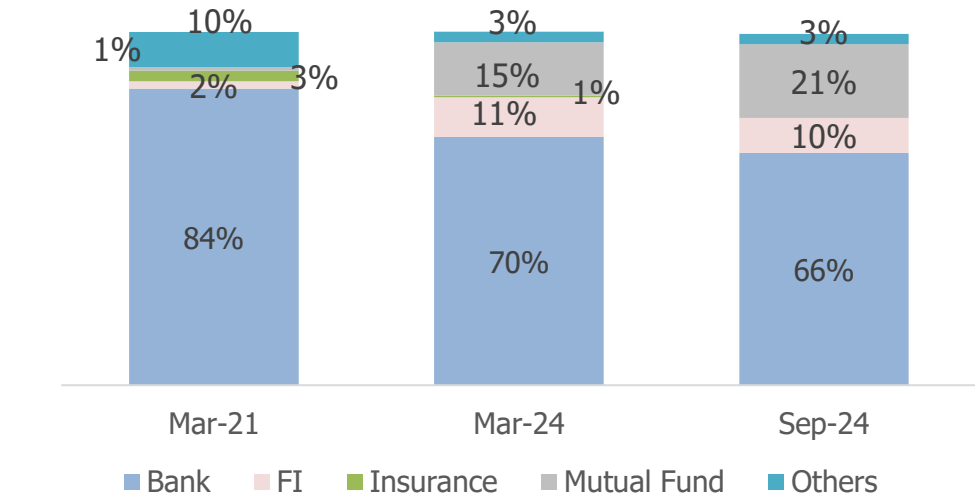


- Total borrowings as on Sep 30, 2024, at ₹ 18,107 crore
- 71% of borrowings are on variable rate
- Healthy mix of Short-term and Long-term borrowing ensuring positive ALM and optimized cost of borrowing
- Low leverage with D/E of 2.26x, providing headroom for growth

