

27th May, 2021

BSE Limited

P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
BSE scrip code: 500302, 912460

National Stock Exchange of India Limited

Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051
NSE symbol: PEL

**Sub: SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015-
Transcript of Conference Call with Investors/Analysts**

Dear Sir / Madam,

Further to our letter dated 10th May, 2021 whereby we had given the advance intimation of Conference Call with Investors/Analysts, enclosed please find the transcript of the Earnings Conference Call held on 13th May, 2021 to discuss the Q4 & Full Year FY2021 Results of the Company.

Pursuant to Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the transcript of the conference call is also hosted on the website of the Company.

Kindly take the above on record.

Thanking you,

Yours truly,

For **Piramal Enterprises Limited**

Bipin Singh
Company Secretary

Encl.: a/a

Piramal Enterprises Limited

CIN : L24110MH1947PLC005719

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“Piramal Enterprises Limited Q4 & FY 2021
Earnings Conference Call”

May 13, 2021



MANAGEMENT: MR. AJAY PIRAMAL – CHAIRMAN, PIRAMAL GROUP

**MS. NANDINI PIRAMAL – EXECUTIVE DIRECTOR,
PIRAMAL ENTERPRISES LIMITED AND
CHAIRPERSON – PIRAMAL PHARMA LIMITED**

**MR. RAJESH LADDHA – EXECUTIVE DIRECTOR AND
GROUP CFO, PIRAMAL ENTERPRISES LIMITED**

**MR. KHUSHRU JIJINA – EXECUTIVE DIRECTOR,
FINANCIAL SERVICES, PIRAMAL ENTERPRISES
LIMITED**

**MR. JAIRAM SRIDHARAN – CEO – RETAIL FINANCING,
PIRAMAL ENTERPRISES LIMITED**

**MR. VIVEK VALSARAJ – CFO, PIRAMAL ENTERPRISES
LIMITED**

**MR. HITESH DHADDHA – CHIEF INVESTOR
RELATIONS OFFICER, PIRAMAL ENTERPRISES
LIMITED**

Hitesh Dhaddha:

Good evening everyone. Hope you are safe and in best of your health. I am pleased to welcome you all to this conference call to discuss our Q4 & Full Year FY21 results. Our results presentation has been uploaded on our website and you may like to download and refer them during our discussions. The discussion today may include some forward-looking statements and these must be viewed in conjunction with the risks that our businesses face.

On the call today, we have with us our Group Chairman, Mr. Ajay Piramal; Nandini Piramal - Executive Director, Piramal Enterprises and Chairperson – Piramal Pharma Limited; Mr. Rajesh Laddha – Executive Director & Group CFO, Piramal Enterprises; Mr. Khushru Jijina – Executive Director of Financial Services, Piramal Enterprises; Mr. Jairam Sridharan – Chief Executive Officer of Retail Financing Business; and Mr. Vivek Valsaraj – CFO of our Company.

With that I would like to hand it over to our Chairman and would request him to share his initial thoughts. Over to you, Sir.

Ajay Piramal:

Good day. Hope you and your family members are safe in the midst of COVID-19 second wave. Some of us have felt the pandemic even more acutely with the loss of our family members, relatives or loved ones. I wish us all the strength and fortitude to deal with our loss in these challenging times.

Macro Environment:

The second COVID wave has impacted the recovery cycle India was witnessing in the second half of FY21. However, the economic impact is expected to be nowhere closer to what we saw during the peak of the first wave. Actually, the business metrics in the first quarter of FY22 are likely to resemble those of Q2 in FY21.

To our advantage, on the economy front, our country is better prepared this time than a year back.

- Businesses have learned to adapt to physical restrictions.
- Government is judiciously imposing measured lockdowns to minimize disruptions.
- RBI and financial markets are better prepared to manage liquidity challenges. The recent RBI relief measures for small borrowers and MSMEs were proactive.

It is also equally important to remain well-prepared for a scenario of continued economic slowdown in case the COVID extends longer than anticipated.

Q4 & FY 2021 Financial Performance:

Despite such a volatile environment, the Company has delivered a resilient performance in an unprecedented year.

- For FY21, the revenues at Rs. 12,809 crores and normalized profit of Rs. 2,627 crores were broadly stable year-over-year.
- For the fourth quarter of FY21, revenues marginally grew up to Rs. 3,400 crores and delivered a normalized profit of Rs. 748 crores.

After significantly transforming ourselves over the last two years, we have now built in a much stronger balance sheet, strengthening our equity as well as our liabilities profile. We continue to work towards building a resilient business model that can tide over multiyear business cycles.

Balance Sheet:

On the balance sheet side, over the last two years we have raised Rs. 18,000 crores of equity. As a result, over these two years, our equity base has increased by 29% and our net debt has reduced by 45%. Our net debt to equity has reduced from 2x in March 2019 to 0.9x currently.

Capital adequacy:

The capital adequacy in our Financial Services business has gone up from 22% in March 2019 to 37% now. This is amongst the highest capital adequacy levels across financial services companies in India, ensuring safety in the most volatile of environments.

Liabilities side:

We have also raised Rs. 33,000 crores of long term borrowings in the last two years. We have utilized this borrowing to replace most of our short term, CP borrowings. As a result, we now have a much stronger ALM profile, with significant positive gaps across all the buckets. We held Rs. 7,000 crores of cash and cash equivalents at the entity level as of March 2021. This is over 15% of our loan book size. At these levels, we are one of the most liquid, large NBFCs in the country.

Provisioning:

At the beginning of the first wave of Covid we had made an incremental provision of Rs. 1,900 crores taking our total provisions to nearly Rs. 3,000 crores.

As a prudent measure towards potential contingencies, in the last year we have utilized nearly Rs. 166 crores out of our provision. We now have provisions of Rs. 2,800 crores equivalent to 6.3% of our overall loan book. The provisioning as a percentage of wholesale loans is even higher at 6.8% as of March 2021. We believe that these provisions are sufficient to meet any future contingencies that may arise due to the impact of the second wave of COVID.

