

Q1FY25 Investor Presentation

July 20,2024

Productive | Predictable | Sustainable

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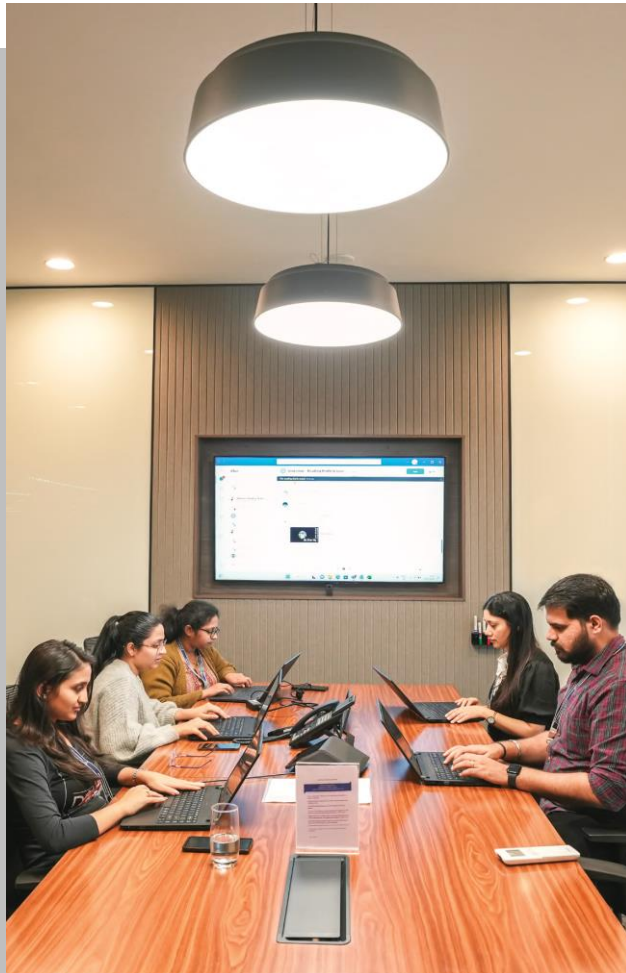


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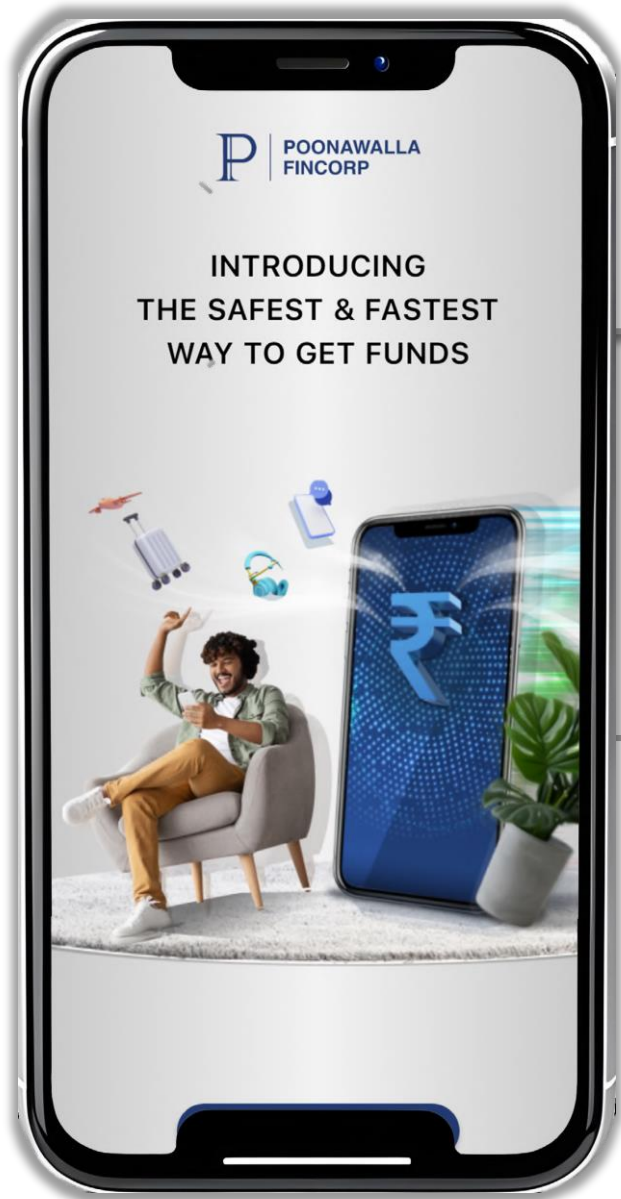
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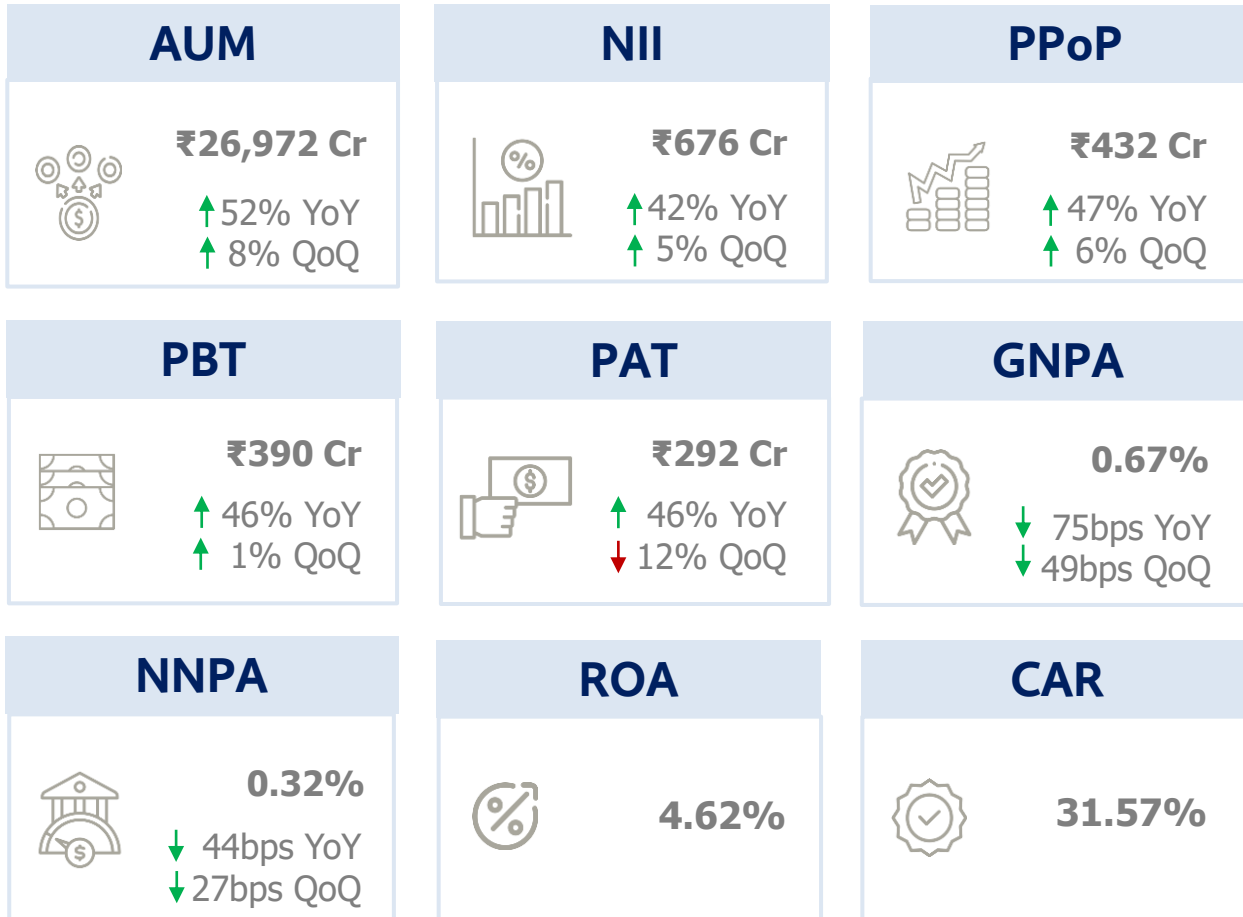
Board of Directors, Management Team, ESG and Awards