Instrument wise



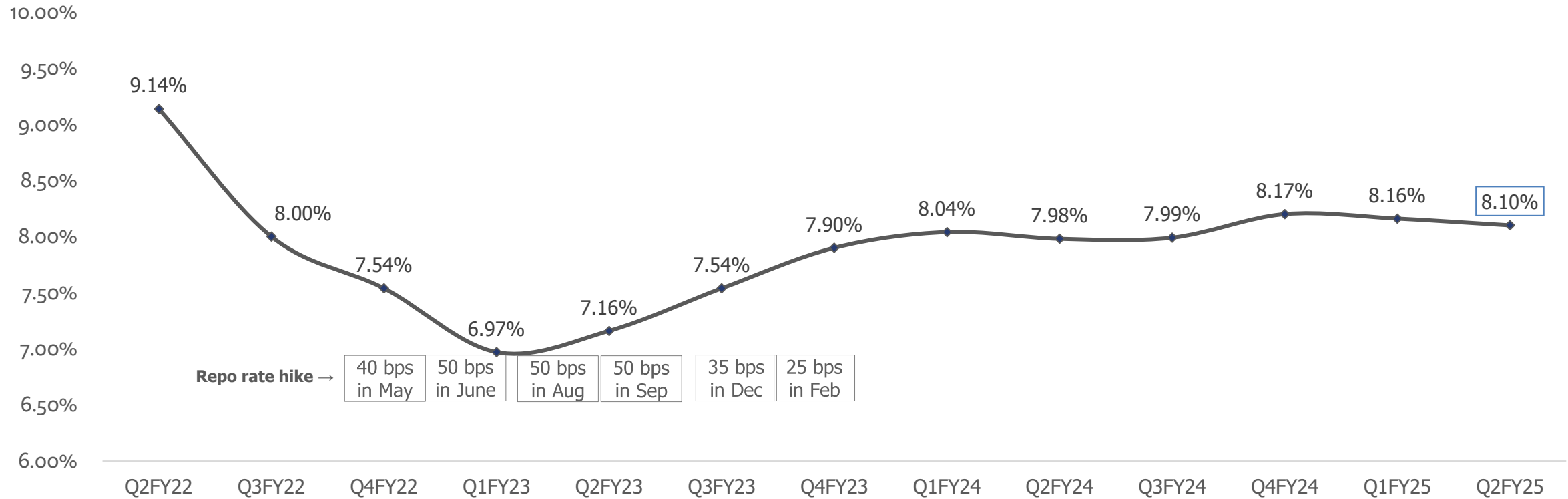
Institution wise



Optimizing Cost of Borrowing



CoB continues to remain among the lowest in the industry



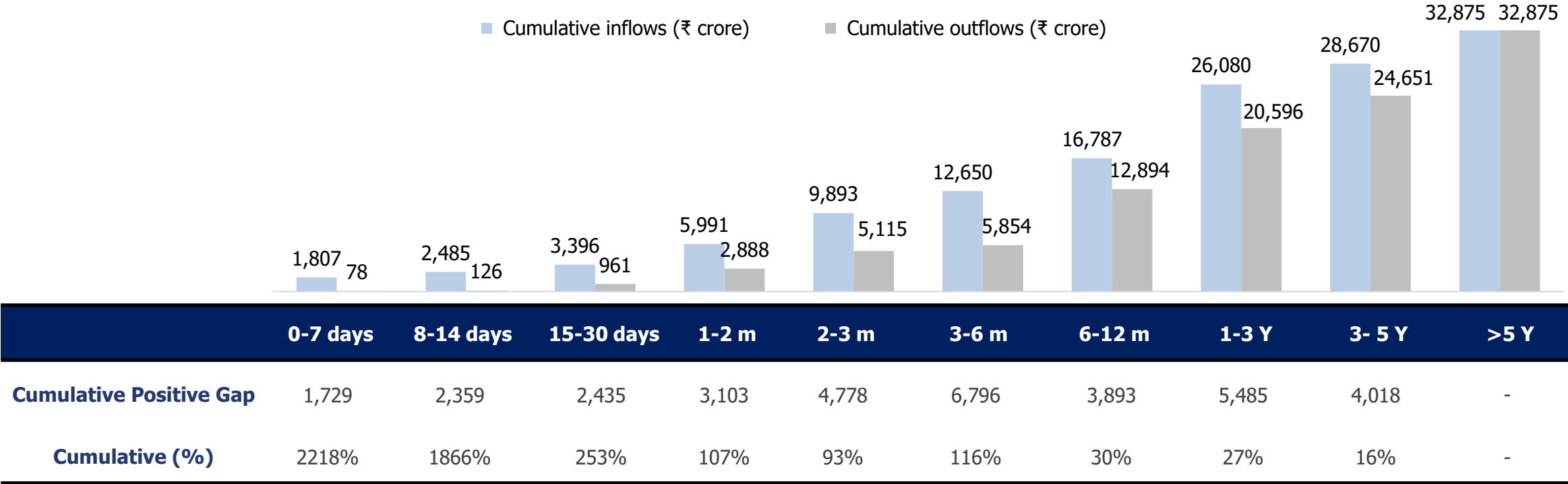
ALM statement and Liquidity



Structural Liquidity Statement as on September 30, 2024



Liquidity as on Sep 30, 2024, for PFL stood at ₹ 5,710 crore in the form of cash, cash equivalents and undrawn bank lines



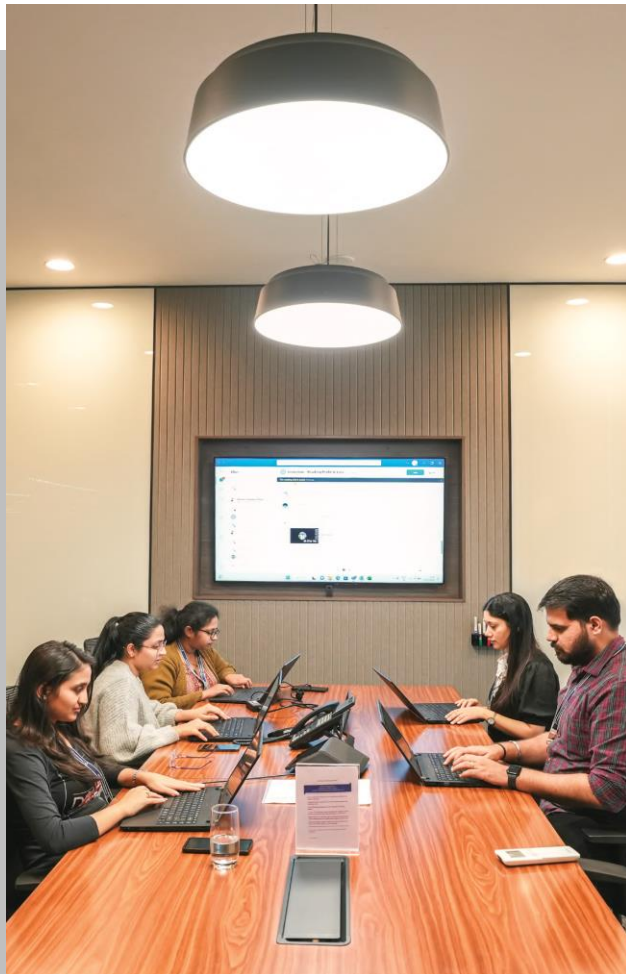


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Risk Management integrated into the strategy