Asset-side transformation:

Apart from significantly transforming our liability side and strengthening our balance sheet, we are continuing to move towards executing major transformation of our asset side. We are progressing on transforming ourselves from a largely 'wholesale-led' NBFC to a 'well-diversified' NBFC, with the share of retail to increase to 50% of the lending book in the near term from 12% as of March 2021.

This transformation is being undertaken through executing on three major strategies.

- 1) The first, organic build-up of the retail lending business.
- 2) Second, completion of the DHFL acquisition.
- 3) And thirdly, rationalizing our wholesale book and making it more granular.

(1) Organic build-up of Retail Lending:

We made good progress in pivoting the retail lending business to a multi-product strategy during FY21. We increased our product portfolio from 2 to 7 products in the last year, and plan to add more products in the current year. We expanded our presence from 14 to 40 locations. We formed partnerships with select Fintech and Consumer Tech firms and have on-boarded top quality talent.

In the last quarter of FY21, we saw a healthy traction across product categories as disbursements and logins continued to pick up month-on-month.

(2) Progress on DHFL acquisition:

The DHFL acquisition remains on track and is progressing as expected. In February 2021 we received the RBI approval and recently in April of this year the deal also received the CCI approval.

The DHFL acquisition fits well in to our overall retail strategy, as it will enable us to achieve scale and leverage the platform to cross-sell; significantly change our loan mix and lower our cost of borrowings due to low acquisition borrowing cost, as well as the benefits of loan book diversification resulting in possible ratings upgrade post completion of the acquisition.

(3) Rationalization of the wholesale loan book:

To increase diversification of our loan book we are also consciously brining down our wholesale portfolio size which has reduced by 23% since March 2019 to Rs. 39,000 crores.

Our top-10 exposures have reduced 28% since March 2019 from Rs. 18,400 crores to Rs. 13,300 crores. None of the accounts are now greater than 15% of net worth and only 4 accounts are greater than 6% of net worth.

Asset Quality:

The environment for the second half of last year played out better than what we had envisaged.

- The real estate sector has witnessed a revival in demand since October 2020, driven by pent-up demand, changing customer preferences and government initiatives, especially in Maharashtra the stamp duty cuts.
- In fact, developer sales and collections across major cities had surpassed pre-COVID levels in the last two quarters.
- No new account has been restructured in the last quarter of FY21, under the RBI approved one-time restructuring scheme.

However, the second wave of Covid-19 has now hit the country. Although our clients are more prepared this time to handle the situation, it is too early to assess the impact. We continue to remain vigilant across our portfolio to mitigate any potential risks.

Now I come to the GNPA. The GNPA ratio has increased from 3.7% in December 2020 to 4.5% as of March 2021. The increase in our GNPA during the year was majorly due to movements from Stage-2 to Stage-3 and lower base effect, as our loan book size reduced in line with our stated diversification strategy.

Pharma business performance:

Our Pharma business has continued to grow and registered a growth of 19% during the quarter delivering revenues of Rs. 1,923 crores, thereby, indicating the quality of its business model which can deliver strong performances even in the toughest business environment.

The business teams have been quite proactive in taking several measures to navigate the current challenges posed by the unprecedented environment. Our top priority is the safety and wellbeing of our employees. Our plans have worked through the pandemic however the second wave of COVID in India has impacted more people than the first. On the other hand the developed markets are opening up and businesses are returning to normal. We secured our supply through alternative vendor development and backward integration activities.

The strong fundamentals of our business, as well as sufficient measures taken during the COVID period, has enabled us to continue to deliver robust performance even during the midst of the second wave.

CDMO:

I will now come to our CDMO business where we are uniquely positioned. We have capabilities across the drug life-cycle, as well as in niche areas such as injectables, HPAPI, antibody drug conjugation, etc. And this grew by 23% during the quarter, due to a strong, growing order book despite COVID.

We added 50 new customers in the year. Our ability to provide integrated offerings got significant traction from our customers. There has been an 8x times increase in order book of integrated projects from FY17 to FY21. 40% of the order book is from integrated projects in the last year. Patent development programs saw 3x times the increase in number of phase 3 molecules from 10 in FY17 to 30 in FY21. We also saw significant growth in commercial products under patent, which increased from 11 to 19 in the past two years.

Complex Hospital Generics:

The Complex Hospital Generics business remained flat during the year. While there is volatility and uncertainty around market demand we have grown or maintained market share in most markets and products. Despite these challenges, we do see a positive trend emerging from our largest product Sevoflurane in our largest market the US. We are now the largest Sevoflurane supplier in the US for the third and fourth quarter of FY21, reflecting a change in the COVID scenario, government responses and patient sentiments in the US, we have seen positive trends in the recovery in surgeries in the US, resulting in sequentially increasing Sevoflurane volumes in February, March and April.

Operations and manufacturing continued uninterrupted and we achieved cost savings. In addition, we won significant contracts for products across major markets.

India Consumer Healthcare:

Now coming to the India Consumer Healthcare business, our business delivered a 55% strong growth in the quarter. We launched 15+ new products and 35+ SKUs during the year. These also include multiple COVID-care products such as Tri-Activ, Sanitizer Spray, Liquid Disinfectant, Oximeters, etc. demonstrating the agility of the business to find opportunity even in the toughest of the crisis.

Pharma capital raise and investing into businesses:

As you are aware during the year Piramal Pharma raised up to US\$ 560 million of equity capital from Carlyle Group for a 20% stake, one of the largest PE deals in the Indian pharma sector having a pharma business at an EV of US\$ 2.775 billion. Since the capital raised we have been investing organically and inorganically across all our pharma businesses.