1. Key Highlights

Financial Highlights

Continued growth momentum



- **Mr. Arvind Kapil** joined as new **MD and CEO** on June 10, 2024, to spearhead the organization for the next phase of growth
- Consistent AUM growth across the product portfolio
- Enhanced operational efficiencies led by technology and efficient operations driving growth in PPOp
- **PAT** in Q1FY25 **seems lower QoQ** mainly on **account of one-time tax benefit** of ₹41 Cr in Q4FY24
- Robust capital management leading to healthy capital adequacy ratio



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Business Overview

✓ Vision and Strategy

✓ Assets

✓ Liability

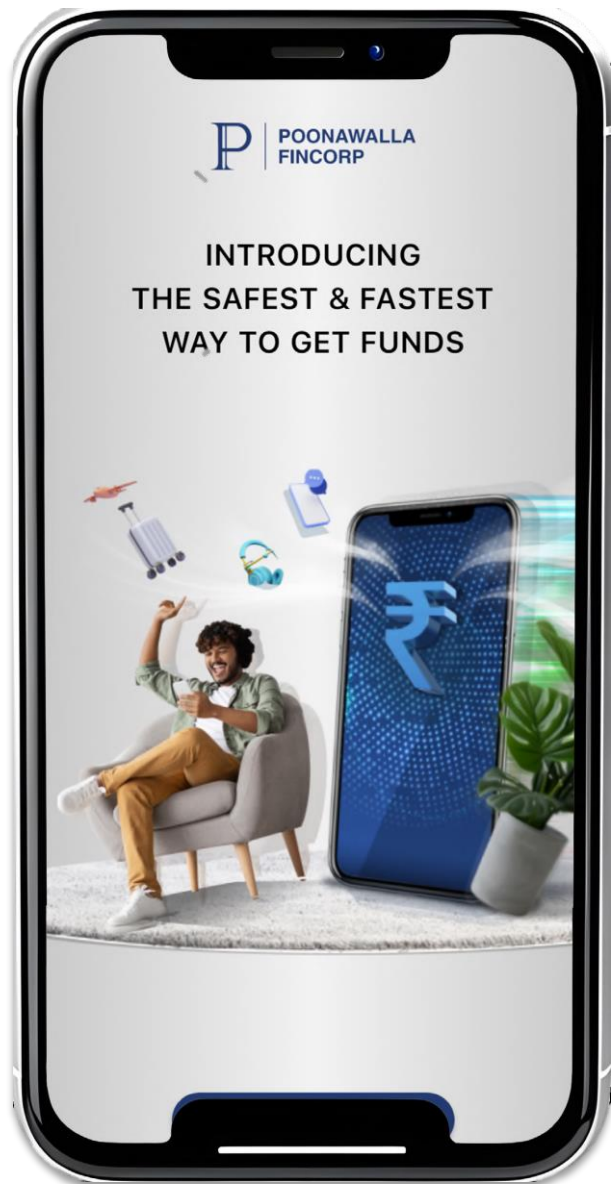
✓ Risk Management

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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

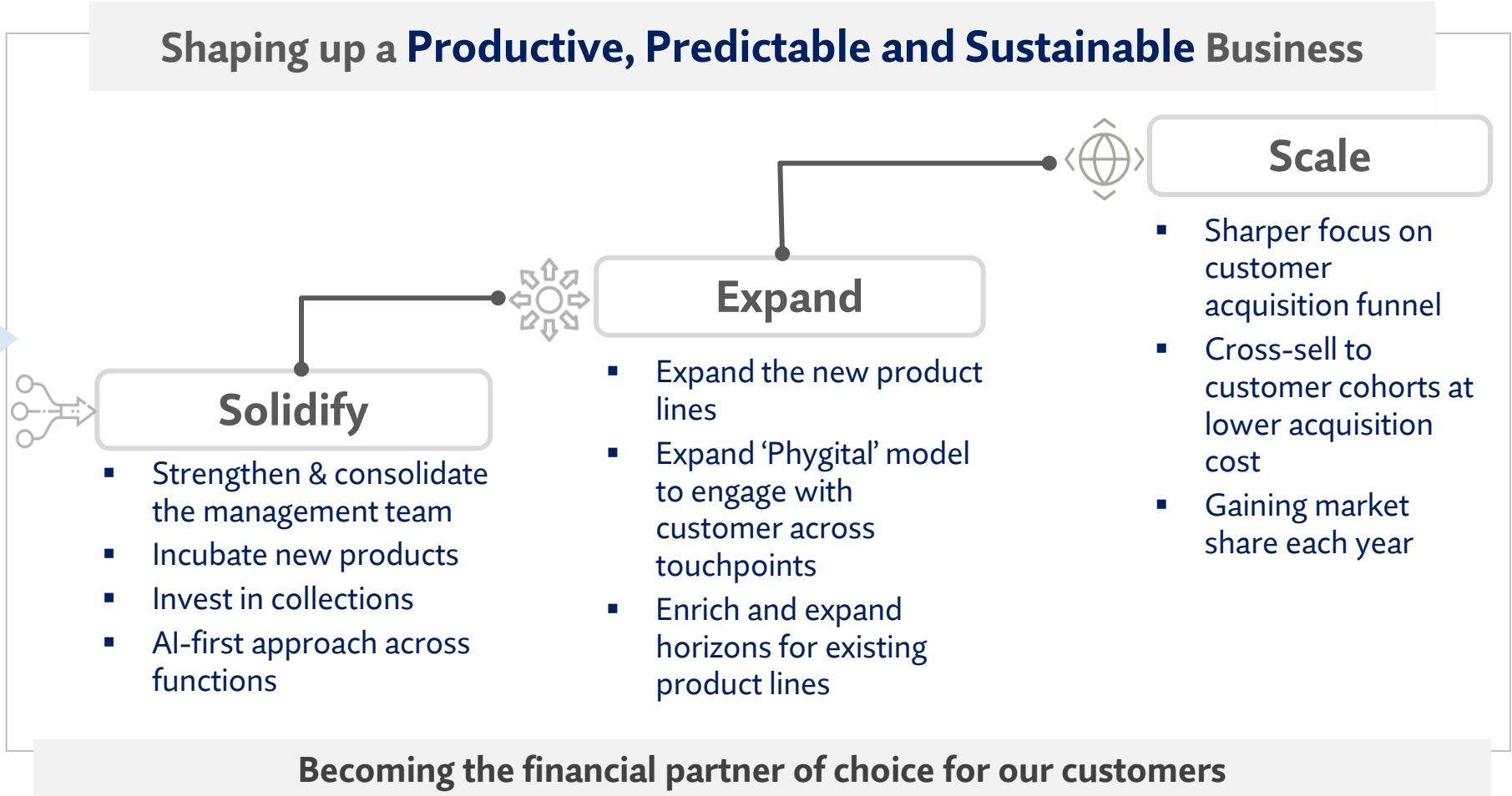
Solidify, Expand and Scale



Shaping up a Productive, Predictable and Sustainable Business



Aspiration for **5-6x AUM** over next 5-6 years



Optimising product mix

Incubate and expand with product lines



FY25 Planned Launches



Consumer Durable

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



PL Prime

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



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

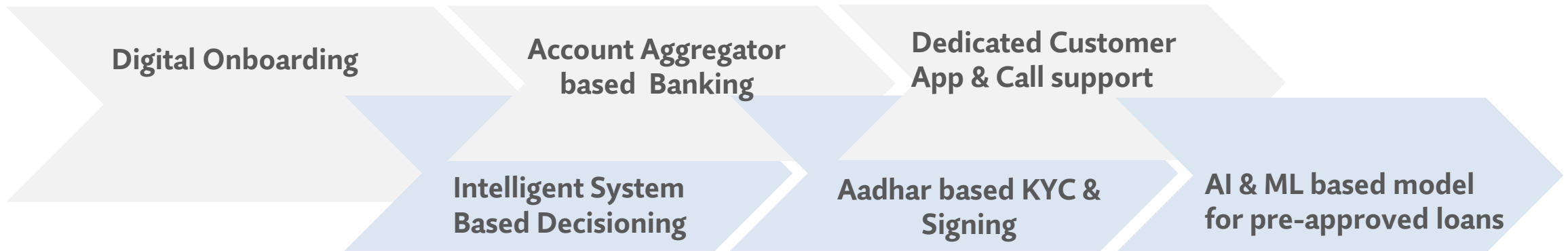
Nurturing customers throughout the lifecycle