Prudent risk management frameworks



Risk Management

Learn and evolve	Data driven Risk Management	360 Degree data mobilization	Fraud prevention and detection	Rule engine-based approach	Focus on risk adjusted return
<ul style="list-style-type: none">• Time maturity model• X-Sell & Up-Sell optimized	<ul style="list-style-type: none">• Segmented strategy based on risk profiling• AI-ML driven risk score-cards	<ul style="list-style-type: none">• Leverage alternate data and bureau insights• Mobilize customer data footprint and consumption	<ul style="list-style-type: none">• AI & ML models• Behavioral analytics• Transaction monitoring systems	<ul style="list-style-type: none">• Rules based credit models• Credit strategy to evolve basis portfolio monitoring and market insights	<ul style="list-style-type: none">• Risk based pricing for customers• Risk Return ratio optimized

Data and Risk driven lending

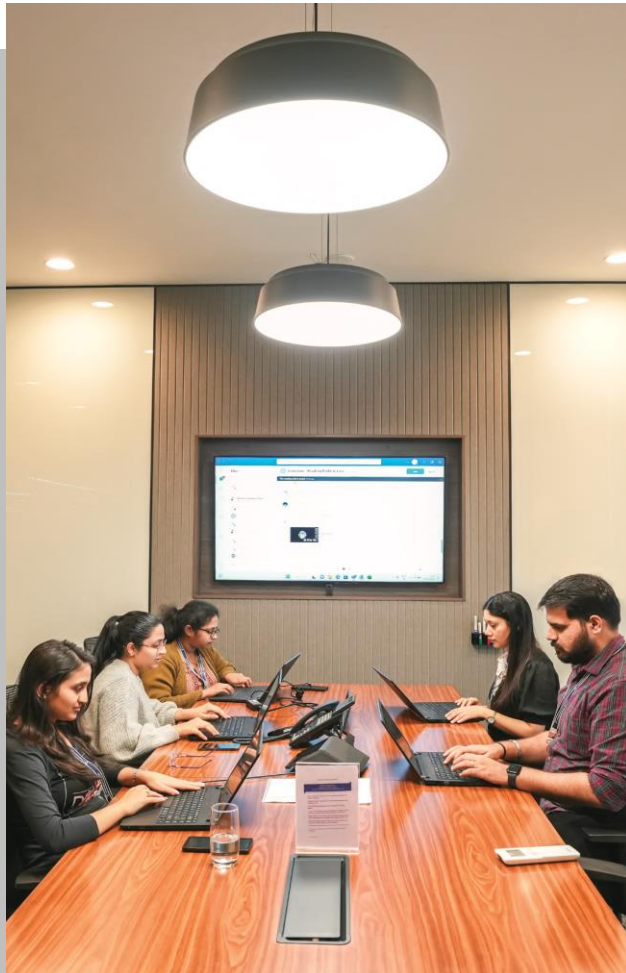


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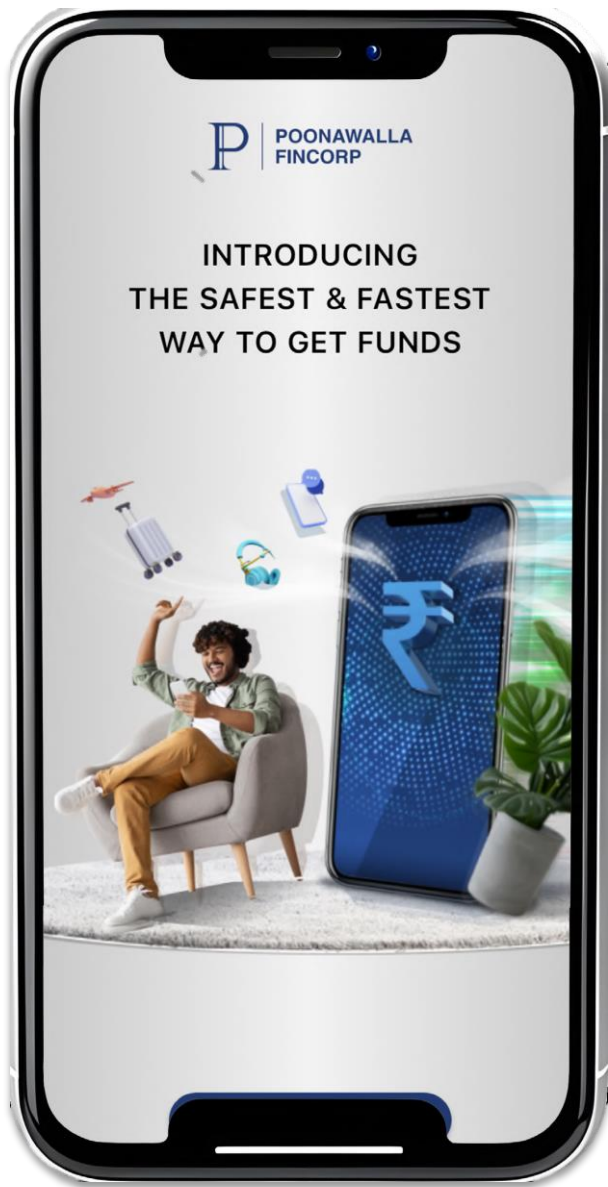
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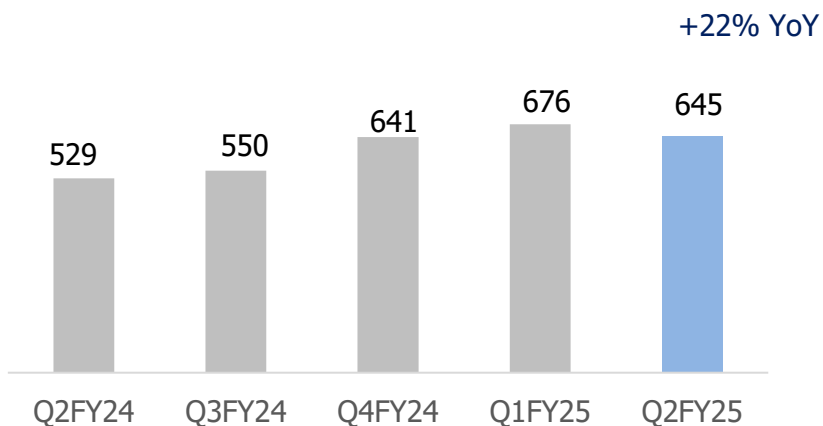
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Net Interest Income (NII) and Operating Expense

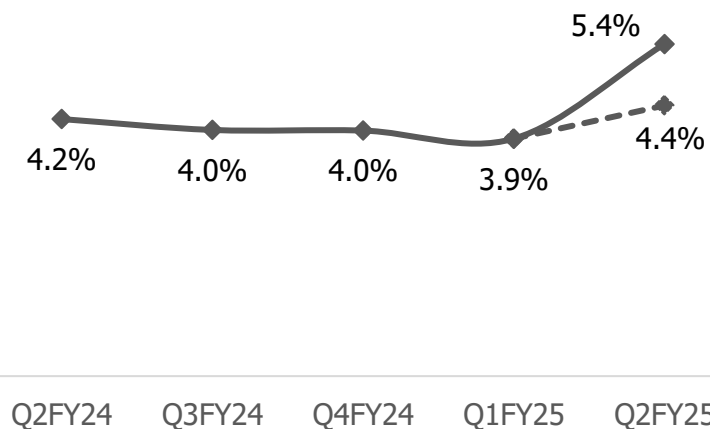
Consistent YoY growth in net interest income



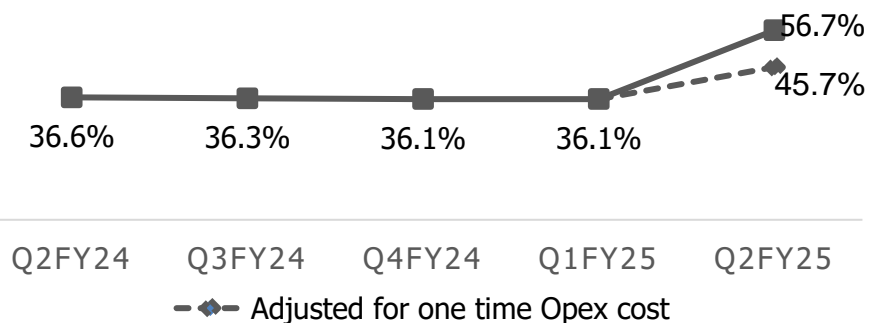
NII (₹ crore)