In the CDMO, we announced an investment of USD 32 million in our Riverview facility for additional capacity in potent and non-potent API development and manufacturing.

In June 2020, we acquired a solid oral dosage facility in Sellersville, Pennsylvania and recently we have agreed to acquire Hemmo Pharmaceuticals, a Peptide API development and manufacturing capabilities, to our CDMO business. Despite the pandemic, Hemmo has generated 20% higher revenue during the first 11 months of the current year versus the full year last fiscal year, with gross contribution and EBITDA margin higher than our overall Pharma business.

Leveraging our customer base and end-to-end capabilities to provide integrated offerings, we expect its revenue to grow 3x times or more in the next few years, meaningfully changing the profitability margin for our business, thereby improving our overall pharma profitability.

In the Hospital Generics space, we completed the acquisition of 49% remaining stake in Convergence Chemicals. The Indian Consumer Healthcare business has also been investing in brand promotion activities to further improve the brand recall of their key products.

Our Pharma business has consistently delivered strong performance over a long period with our 10-year revenue CAGR of 14% and 10-year EBITDA CAGR of 28%. Going forward, we expect to maintain an organic growth of 15% and acquisitions will add to this.

Each of our businesses has a compelling plan for organic growth and sees multiple acquisitions opportunities. We have announced three acquisitions, as I said, during the year and will do more in the next two to three years. Our focus on the next year, is to invest in the businesses to further boost its growth and ROCE will gradually improve as we deliver on that objective.

Concluding remarks:

In conclusion, our fourth quarter and the result for the full year of FY21, reflect the transformation that we have undertaken to build strong resilience even in a prolonged crisis environment. Our transformation agenda, will significantly improve earnings predictability and create long term value for shareholders.

In the last one year, we have also taken several steps towards creating two separate listed entities.

- Sold our less strategic businesses or investments, such as DRG and our stake in Shriram Transport, thus simplifying our corporate structure.
- Brought all our similar businesses together in Pharma, under Piramal Pharma Limited
- Strengthened the balance sheets of both the businesses to enable them to stand independently in the future; and
- Created separate Board and Management teams for both the businesses.

We are now getting ready for demerging our company into two large, listed entities in the Financial Services and Pharma sectors, by making our businesses even more sizable and resilient.

I am confident that these businesses will emerge as two strong companies, which will have a good runway for growth in the long term.

As I end, the Board has recommended a dividend of Rs. 33 per share for the approval of shareholders in the AGM. The total dividend payout on this account would be Rs. 788 crores.

Thank you.

Q&A session:

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

The first question is from the line of Alpesh Mehta from Motilal Oswal. Please go ahead.

Alpesh Mehta: Sir, 2-3 questions from my side. First is on the financial services business, I see there is a sharp drop in the margins on a quarter-on-quarter basis and correspondingly obviously decline in NII also. So any specific reason, because the loan book has not declined to that extent? Shall I put all the questions together or one-by-one?

Ajay Piramal: No, put all the questions together.

Alpesh Mehta: Sure that is the first one. The second one, post the complete acquisition of DHFL transaction are you planning to add more capital to the financial services business, since we are sitting with some unallocated net worth at the consolidated level? The third question is related to the goodwill – the Ministry guidelines are taken into consideration for the subsidiaries as well, especially the financial services subsidiary?

And the last one, when I look the standalone and the consolidated balance sheet there is investment property line head of around Rs. 1,300 crores that has come up in this quarter. So has there been any takeover of the assets related to our loan book during the quarter? These are the questions from my side.

Ajay Piramal: Rajesh, can you please answer these?

Rajesh Laddha: I think your first question was around net interest margins. There, as the wholesale book is reducing, on an overall basis the net interest margin will come down because the yields on the wholesale book is higher than the retail one. So that is why there is some pressure on NIMs on overall basis.

Alpesh Mehta: Rajesh Sir, I understand that but the drop seems to be very strong on a quarter-on-quarter basis. Even though you factor in the decline in the wholesale book, the drop seems to be extremely strong on a quarter-on-quarter basis, because you report the cumulative margins right, not the quarter specific margins. So the quarter specific margins are down almost, if I am not wrong, around 140-150 basis points QoQ?

Rajesh Laddha: If you see the wholesale book reduction during the quarter, you are referring to Q4, right?

Alpesh Mehta: I am talking about Q4, so the margins that you report is for the FY.

Rajesh Laddha: Correct, so I am coming to that and when I explain to you the fourth point, that time I will cover this again. As the wholesale book is coming down, the margins, because wholesale, the overall margin of wholesale were higher, but I will cover that when I answer the question number 4. Your second question was around DHFL completion, right?

Alpesh Mehta: Yes.

Rajesh Laddha: So, the process is on. The matter is with NCLT. As Mr. Chairman also mentioned that we already got the RBI approval, we got the CCI approval. Now the matter is pending with NCLT. Hearings are on. We expect this to get concluded in next couple of months' time, as far as the NCLT is concerned. Unless there is some, other party takes it to higher authorities. But the overall NCLT proceedings should get over in next two months' time, or couple of months' time, and then post that we have to just conclude the transaction in terms of making the payment, etc. So that is the broad timeline for overall DHFL completion.

Alpesh Mehta: Are you planning to add more capital post this transaction?

Rajesh Laddha: So, on Financial Services I do not think, this year-end i.e. March year-end, Financial Services overall capital or the net worth is close to about Rs. 18,000 crores. If you see the net debt-to-equity, as far as financial services is concerned we are very, very comfortable position. And for next four, five years even if we have to grow, whatever number you want to take 20- 25%, we will not need any more capital for financial services business. So unallocated capital which is lying at say, PEL level or Piramal Enterprises-level, will remain unallocated unless there is some major new idea which can develop. But otherwise, both our businesses will be independent in terms of capital adequacy, so to say. Pharma also will be adequately, is already adequately capitalized, with Carlyle infusion. So Pharma also may not need significant amount of capital.