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



App will evolve as a one-stop shop for customers

Servicing Features

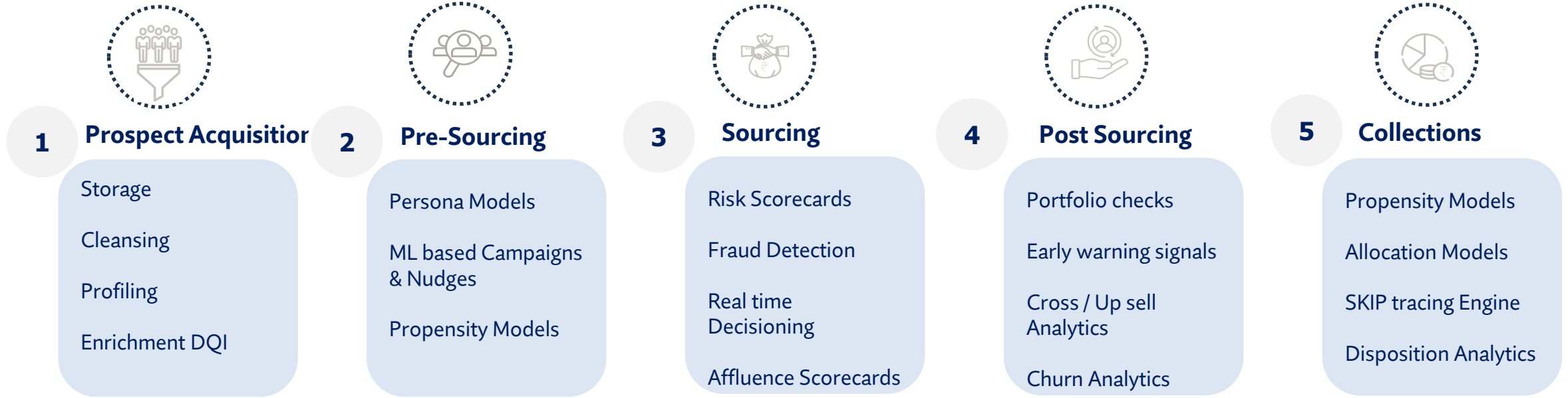
Enhancement of the interface to improve interactivity and usability

Engagement Features

Enhanced value-added services for customers

Leveraging data analytics

Holistic application across the functions



Powered by Enriched Data and Capability Stacks



Analytical Data Marts



AI Models and Deep learning Techniques



Hyper personalization



Refined and Precision based ML Models



Reinforcement Learning

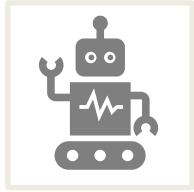


Alternate Data Strategy & Partnerships



Enriched Customer Experience

Investment in building collection infrastructure



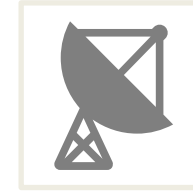
Invest in Customized Collection Stack

- Customized collection stack for real-time tracking
- AI to assist in predicting agent actions.
- Decision-making processes with data-driven insights



AI-Powered NLP for Customer Interaction

- AI-powered Natural Language Processing (NLP) to understand customer responses
- Implement continuous learning mechanisms to optimize strategies based on outcomes



Omni-Channel Communication Stack

- Omni-channel communication stack for seamless customer outreach
- Ensure unified customer experience
- Leverage customer preferences to determine the most effective outreach channels



Embedded Digital Payment Channels

- Integrate digital payment channels into all possible communication platforms
- Enhance customer convenience by offering multiple payment options

Hybrid Collection model



Chat and voice bots

Chat-first approach
Live language switching capabilities



Tele calling

AI-assisted in-call support
Bot-assisted predictive calling



Field model

Optimal route mapping
Instant gratification
Inline gamification

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 Support and Query Resolution

Plan to implement AI-driven solutions for immediate response to employee queries

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

4 Empowering Managers

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



Impact

Near zero resolution time -Increase in employee satisfaction with prompt responsiveness

Better outcomes for both the candidates and our hiring process.

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

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

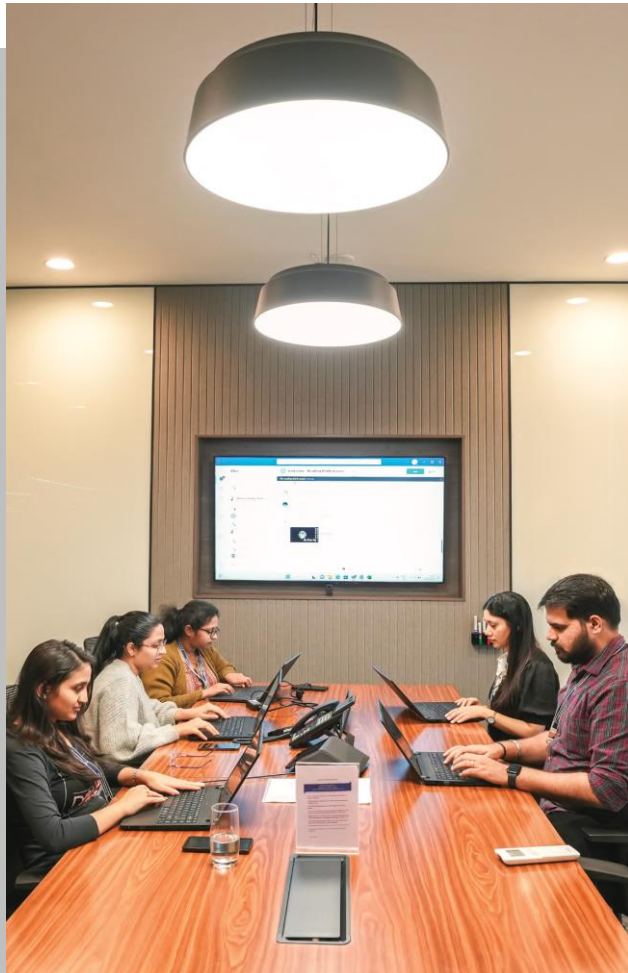


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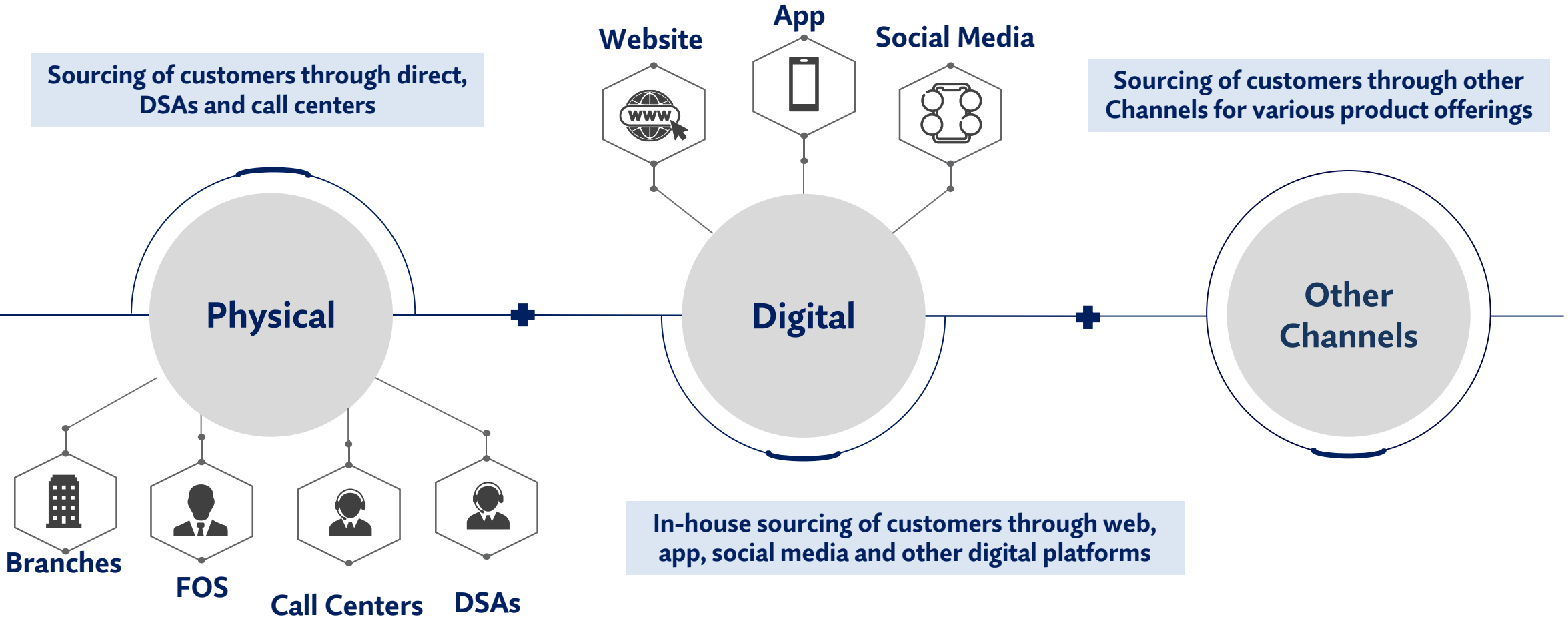
Well diversified product suite