Opex to AUM ratio



Cost to Income ratio



- One-time Opex of ₹ 71 Crore
- Includes investments for future growth

Asset Quality Trend

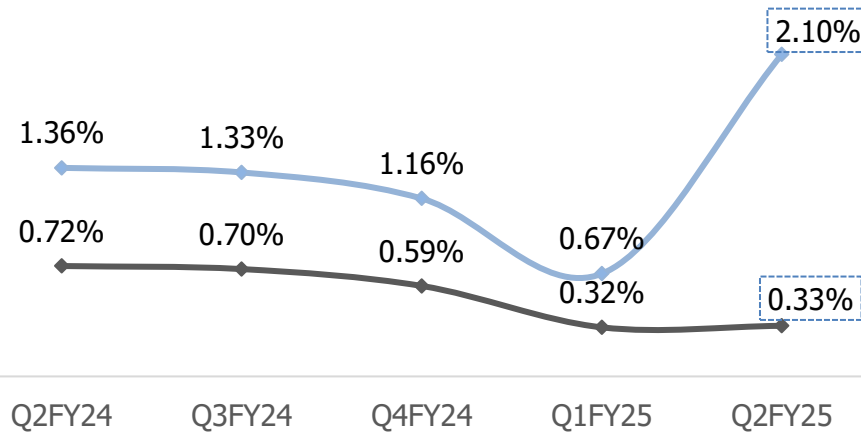
Prudent provisioning



- STPL portfolio one-time provisioning of ₹ 666 Crore taken during the quarter and recalibrated on credit parameters
- PCR improved from 52.53% to 84.47% QoQ
- NNPA stable at 0.33%; Increase in GNPA on account of higher slippages in STPL portfolio

GNPA and NNPA

— GNPA — NNPA



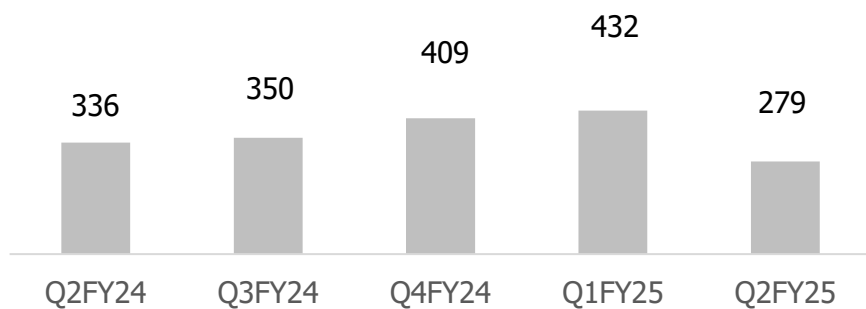
Particulars (₹ crore)	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Stage 1 Assets	18,657	19,706	22,204	23,903	24,771
Stage 2 Assets	604	745	615	713	764
Stage 1 PCR	6.7%	5.0%	3.4%	2.0%	2.8%
Stage 2 PCR	23.6%	18.9%	19.3%	14.4%	34.3%
Stage 1 & 2 PCR	7.2%	5.5%	3.9%	2.3%	3.7%
Gross NPA (Stage 3)	266	275	268	166	547
Net NPA (Stage 3)	140	145	136	79	85
Gross NPA (%)	1.36%	1.33%	1.16%	0.67%	2.10%
Net NPA (%)	0.72%	0.70%	0.59%	0.32%	0.33%
PCR (%)	47.17%	47.33%	49.39%	52.53%	84.47%

Profitability

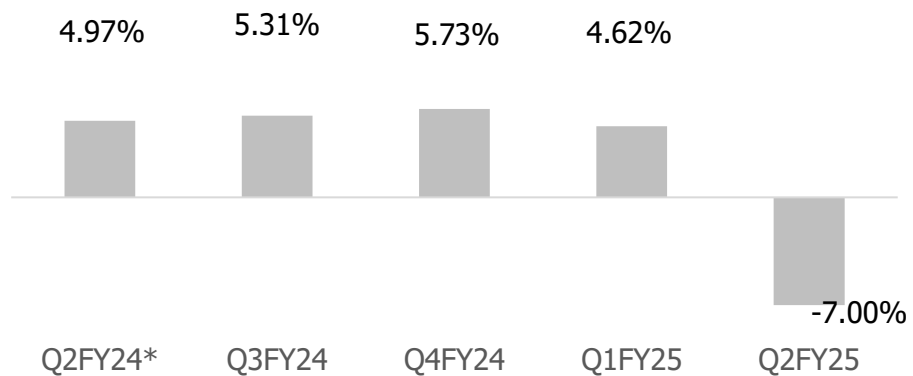
Ongoing investments



PPoP (₹ crore)