With regards to this property, or the rights which we have got – the FSI development rights – this was a transaction which was lying at PCHFL-level or Piramal Capital level vis-à-vis Omkar loan. Because of the IBC risk, which was looming as far as Omkar was concerned, what we have done is that we have bought these FSI rights for one of the projects of Omkar, where we have lent money from PCHFL.

We have moved that to PEL to secure ourselves from the IBC risk, because there was indication that the entire Omkar, or this portfolio, can go into IBC and we wanted to secure ourselves completely. So that is why, this particular loan transaction, we moved to PEL. And now we own or we have bought the FSI from Omkar, for further sale or whatever we want to do in future.

So, in a way, we have secured ourselves from the IBC risk from Omkar through this transaction. And because PCHFLL or Piramal Capital could not do it, we had to do this transaction at PEL-level. And now, we will not be accruing anymore interest on this entire Rs. 1,200-1,300 crores, because now this is got converted from loan to an asset.

Alpesh Mehta: And whatever the accrued interest that you had you would have reversed it by the time of this transaction?

Rajesh Laddha: That is right. So Q4, we have actually reversed that. Q4 we have not booked anything on this. Actually not Q4, Q3 we did the transaction. So that is the impact which has come as reversal. That is one. Secondly, also we had, Devesh can confirm the number, one of my colleagues. But because of this Supreme Court decision, we also had to reverse interest on interest in Q4. I think the total number is about Rs. 75 crores or Rs. 78 crores, where the Supreme Court has given a judgment that you cannot charge interest on interest on borrower.

So because of these 2-3 reasons, Q4 is looking weak on the interest income therefore on the NIM side.

Alpesh Mehta: And if I may ask, that Omkar transaction were you the sole lender on the project, that even if the project may go into litigation this is completely secured for us now?

Rajesh Laddha: Yes, now it is completely secured.

Khushru Jijina: It is not a Worli transaction, this is Andheri East transaction, where we have taken over the development rights of 67 lakh square feet, much ahead of all the problems which Omkar is facing. So that was a proactive measure we took. And now we will be actually doing either the joint development or selling-off the development rights. And that is what will happen now, from 2022 onwards.

Alpesh Mehta: So when we talk about the master development, in the sense there would be certain other financiers also involved in to this project?

Rajesh Laddha: The entire thing belongs to us now.

Khushru Jijina: Yes, this is our property.

Alpesh Mehta: And Rajesh, just a last question related to this goodwill notification. Have we implemented this at the Financial Services-level as well. Because when we did the merger of the subsidiaries there

was a goodwill which got created at the subsidiary level. At the parent level obviously, it got knocked off.

Rajesh Laddha: Yes, so this tax notification which has come in this budget, it is applicable for the future amortization for goodwill. So in the last four, five years whatever has been amortized, we have taken that benefit, but the balance unamortized part, we have actually reversed the DTA in the consolidated accounts to the extent of about Rs. 1,250 crores this quarter. And that is the one-time charge you see in the accounts. So we cleaned that up. We have followed exactly what the Budget has prescribed, in terms of treatment of goodwill and therefore the amortization and the tax benefits.

Alpesh Mehta: Yes, but we did not take the depreciation benefit that is at the subsidiary level, right? So there would not be any tax impact at the subsidiary level. We were taking depreciation benefit at the consol level?

Rajesh Laddha: No, depreciation benefit was always at subsidiary-level, at PCHFL level. Amortization was happening at PCHFL-level. We had to create deferred tax asset at consolidated level. Whatever DTA has already been amortized, is amortized. Whatever was the unamortized portion of DTA, has been reversed during this quarter.

Moderator: Thank you. The next question is from the line of Aditya Jain from Citigroup. Please go ahead.

Aditya Jain: In the slide which you have shown on the products being added, now there are a quite a few which have been in direct partnership with Fintechs. For these, could you talk about the typical process flow and how do you control for underwriting quality? And that is my first question.

My second question is if you could give us some sense of how the developer portfolio is doing in April? How has the construction activity changed versus pre-lockdown or March levels? And then last question. We saw some increase in GNPA's. As you mentioned there is also a lower base, lower denominator, which is causing it. But just your outlook for this going forward and in that context what is the Gross Stage-2 now?

Jairam Sridharan: To your question of how are we thinking about underwriting when we get into partnerships with Fintechs. There are three parts to the credit underwriting aspect and there is one separate thing which is on fraud. I will come to it later.

So the first-level, the way the filtration works is, we agree with the Fintech partner upfront what some of the gating criterion are going to be. So the gating criterion are decided months in advance of the partnerships going live and that is done by evaluation, assessment and analysis of the partner's past track record and history.

So we work with them and their database, to actually see what credit performance of their customers has been etc. and based on all of that we agree on a pre-defined gating criteria. Now

that gating criteria, once we agree and we sign-off on, then that starts getting implemented and executed at the partner's end.

Everybody who passes through the gating criteria is actually then shown to us, at which point we take the information that is available at the partner, we do the bureau pull, we actually take all the information available on the bureau, and see we have partner profiling criteria of our own, which we use. We overlay those three things and come up with a credit decision. All of this happens in an automated fashion, in real-time, and we are able to get back to the partner with our decision.

The other element of this, is the fraud check, which is a completely different machine learning model that we have. This uses customer profile, partner profile and the bureau records to actually come up with a fraud probability score and we have automated engines which cross-tabulate the credit risk and fraud risk and comes up with auto-decline decisions on that basis. So that is the broad architecture of how we look at underwriting in a partnership context.

Khushru Jijina: So your question was on how are the developers performing in April, right? That was the question?

Aditya Jain: Right.