Tailored to target our focused segment



Phygital Distribution Model

An architecture for customer sourcing



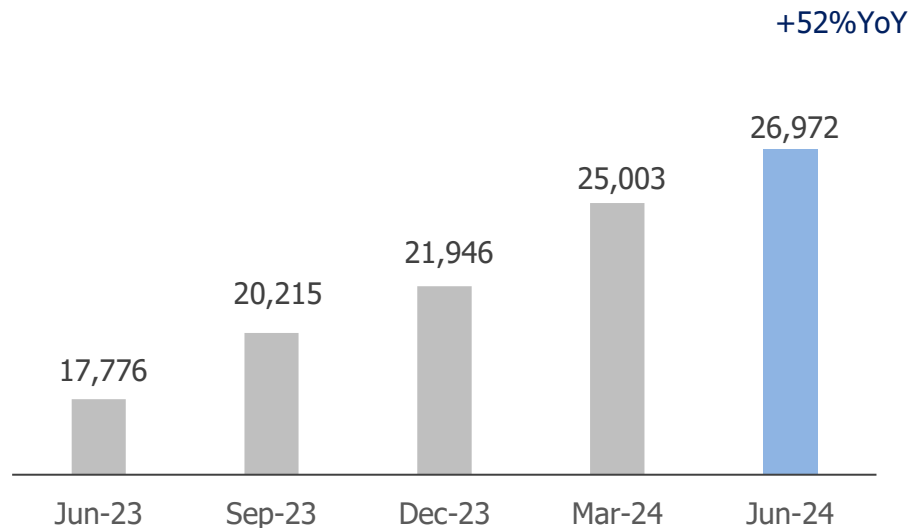
Assets Under Management

Diversified AUM with right secured to unsecured mix

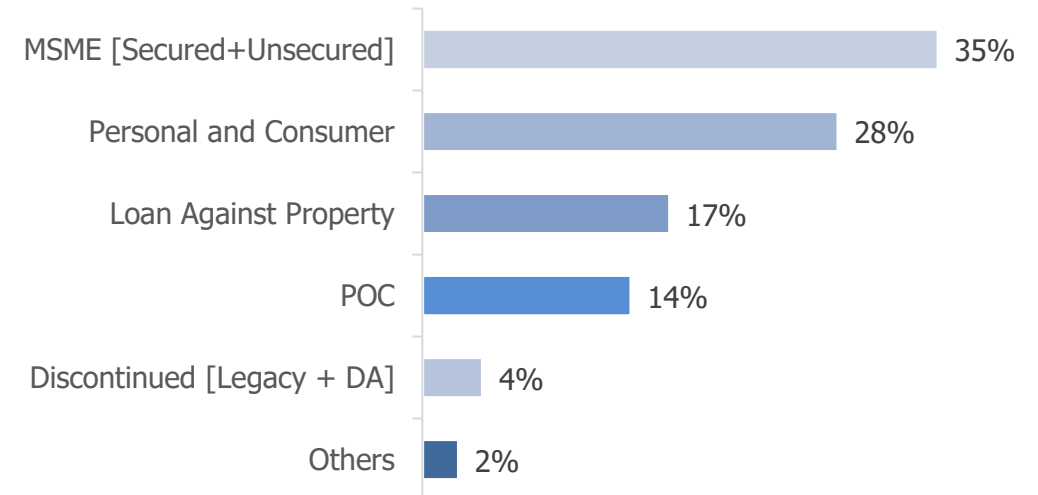


- Well-diversified AUM across MSME and consumer with multi-sourcing channel
- Right balance of secured to unsecured mix at 49:51

Assets under Management [₹ crore]



AUM Mix



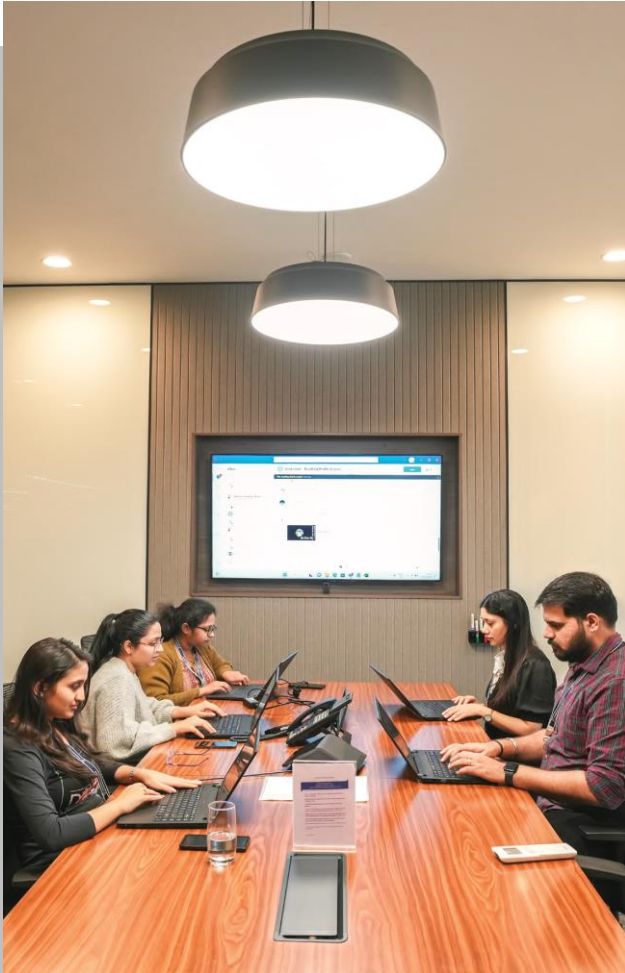


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Credit Rating

Highest rating - AAA



Long-term Ratings*

CRISIL Ratings

Mar-24

CARE Ratings

AAA/Stable

Short-term Ratings**

CRISIL Ratings

Mar-24

CARE Ratings

A1+

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

Composition of Borrowings

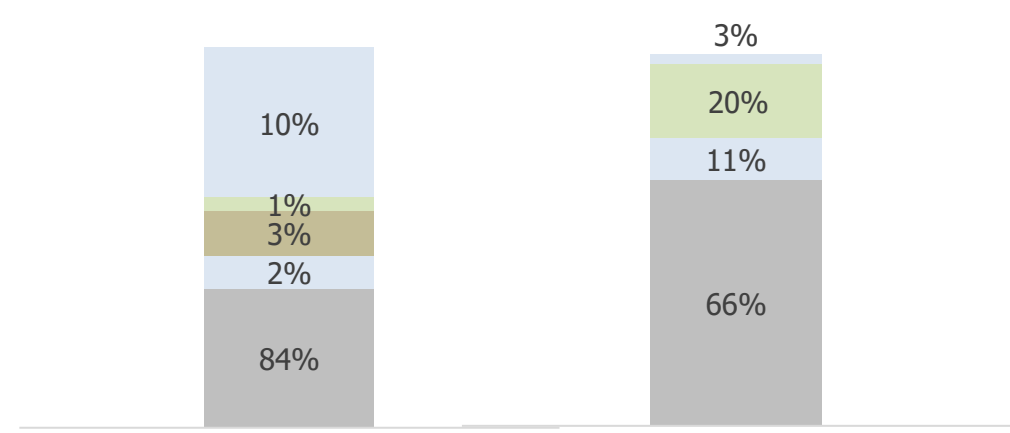
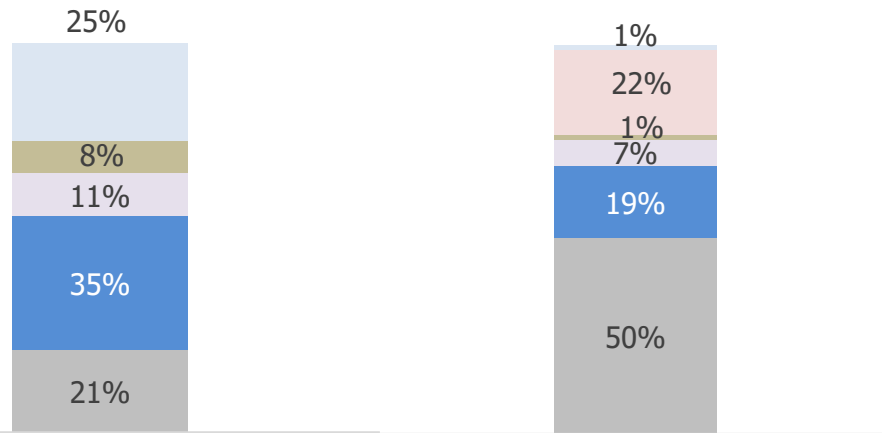
Well diversified liability profile