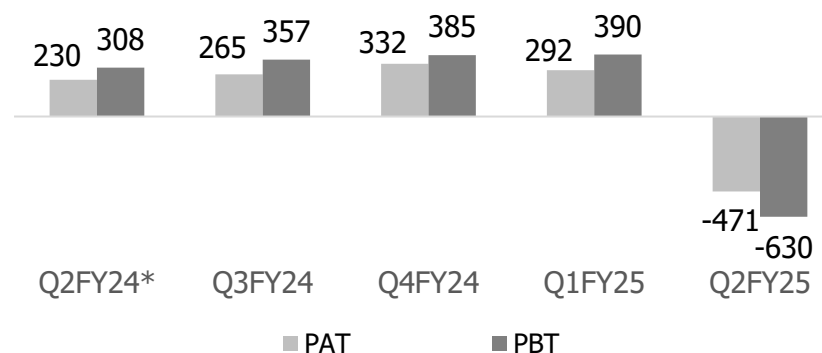


RoA



*Q2FY24 PAT excludes exceptional item gain

PBT and PAT (₹ crore)



- PPoP includes one-time Opex of ₹ 71 Crore
- PAT includes one-time Opex of ₹ 71 Crore and one-time provisioning of ₹666 Crore on STPL book

Profit & Loss Statement



₹ crore	Q2FY24	Q1FY25	Q2FY25
Total Interest Income	690	896	911
Interest expenses	216	320	352
Net Interest Income (NII)	475	576	559
Fee & Other Income	55	100	86
NII (inc. fees and other income)	529	676	645
Operating expenses	194	244	366
Operating profit	336	432	279
Credit cost	28	42	910
Exceptional Item	1,221	-	-
Profit/(Loss) before tax	1,529	390	(630)
Tax	270	98	(159)
Profit/(Loss) after Tax	1,259	292	(471)
One-time expense/(income)	(1,221)	-	736
Profit/(Loss) Before Tax (excl. one-time expense/(income))	308	390	106
Profit after Tax (excl. one-time expense/(income))	230	292	80

₹ 737 Crore includes one-time Opex of ₹ 71 Crore and one-time provisioning of ₹666 Crore on STPL book
 ₹ 1,221 Crore is income from sale of housing subsidiary net of provisions

Balance Sheet



₹ crore	Sep 30, 2023	Jun 30, 2024	Sep 30, 2024
Cash & Bank Balances	185	400	138
Receivables	32	19	15
Loans	17,952	24,083	24,646
Investments	657	1,063	1,239
Other Financial Assets	311	229	213
Non-Financial Assets	481	534	701
Total Assets	19,618	26,328	26,952
Borrowings	11,220	17,121	18,107
Other Liabilities	617	837	829
Share Capital	154	154	155
Reserves & Surplus	7,627	8,216	7,861
Total Liabilities	19,618	26,328	26,952