Khushru Jijina: Yes, so in the second wave, first of all I must say that there is a difference in the second wave and the first wave. What is it? In the first wave, way back last year in March, April, May there were zero sales, because it just hit you, and real estate developers did not know what to do and how to sell. Over this journey you would have seen that the sales have also become now digital.

So, while in April 2021, the sales have actually happened, it is not like the last wave. But what is very important for you to understand here is that the last two quarters, which is October-to-December and especially January-to-March, all over India, and not only in Maharashtra, our developer sales, in fact generally also, but I can talk about our developer sales, have been actually very good.

In fact, in the last quarter January-to-March, the sales and collection figures were almost two times that of the pre-COVID levels. So why am I telling you that? Because at the end of the day the collections is what is very important for us, more than the sales. And collections are broken up into two parts. One is sales already done, where the slabs have to come so construction has to go on and we keep on collecting, and the second is new sales.

So let us look at the numbers for April, which is very early what we have got. Our collections for April were Rs. 750 crores, which is in line with our normal pre-COVID levels, and out of that only Rs. 25 crores was from new sales and others were all basically sales which were locked-in receivables and the construction going on. Sales will fall in the month of May. However, the collections will be largely dependent on the construction. Already we are seeing a dip of

construction activity by 20%. In the month of May you could see somewhere around 20-25%. Again if you go granular, there are some sites which are actually becoming better because the migrant labor after Bengal election is coming back but we will have to wait and watch. So in summary, I would like to say that we have to watch the construction more than the sales. Sales can drop further in the month of May, but our focus should be on collections.

In other words, if the construction continues at least at 70-75% levels, your collections will be there. If I have answered your question. And this is far, far better than what it was in the first quarter of last year.

Aditya Jain: And then the third part on the outlook for GNPA and the Gross Stage-2 level now?

Khushru Jijina: So there has been a slight increase in the GNPA, mainly because a couple of accounts moved from Stage-2 to Stage-3, and also because of the base effect, because at the end of the day even the book is shrinking. So having said that, I must also share with you that in fact two out of those accounts we will be resolving in the first quarter itself. So in fact, one of them Sadbhav, which went into Stage-3, in fact we have fully recovered the amount in the month of April.

Having said that, your question on the outlook, I think it is too early to say on the outlook as of now I think the current provision is good enough because we are well-provided and you must not forget that at the end of the day when the book is coming down month-on-month, we are not reversing the provision. The provision is actually there. So it is actually adding to the buffer.

But having said that, we will have to wait and watch. It is too early to comment on that. We will have to see how this COVID 2 plays out.

Hitesh Dhaddha: I just want to add one point here, Aditya, that we created this provision of Rs. 3,000 crores by adding Rs. 2,000 crores in the beginning of the year. And so far, in last one year, despite the COVID has been there for almost full year, we ended up utilizing less than 10% of the total provision. And 90% of the provision is still intact.

So that basically also kind of reflects the real estate activity that has happened well during the second half of the year. And Mr. Jijina mentioned, we will continue to push for the collections and let us see how things play out in May and coming months.

Aditya Jain: I do not know if it is possible, but I just mentioned the GS2 number, if you can share that it will be really helpful?

Hitesh Dhaddha: You are talking about Stage-2?

Aditya Jain: Gross Stage-2, yes.

Hitesh Dhaddha: Mr. Laddha, would you like to respond to the question?

- Rajesh Laddha:** Generally, we do not give the break up. So I would follow the same policy.
- Moderator:** Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.
- Tushar Manudhane:** Sir, just on the Pharma side, given that we have a strong order book on the CDMO and we will have a revival on the elective surgery side given that the intensity of COVID is relatively less in the developed market. Is the 15% revenue guidance too conservative?
- Ajay Piramal:** So the 15% revenue guidance was given for the long-term. I think in the current year we should do better than that.
- Tushar Manudhane:** Because again supported with the low base of FY21 and because of the impact on the Complex hospital generics business as such?
- Ajay Piramal:** Yes, and the order book is also strong. So we should do better than that.
- Tushar Manudhane:** And secondly, we have hit the EBITDA margin rate of 28% for Q4, while it is lower for full year. So how do we look at the EBITDA margin trajectory going forward?
- Ajay Piramal:** The last quarter was a very good quarter as far as the sales was concerned, but I do not want you to think that it is going to be the margin for the whole year. So where we had indicated earlier that will be the margin. Let us look at that.
- Tushar Manudhane:** Okay, because the operating leverage would play out in the Complex Hospital Generics with the revival in sales, and CDMO any which way is at a higher margin and the traction on the India Consumer Products also continues to do well – so there also it is more of an operating leverage play. So from that perspective the margins would be better.
- Ajay Piramal:** It does not happen and also during the year, I want to say, that we are going to invest more in the Indian Consumer business because there are opportunities, so we will build brands also there.
- Tushar Manudhane:** And actually that was my other question. On the CAPEX side, on the organic front, how much the CAPEX to consider for the upcoming year in the Pharma side?
- Vivek Valsaraj:** Yes, so as we had guided during our Pharma Day as well, during FY22 and FY23 we will see a slightly higher quantum of CAPEX, given that we are doing capacity expansions at our North American facility and our facility at Grangemouth. So you would see on an average about \$90 million to \$100 million CAPEX over two years, during these two years.
- Moderator:** Thank you. The next question is from the line of Prakash Agarwal from Axis Capital. Please go ahead.

Prakash Agarwal: My question is similar to the earlier participant. If you could give some more color on the Q4 margins, because what I understood was the nine months margin was around 19% and you are saying full year is about 22%, so there is a bump up in the Q4 and we have also seen some recovery in the Complex Hospital Generics.

So, should we correlate the two and going forward, we are saying that Complex Hospital Generics business is expected to see growth revival and then the margin should go way up and taking care of the Consumer business investment also. So what are we missing here, when Mr. Piramal is saying that we should not take margin expansion here?