- Total borrowings as on June 30, 2024 at ₹17,121 crore.
- 70% of borrowings are on variable rate
- Healthy mix of Short-term and Long-term borrowing ensuring positive ALM and optimised cost of borrowing

Instrument wise

Institution wise



■ Term Loan ■ CC/WCDL ■ NCD ■ Sub Debt [NCD+ TL] ■ CP ■ Others

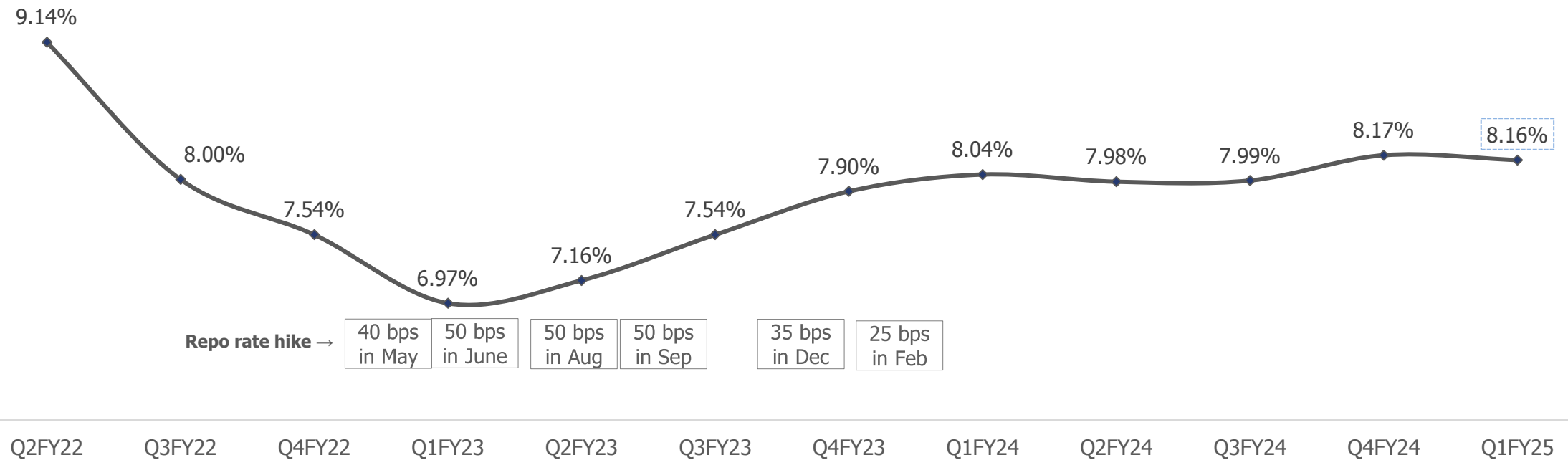
■ Bank ■ FI ■ Insurance ■ Mutual Fund ■ Others

*Others incl. Perpetual and Pass-Through Certificate of 1% and 24% in Mar-21 respectively

Optimizing Cost of Borrowing



CoB continues to remain stable despite higher interest rates

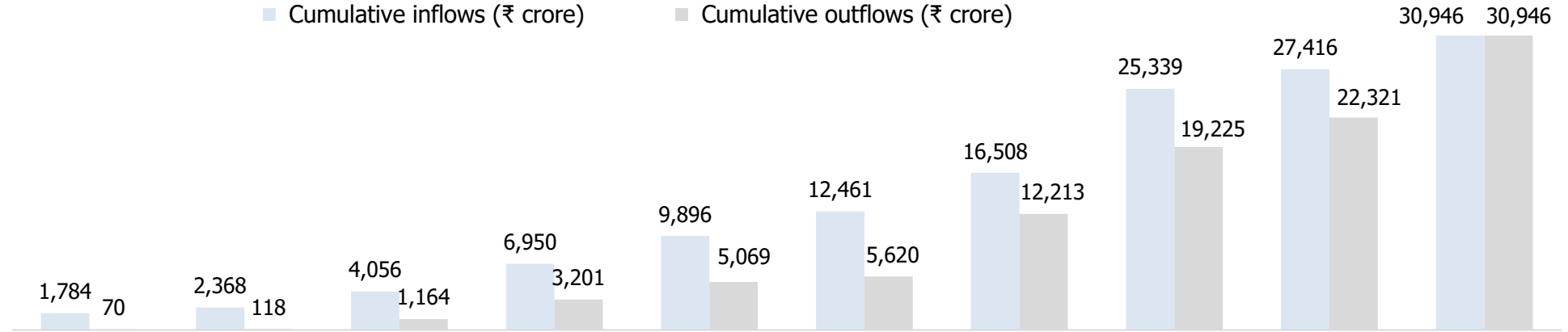


ALM statement and Liquidity

Structural Liquidity Statement as on June 30, 2024



Liquidity as on June 30, 2024 for PFL stood at ₹ 5,192 crore in the form of cash, cash equivalents and undrawn bank lines



	0-7 days	8-14 days	15-30 days	1-2 m	2-3 m	3-6 m	6-12 m	1-3 Y	3-5 Y	>5 Y
Cumulative Positive Gap	1,714	2,250	2,892	3,749	4,827	6,841	4,295	6,114	5,096	-
Cumulative (%)	2448%	1912%	248%	117%	95%	122%	35%	32%	23%	-

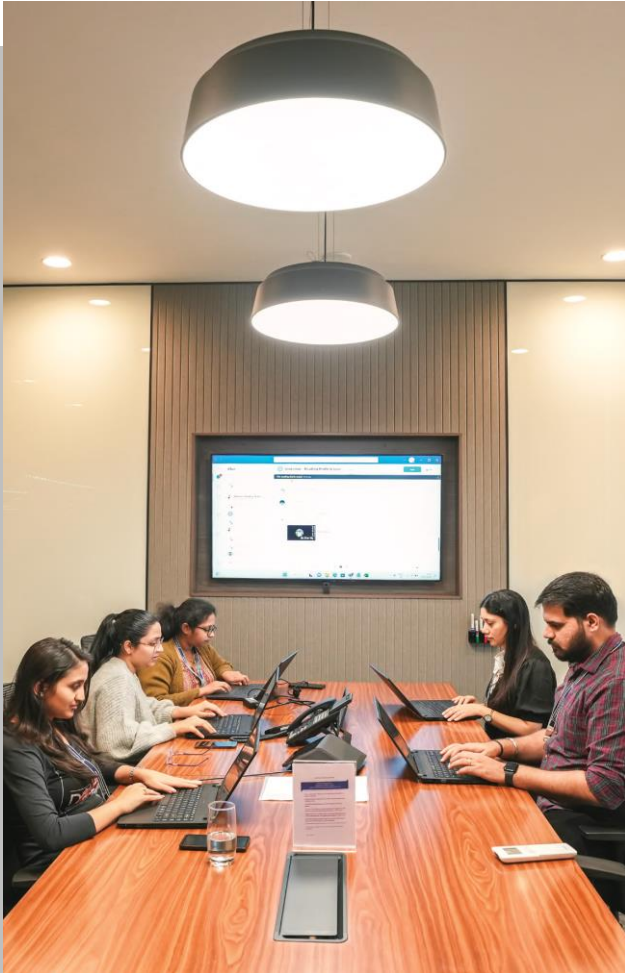


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Risk Management integrated into the strategy