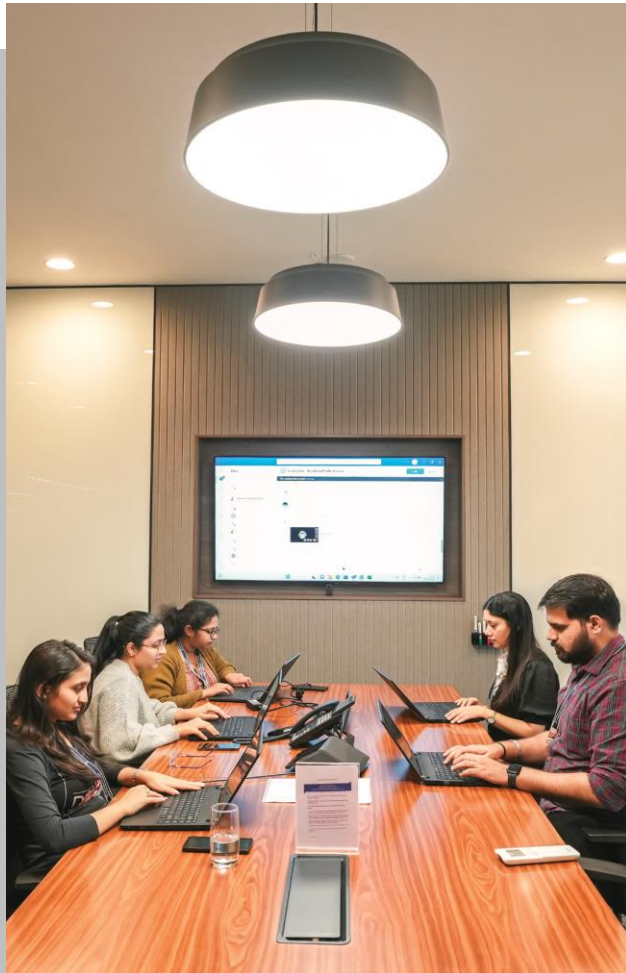


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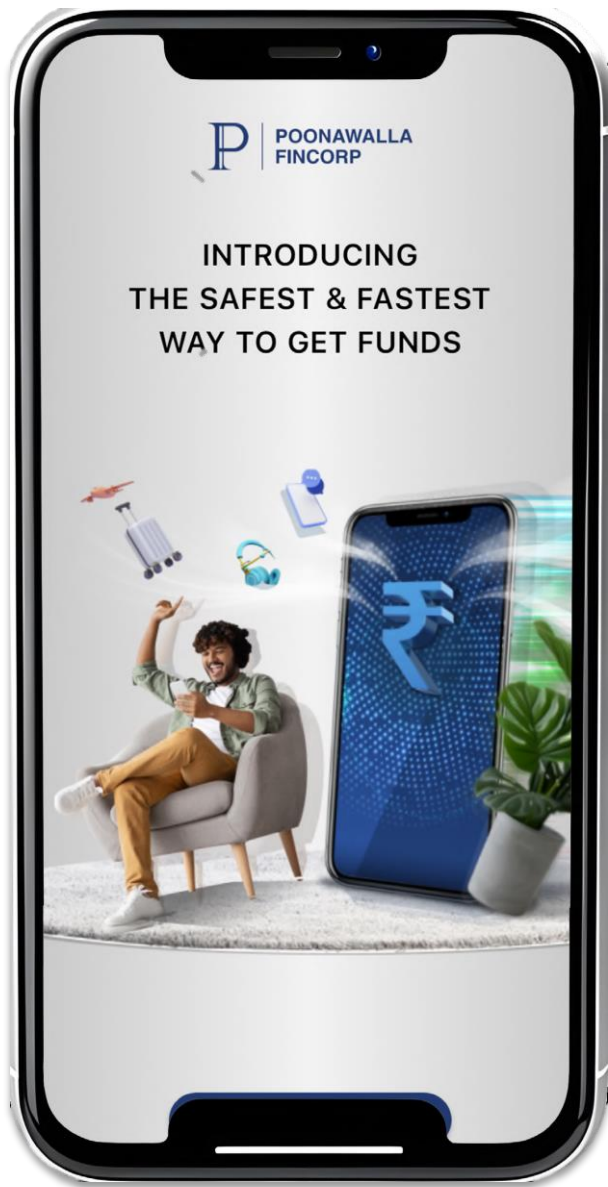
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Board of Directors, Management Team, ESG and Awards



4. Board of Directors, Management Team, ESG and Awards

Board of Directors

Commanding the course with the best governance standards



Mr. Adar Poonawalla
Chairman & Non-Executive Director

CEO of the Serum Institute of India (SII), the world's largest vaccine manufacturer by the number of doses produced and sold a year. Graduated from the University of Westminster in London. Founder of Poonawalla Fincorp and Villoo Poonawalla Charitable Foundation- launched to focus on increasing education, healthcare, safe water and environmental sanitation.



Mr. Arvind Kapil
Managing Director & CEO

Served as HDFC Bank's Group Head overseeing the mortgage banking business with a book size of 7.5 lakh crore. Also spearheaded the retail lending franchise at the HDFC bank. With an illustrious tenure spanning over 25 years, Mr. Arvind Kapil has been a trailblazer in harnessing digital solutions to revolutionise customer experience and groundbreaking innovations.