Vivek Valsaraj: So, overall we would have also witnessed that the sequential QoQ growth in the Pharma business has been almost 40% in terms of revenue. A large quantum of expenses are fixed in nature and therefore, whenever revenues are significantly higher during a quarter you will see margin expansion. If you compare this with even last year, you would have seen that margins even in pre-COVID level is 29%.

So I do not think one quarter's margin is anyway a guidance, as Chairman rightly indicated that the margins will be more uniform, if you look at your full year operating margins and yes, while the Complex Hospital Generics revenues increase, overall Global Pharma margins will see some improvement, but as we have made a conscious call to probably invest in some of the OTC brands, that will also have a mid-term impact of the margins. So that is where the overall margins, the blended margins will be.

Prakash Agarwal: So I mean this quarter is clearly a one-off you are saying and you are not giving us a color on why the margins are high?

Vivek Valsaraj: Correct. The current quarter is not an indication of the future, because the sales are high.

Hitesh Dhaddha: Prakash, what we should understand is that the margins on the existing operations will be good, but we are also investing mode. We have raised capital, we are investing across our key businesses and we acquired these assets.

Prakash Agarwal: I understood on the outlook. I just want the color on why the quarter margin was higher, I mean we have not clearly explained that, right?

Vivek Valsaraj: So let me explain this. So, in the quarter when the revenues are higher your fixed cost are leveraged better and that leads to a higher margin, because the manufacturing side has got fixed expenses, so when contract manufacturing revenues grow by 25%, expenses remain at the same level as they were each quarter to a great extent. And therefore, because of expense leverage the operating margin goes up.

Rajesh Laddha: Vivek, what is the Q4 sales salience, amongst the four quarters that might probably explain that?

- Vivek Valsaraj:** So almost about 35% of the revenues actually come from quarter 4.
- Rajesh Laddha:** So that is the reason why EBITDA margins are higher, because it is a fixed costs leverage game. So if you do 35% of the yearly sales in one quarter, obviously you will see this kind of performance.
- Prakash Agarwal:** And may be the recovery from the Complex Hospital Generics business would have helped. Would that also be correct understanding?
- Rajesh Laddha:** It will help. So, next year because the margins on Complex Generics, on EBITDA level is much higher. If that business revives margins will improve, but the point which is being made is that we will also invest into our OTC and our CDMO businesses.
- Prakash Agarwal:** Sir, I wanted to understand is there any upside which was agreed earlier, a year back with the Carlyle deal of about \$360 million, are we still subject to getting that or is it done and dusted now?
- Ajay Piramal:** No, that is now with the performance and what we are seeing in the Hospital Generics it is unlikely to happen. That won't happen.
- Prakash Agarwal:** Okay, given the COVID year or whatever.
- Ajay Piramal:** Yes.
- Prakash Agarwal:** And lastly Sir, you mentioned about coming nearer to the demerger of Pharma and Financial Services businesses, any timelines you would like to attribute to?
- Ajay Piramal:** No, I think we have said so before. So let us just wait for it to happen. Just see all the steps taking place. You know, there are still moving parts of the DHFL acquisition and so on. So once that happens, I think we will be in a better position to tell you.
- Moderator:** Thank you. The next question is from the line of Kunal Shah from ICICI Securities. Please go ahead.
- Kunal Shah:** So few questions from my side. Firstly, in terms of the unallocated equity, I think you said like currently, it would neither get may be allocated either towards the Financial Services or Pharma as both of them are sufficiently capitalized. But on demerger, if you have to actually look at it, so where should it sit? Finally, may be the Financial Services will be a growth business, capital consuming, so would ideally significant part of it would get into the Financial Services? How should we look at this entire unallocated equity as such?
- Ajay Piramal:** So the way to look at it is that, frankly, both the businesses – the Pharma business does not require any additional equity today, and neither does the Financial Services business even after

taking into account, both the fact that we are doing the acquisition of DHFL, as well as if we take the growth for the next 5 years at 20% growth year-on-year, we do not require any additional equity. So it will remain unallocated.

We will decide how to do it and we will be transparent when we decide what to do. So what are the options? If we have a very big need of equity through a big acquisition in Pharma, we can do that. If we need something more, some new inorganic growth in Financial Services, we can do that or we have other options. At the parent, we can do either a new business, we can return it to shareholders. There are many options. So today, we only know that it is not needed today. That is what is important to understand. And we will make the best use of the equity.

Kunal Shah: And secondly, in terms of this NCLT hearing which is on can we say it is more in terms of procedural or it is may be in terms of other bidders having some representation out there and that is what is happening or may be this is the normal course which is going on in NCLT?

Ajay Piramal: As far as my understanding is, this is the normal course. So none of the bidders who were there in the process have actually gone to court. I think we also have to recognize that we got 94% of the creditors voting for us. The 6% were the ones who did not vote for anybody, so not that other bidders got more than us. So the difference between us and the next bidder was significant and therefore, they have not gone into the process.

The fact that the RBI directed this whole IBC process and RBI gave us the fit and proper, the assurance is another ratification. But you know how it is, anybody in the country has the right to go to court. So we have to go through that process.

Kunal Shah: The next one was on, interest on interest reversal. If I heard you correctly what was the amount Rs. 75 crores to Rs. 78 crores?

Rajesh Laddha: Rs. 73 crores.

Kunal Shah: Doesn't that seem to be very low, considering that the entire book would be wholesale, more than Rs. 2 crores, and if we just look at the yield over there and calculate a six months' interest reversal. So I am quite surprised may be in terms of the calculation, what we thought of was quite a higher number, but I do not know how it is getting to this Rs. 73 crores, Rs. 75 crores?

Rajesh Laddha: No, that is the number. It has been audited and we have clearly stated that in the accounts.

Kunal Shah: So margin impact was only because of this Rs. 73 crores, Rs. 75 crores. I think that was the only component which was there in margin, which had led to the reduction?