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

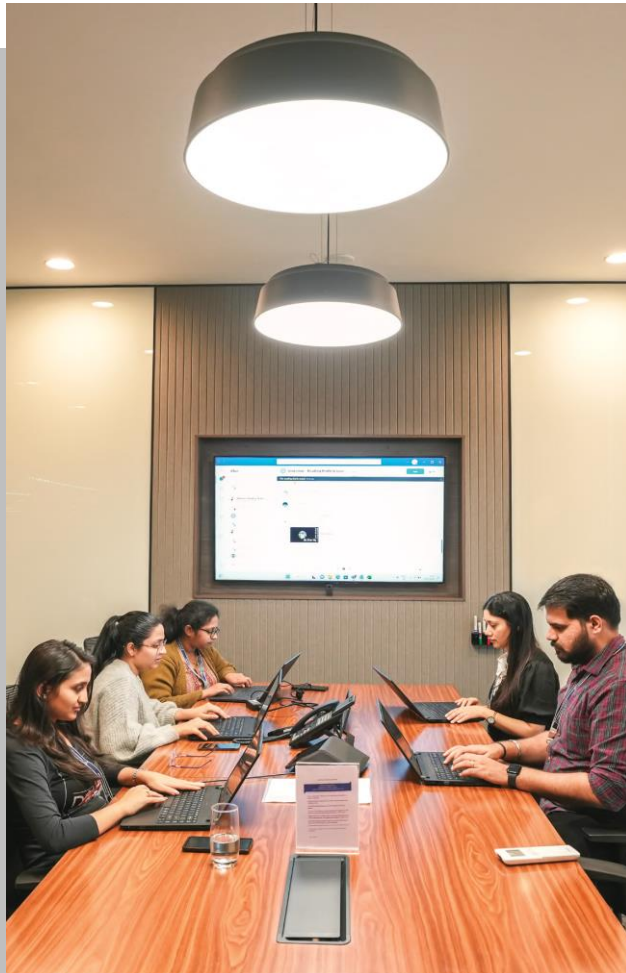


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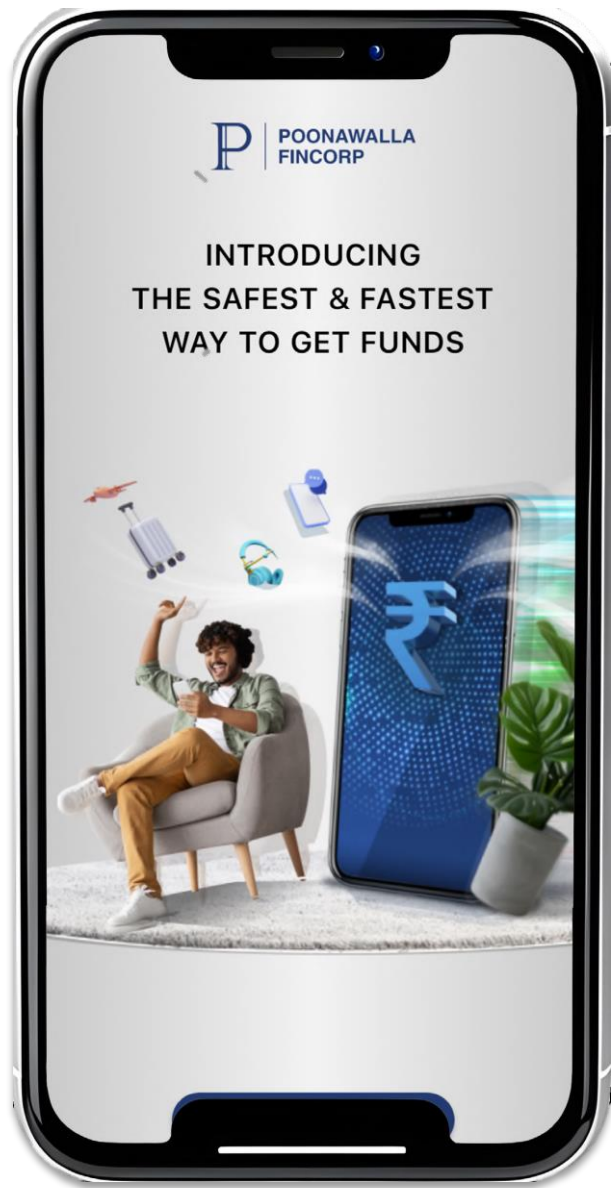
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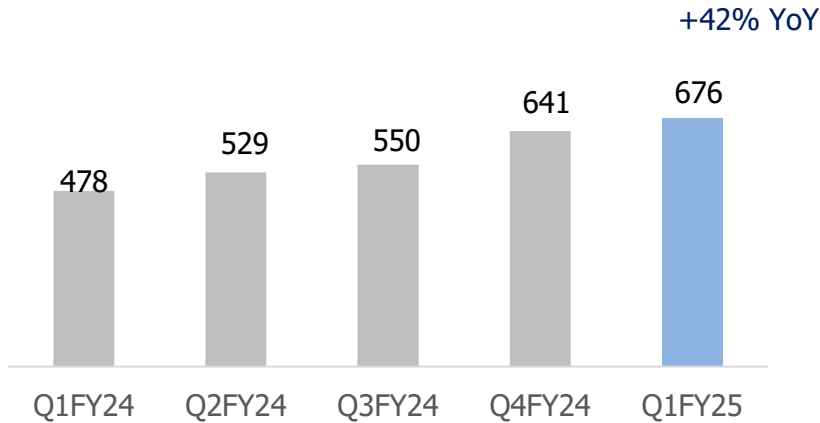
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Net Interest Income (NII) and Operating Expense

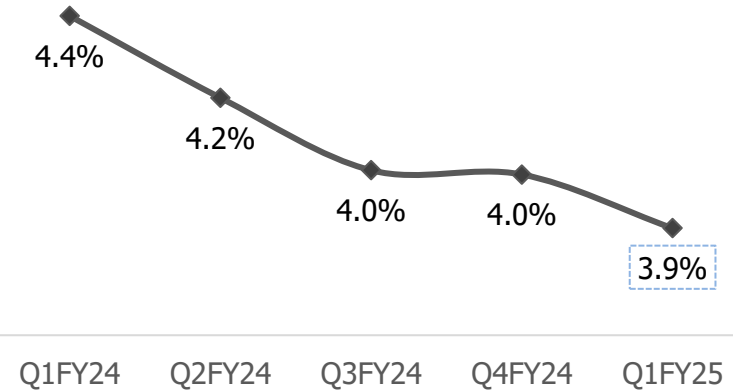


Consistent growth in net interest income

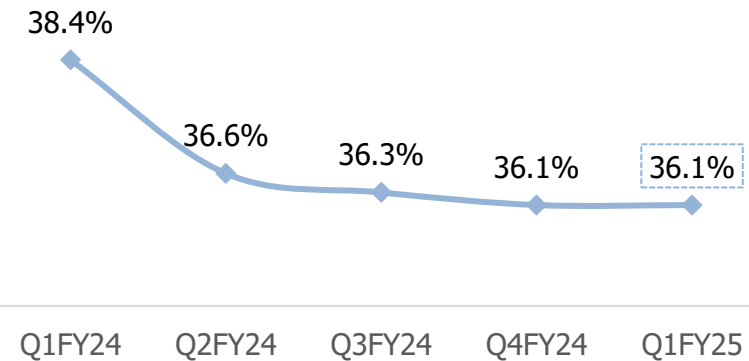
NII (₹ crore)



Opex to AUM ratio



Cost to Income ratio



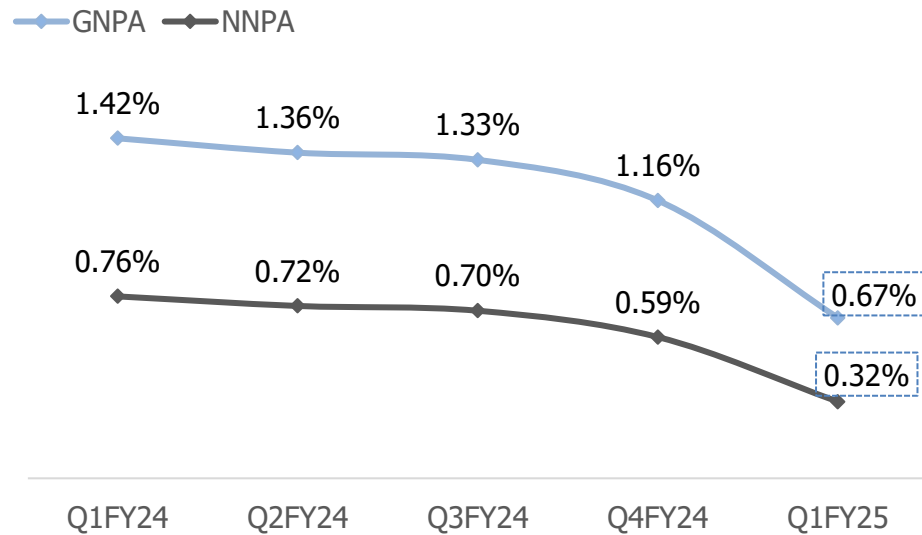
- Continuous improvement in productivity & technology enhancements driving operational efficiencies
- Investments for back-end and front-end in collections, businesses, technology and manpower over the next 4 quarters