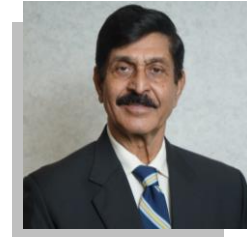


Mr. Sunil Samdani
Executive Director

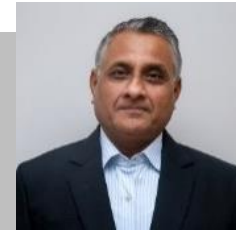
Seasoned financial professional and a strategic thought leader, with over two decades of rich experience in the BFSI sector. Served as Executive President and Chief Financial Officer of Bandhan Bank, Chief Financial Officer at Karvy Financial Services Limited, where he set up the treasury and finance functions for the NBFC.



Ms. Sonal Sanjay Modi
Non -Executive Director



Mr. Kewal Kundanlal Handa
Independent Director



Mr. Sanjay Kumar
Independent Director



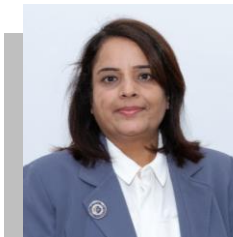
Mr. Prabhakar Dalal
Independent Director



Mr. Bontha Prasad Rao
Independent Director



Mr. Atul Kumar Gupta
Independent Director



Ms. Kemisha Soni
Independent Director

Management Team

Leading the next phase of growth



Mr. Arvind Kapil
Managing Director & CEO

Education: AMP-Harvard Business School, Master's program - IIM-B
Experience: HDFC Bank



Mr. Sunil Samdani
Executive Director

Education: CA, EDP from ISB
Experience: Bandhan Bank



Mr. Sanjay Miranka
Chief Financial Officer

Education: CA and CS
Experience: Aditya Birla Finance



Mr. Shriram V. Iyer
Chief Credit & Analytics Officer

Education: MBA, MDP- IIM-A
Experience: HDFC Bank



Mr. Vikas Pandey
Chief Business Officer - Consumer Business

Education: MBA
Experience: HDFC Bank



Mr. Veeraraghavan Iyer
Chief Business Officer – Commercial Business

Education: MMS, BE
Experience: HDFC Bank



Mr. Harsh Kumar
Chief Human Resources Officer

Education: MBA– HR and BE
Experience: CSB Bank, HDFC Bank



Mr. Bhaskar Pandey
Chief Risk Officer

Education: MBA and MCA
Experience: HDFC Bank



Mr. Bholananda Behera
Chief Compliance Officer

Education: MBA HR, PG- Senior Leadership XLRI
Experience: HDFC Bank, Canara Bank



Mr. Nitin Sane
Chief Internal Auditor

Education: PGDM in Financial Management, Master's in Criminology
Experience: Rabo Bank Group

ESG delivering sustainable long-term value to stakeholders

Prioritising responsible business practices



Our Approach

Environment

We are committed to sustaining our environment by responsibly maintaining and optimising our assets regularly. Our key initiatives would lead our business operations to run smoothly and create a friendly environment for all.

Social

We are committed to investing proactively in our workforce and fostering positive relationships with external stakeholders, including customers, lenders, vendors, and communities. Our social commitment is centred on prioritising people and building lasting partnerships for mutual benefit.

Governance

We are committed to strong governance that encompasses all of our business drivers, including strategic depth, code of conduct, board membership, risk management, and guiding principles.

Metrics

5575.05 GJ

Total energy consumed

Implemented energy saving measures

0.40 tCO2/H

Total Scope 1 and Scope 2 emissions intensity per rupee of turnover

82.78%

Reduction in e-waste generated vs FY23

- Responsible e-waste disposal mechanisms in place
- Reduction in paper usage- digitalising processes and encouraging paperless transactions
- Promoting responsible paper use - re-using printouts and providing digital alternatives for customer communications.

647

Students supported financially for pursuing education

100%

Beneficiaries from vulnerable and marginalised groups

Ensuring compliance with regulatory changes

Maintaining the governance standards

Emphasis on financial integrity, ethical conduct, transparency, and trust

Awards and Accolades

Industry Recognition for our brand



Human Resource



Certified as a great workplace by Great Place To Work (GPTW) from January 2024



India's Best Workplace in Health & Wellness 2023



Recognised as The Most Preferred Workplace 2023-24

Brand & Marketing



The Great Indian BFSI Customer Education Campaign of the Year



The Great Indian BFSI Anthem of the Year



The Great Indian BFSI Digital Marketing Campaign of the Year

At 4th edition of The Great India BFSI Awards 2024

Risk Management



Outstanding Risk Management Initiative



Outstanding Security Awareness

At 4th edition of ELETs BFSI Security Summit



Thank You!

For further information, please contact:

Team – Investor Relations



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www.poonawallafincorp.com

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