Rajesh Laddha: Yes, that was the major one and I also explained the Omkar transaction.

- Kunal Shah:** And in terms of the Stage-2, you do not share the numbers. But directionally, if we have to look at it there has been some movement which has happened from Stage-2 to Stage-3 as well. So how has the Stage-2 directionally moved? Last time you mentioned that the Stage-2 plus Stage-3 was up 5% in absolute amount. If you can just give directionally as to how it has been this quarter?
- Rajesh Laddha:** If I give you the percentage then we are giving the number, right? So you were just asking the question differently. I think we would refrain giving the number separately.
- Kunal Shah:** And lastly, in terms of the retail, when would we start sharing the portfolio-wise breakup? Currently, I think in this quarter also it seems to be more or less flat at Rs. 5,300 odd crores. No doubt affluent segment we would be running that down and that is getting replaced with the new product segments. But if we can, I do not know may be when we can start sharing, so at least we come to know when the growth in retail will actually start inching up?
- Jairam Sridharan:** Exactly. So Kunal, we will be happy to share once we have a sizeable amount. Once the inorganic integration happens, for all the numbers then the correct baseline would get set. Then it will make sense for us to talk about it on a quarter-on-quarter basis. Right now the baseline itself will be very volatile, given the relatively small size and the run-down issues that you are appropriately calling out. That is the most important dynamic in the portfolio right now. All that will settle down a whole lot better, once the integration happens. So we should talk at that point.
- Moderator:** Thank you. The next question is from the line of Bharat Sheth from Quest Investments. Please go ahead.
- Bharat Sheth:** This unallocated capital which is around Rs. 11,000 crores, so that is the current realizable value or it is the book value?
- Rajesh Laddha:** It is the book value.
- Bharat Sheth:** So would you like to share what is the current market value?
- Rajesh Laddha:** For the current market value, the only difference which is going to come is from the Shriram current market value. Apart from that, the book value will be equal to current market value and Shriram we do not know right now as to what will be the realization. But it will be higher than the book value for sure.
- Bharat Sheth:** And second thing, the CDMO business on the full year basis roughly contributes around 60% of the Pharma business, and which we are saying is expected to grow at faster pace in medium term. So would you like to share, how I mean after say three years, overall when Pharma business is growing 15%, so what will be the contribution from the CDMO business?
- Hitesh Dhaddha:** Nandini, would you like to take up the question?

Nandini Piramal: I think we would not talk about how each business grows, but I think the CDMO business will grow a bit faster as we invest in more capacity and in the two acquisitions that we did this year – for Sellersville and we will close Hemmo in the next quarter. I think they will also add to growth.

Bharat Sheth: So then we are talking 15% growth that is for the organic and this acquisition will add further to growth in that, is that correct understanding?

Nandini Piramal: Yes.

Bharat Sheth: And the last question is for Mr. Piramal. Sir, when we are saying that there will be two listed entities, so both will be vertically splitted or Pharma business will remain as a subsidiary listed entity of Piramal Enterprises?

Ajay Piramal: No, our thinking is that they will be independently listed.

Moderator: Thank you. The next question is from the line of Piran Engineer from Motilal Oswal. Please go ahead.

Piran Engineer: I have a couple of clarifications. So firstly, could you once again explain the Omkar deal – what happened, what went wrong and exactly what the steps were, because there is a bit of disturbance back then. My other question is what is our exposure to Lodha now, because we were planning to split it into an SPV sort of exposure with completed apartments, so is that the reason why it has come below 15% of net worth?

And my last question is that in slide 19 where you have given a breakup of the sales data over the last 4-5 quarters, I noticed that the sharpest recoveries are in Mumbai and Pune and that is obviously because of the stamp duty cut, and in most other cities the increase was not as much. So now with this stamp duty cut behind, how do you foresee real estate sales across the top-8 cities?

Khushru Jijina: Okay, I will take all the three questions. Let me start with Lodha first. So in March 2020, we had an exposure of Rs. 3,130 crores at the Hold Co., as you are aware. And today as we speak in March, it is Rs. 2,637 crores. But the way to look at it is now very different. Out of Rs. 2,637 crores, Rs. 1,593 crores is now in an SPV, with a 1.5 times cover of fully ready inventory which we had spoken last time, which has actually happened. And the balance Rs. 1,058 crores is in the Macrotech Developers.

Just as a matter of information, we have recently got pre-paid in the month of April of Rs. 431 crores. So again, our Hold Co. exposure has now come down to only Rs. 620 crores. And the SPV exposure is Rs. 1,530 crores. So today our total combined exposure is Rs. 2,150 crores. And that is also even if you look at Rs. 2,150 crores, it is less than 15% to answer your question. Have I answered your question on Lodha?

Piran Engineer: Yes.

Khushru Jijina: Then we go to your last question and then last I will come to Omkar. You are absolutely right, the Q4 sales were actually good all across. So let me put it very differently. MMR region, it was 2.5x times of the normal pre-COVID level sales of our developers. Having said that, even the other regions, which were outside MMR also clocked anywhere between, if I go granular between Bangalore, Chennai, NCR, etc., they clocked anywhere between 1.4 -1.5x pre-COVID. So it was not necessarily right, that only MMR did well, because the others also did pretty well.

So while this was an absolutely super-duper performance in MMR, having said that, even if you remove that, the fact that people are doing better in other regions than the pre-COVID levels, itself is a good sign.

Piran Engineer: Yes, but actually MMR was 50,000 last year and 70,000 this year. Sorry, all top-8 cities went up from 50,000 to 70,000, so overall it is a 40% increase?

Hitesh Dhaddha: Piran, the data that you are seeing is at the industry level, not our clients. It is the Knight Frank data. So do not get confused that it is our clients' data.