Asset Quality Trend



- Substantial rundown in discontinued/ legacy book
- Short Term Personal Loan (STPL) is unseasoned book and monitored closely

Steady improvement in asset quality



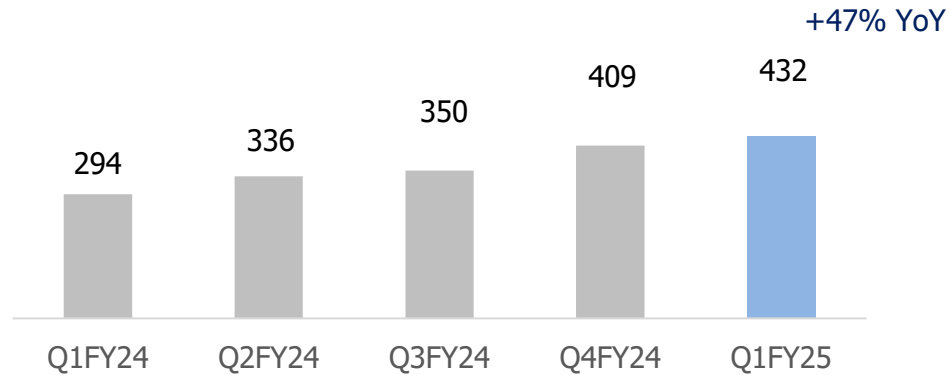
Particulars (₹ crore)	June-23	Sep-23	Dec-23	Mar-24	June-24
Stage 1 Assets	16,421	18,657	19,706	22,204	23,903
Stage 2 Assets	662	604	745	615	713
Stage 1 PCR	0.5%	6.7%	5.0%	3.4%	2.0%
Stage 2 PCR	6.4%	23.6%	18.9%	19.3%	14.4%
Stage 1 & 2 PCR	0.71%	7.2%	5.5%	3.9%	2.3%
Gross NPA (Stage 3)	245	266	275	268	166
Net NPA (Stage 3)	131	140	145	136	79
Gross NPA (%)	1.42%	1.36%	1.33%	1.16%	0.67%
Net NPA (%)	0.76%	0.72%	0.70%	0.59%	0.32%
PCR (%)	46.43%	47.17%	47.33%	49.39%	52.53%

Profitability

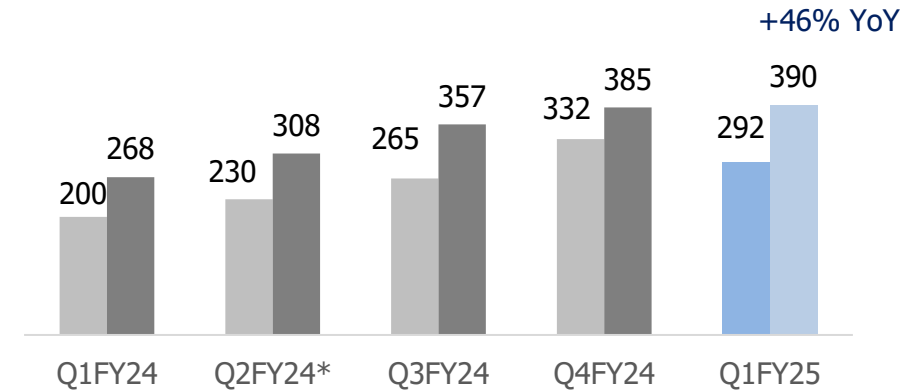
Sustained improvement across key metrics



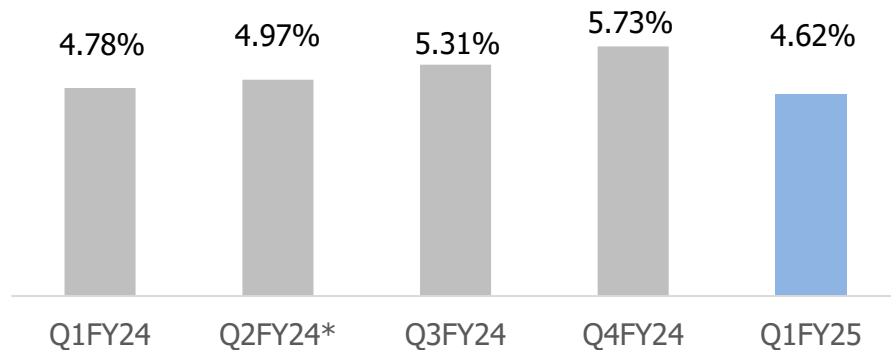
PPoP (₹ crore)



PBT and PAT (₹ crore)



RoA



Q2FY24 PAT excludes exceptional item gain

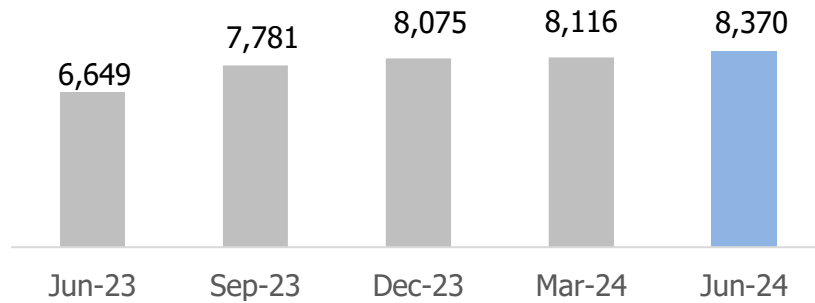
- Continued increase in pre-provisioning operating profit (PPoP)
- PBT up 1% QoQ and 46% YoY
- PAT in Q1FY25 seems lower QoQ mainly on account of one-time tax benefit of ₹ 41 Cr in Q4FY24

Shareholders' Funds

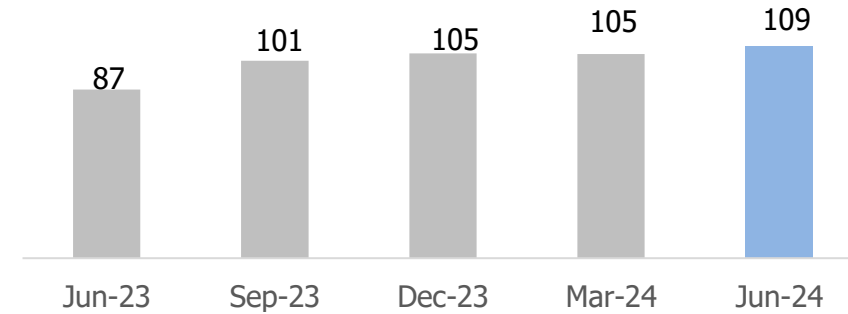
Well capitalized to drive the future growth



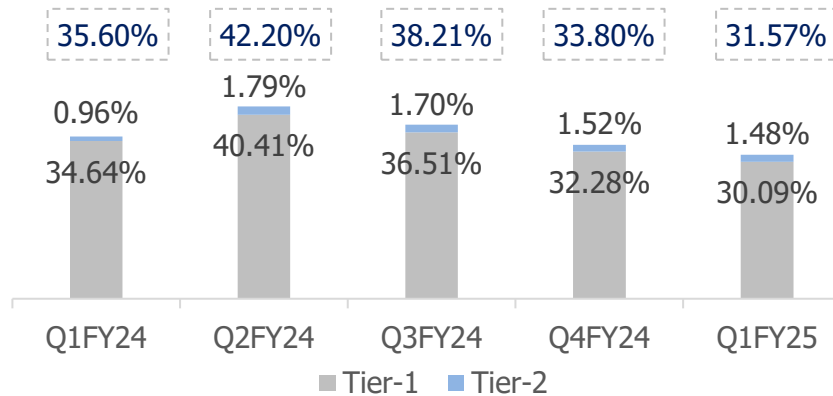
Shareholders' Funds (₹ crore)



Book Value per Share (₹)



Capital Adequacy ratio (CAR)



Debt to Equity ratio



Profit & Loss Statement



₹ crore	Q1FY24	Q4FY24	Q1FY25	YoY	QoQ
Total Interest Income	656	844	896	36.6%	6.2%
Interest expenses	235	281	320	36.3%	13.9%
Net Interest Income (NII)	421	563	576	36.8%	2.4%
Fee & Other Income	56	78	100	76.9%	27.5%
NII (inc. fees and other income)	478	641	676	41.5%	5.5%
Operating expenses	183	231	244	32.9%	5.3%
Operating profit	294	409	432	46.9%	5.6%
Credit cost	27	24	42	60.0%	77.5%
Profit before tax	268	385	390	45.6%	1.1%
Tax	67	54	98	45.5%	82.3%
Profit after Tax*	200	332	292	45.7%	-12.1%
Basic Earnings Per Share (EPS)	2.61	4.31	3.79	-	-

*PAT in Q1FY25 seems lower QoQ mainly on account of one-time tax benefit of ₹41 Cr in Q4FY24

Balance Sheet



₹ crore	June 30, 2023	March 31, 2024	June 30, 2024	YoY	QoQ
Cash & Bank Balances	308	269	400	30%	49%
Receivables	21	29	19	-12%	-34%
Loans	17,031	22,046	24,083	41%	9%
Investments	761	878	1,063	40%	21%
Other Financial Assets	357	258	229	-36%	-11%
Non-Financial Assets	1,201	556	534	-56%	-4%
Total Assets	19,679	24,036	26,328	34%	10%
Borrowings	12,599	15,080	17,121	36%	14%
Other Liabilities	430	840	837	94%	0%
Share Capital	154	154	154	-	-
Reserves & Surplus	6,496	7,962	8,216	26%	3%
Total Liabilities	19,679	24,036	26,328	34%	10%

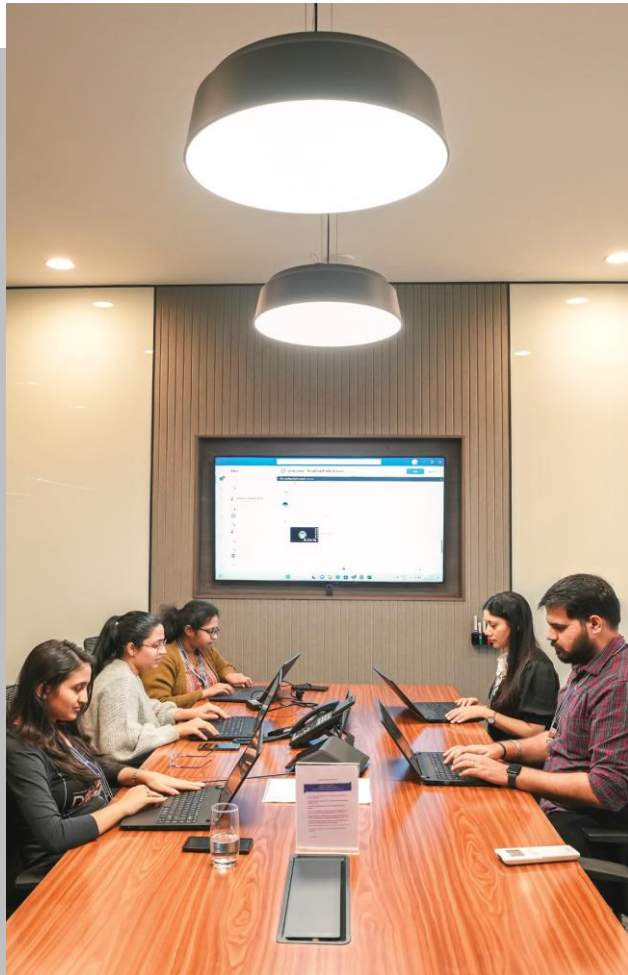


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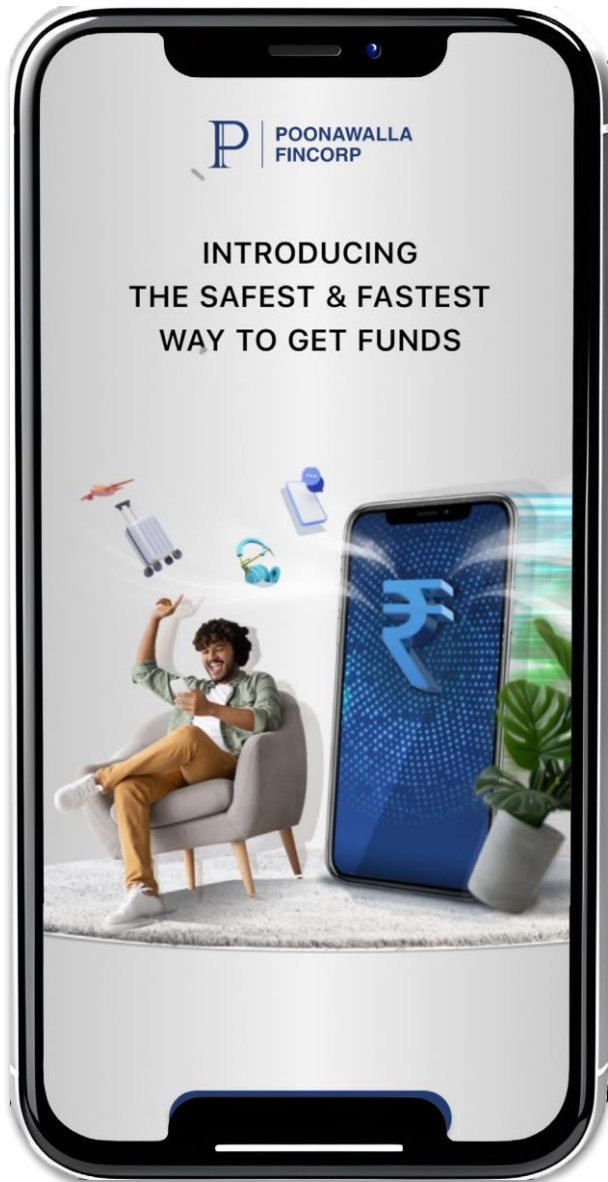
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4. Board of Directors, Management Team, ESG and Awards

Board of Directors

Commanding the course with the best governance standards



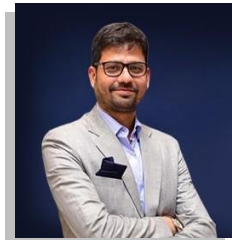
Mr. Adar Poonawalla
Chairman & Non-Executive Director

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 Viloo 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 experience.

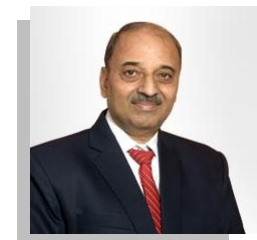


Mr. Sunil Samdani
Executive Director

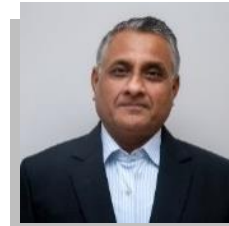
Seasoned financial professional and a strategic thought leader, with over two decades of rich experience in the BFSI sector. Served as Executive President and Chief Financial Officer of Bandhan Bank, Chief Financial Officer at Karvy Financial Services Limited, where he set up the treasury and finance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



Mr. Abhay Bhutada
Non-Executive Director



Mr. Amar Deshpande
Non-Executive Director



Mr. Sanjay Kumar
Independent Director



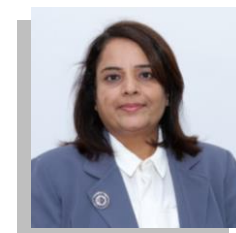
Mr. Prabhakar Dalal
Independent Director



Mr. Bontha Prasad Rao
Independent Director



Mr. Atul Kumar Gupta
Independent Director



Ms. Kemisha Soni
Independent Director

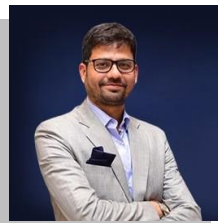
Management Team

Leading the next phase of growth



Mr. Arvind Kapil
Managing Director & CEO

Education: AMP, 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. Hiren Shah
Head – Strategy, BIU & IR

Education: MBA - JBIMS
Experience: Bandhan Bank



Mr. Harsh Kumar
Chief Human Resources
Officer

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



Mr. Dhiraj Saxena
Chief Technology Officer

Education: MBA and MCA
Experience: IDBI Bank

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



POONAWALLA FINCORP

Thank You!

For further information, please contact:

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CIN : L51504PN1978PLC209007