Piran Engineer: Absolutely. I just wanted your sense that for the industry, how do you expect sales to be and not just for your clients, in general for the industry?

Khushru Jijina: I would like to speak about my clients, because it goes back to the fundamentals which we have always spoken about. Simultaneously there is a massive consolidation happening which we have been speaking consistently for the last three to four years. And that is why I would like to again state that our developers, whether in MMR or outside MMR, are actually doing – the minimum is 1.4x to 1.5x times today, because the strong are becoming stronger and the other developers are dying. So I would like to restrict my answer to our set of developers.

Coming to your last question on Omkar, let me go slow and explain this to you. See we had an exposure to Omkar in their Andheri East property which was at the land stage and we had already got the development rights, the LOI as it is called in the SRA. So much earlier than all the problems which Omkar is now facing, and it is now in the press, we had envisaged that while the land is very valuable, it has already got a clearance of LOI. When you get an LOI which actually of established the development rights – it is like an FSI. In SRA, it is called development rights, which is 67 lakhs square feet. It is not small at all, on the highway of Andheri East.

And because of the IBC risk, because this loan was in the Hold Co, the Group decided to take over the land. As my colleague Rajesh was explaining to you, that since PCHFL could not do it on its own, because of regulatory reasons, the loan was paid off by PEL. In fact, there was a full process which was run properly, as per the guidelines, and PEL decided – the parent decided, the Board decided – that we would rather pay PCHFL off and keep the asset and then monetize it. And that is the point I made to the earlier person also, that the monetization exercise – all the

planning and all the exercise for monetization – now begins from 2022 onwards. So over a period of 2022-23, you will see actions on our behalf from PEL to monetize the land, in some form or the other and get back the money, and hopefully with some indirect accrued interest also. So, we are not talking of only taking the principle out. Hopefully we will get more than the principle. And it solely belongs to us.

- Piran Engineer:** So, the land has not been developed yet?
- Khushru Jijina:** No, now we will actually give it off to other developers. We will cut the land and give it. There is 67 lakh sq. ft. on the highway. It is not small. It is a very valuable piece of land.
- Piran Engineer:** How much would the land be worth, by a rough estimate?
- Khushru Jijina:** We actually did this exercise, but I would not give you the exact number, but it is far more than the value of the loan. I can only comment on that, that it is far more.
- Moderator:** Thank you. The next question is from the line of Praful Kumar from Dymon Asia. Please go ahead.
- Praful Kumar:** One question on this Omkar. So this land is with PEL, with us now?
- Khushru Jijina:** Yes, it is with us.
- Praful Kumar:** Completely, so 100% with us?
- Khushru Jijina:** Yes, we have paid stamp duty on it.
- Praful Kumar:** What is the exposure to this account?
- Khushru Jijina:** Rs. 1,300 crores.
- Moderator:** Thank you. The next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.
- V P Rajesh:** Most of my questions have been answered. Just on the demerger side. Is it fair to assume that DHFL transaction will take only 6 to 9 months, and only after that we will have some more concrete plans announced on the demerger?
- Ajay Piramal:** So yes, it will be post the DHFL merger. Whether it will take six or nine months, or shorter, we cannot say. NCLT procedure may take, I do not know, may be couple of months. If it is that somebody goes into appeal, we do not know. So I think it is very difficult for us to comment on how long the Court takes it. It is up to the NCLT or whatever the next process is. So let us just wait. I wish I could tell you more.

- V P Rajesh:** No, that is fair.
- Moderator:** Thank you. The next question is from the line of Jigar Valia from OHM Group. Please go ahead.
- Jigar Valia:** My questions pertain to the Pharma business. And congrats on the good numbers, especially sequential. Sir, the CAPEX \$90 million to \$100 million you mentioned was for Grangemouth and which other plant, was it Lexington or something else you mentioned?
- Vivek Valsaraj:** So the CAPEX is for our facility in Canada at Riverview and Grangemouth facilities and yes, a bit for Lexington.
- Jigar Valia:** And within the CDMO, we had a lot of molecules, which were on the late stage, etc. and I am sure in the times to come we will see something there. But broadly as of now, what would be the development to manufacturing mix, a very broad approx. I mean is it 50:50 or significantly skewed towards manufacturing, or the other way, may be some broad color?
- Vivek Valsaraj:** So the average size of our manufacturing contract is obviously much higher than a development contract. So overall, commercial revenues are 65% and development is about 35%. And obviously this has improved over a period of time.
- Jigar Valia:** With lot of the new products largely coming on the biotech side and almost probably 70-75% of the new pipeline could be on that line. Should that kind of change the mix or the skew more in favor of, I mean, is it that we need to do a lot of more small volume works with regards to the new pipeline. Or you see the mix being stable or any direction on the mix 35:65 right now?
- Vivek Valsaraj:** So as I mentioned, development a few years ago used to be about 10% of our revenues. Today it is close to 35% of our revenues. And obviously as you mentioned there is a lot of development work which is happening, a lot of molecules in the clinic advancing to phase 1, phase 2, phase 3, which is eventually going to become the funnel for which migrate into commercial revenues. So yes, this mix would increase and eventually will become the source of business for commercial revenues in the future.
- Jigar Valia:** And my last question on this is, a couple of years back we had kind of referred to this Billingham, UK plant and Fujifilm tie-up for biocatalysts. Just want to know will this go through and is it still functional?
- Vivek Valsaraj:** No, so this did not go through. In fact the deal fell through almost about 4-5 years ago itself.
- Moderator:** Thank you. The next question is from the line of Ujwal from Quest Investments. Please go ahead.
- Ujwal:** Sir, just wanted to understand what kind of investments are we looking in the Consumer Healthcare space for FY22? And are we looking for inorganic opportunities during this time, for

the next year, or is it basically only on our existing portfolio we would be doing branding exercises or brand extensions?

Ajay Piramal: So, we are looking at a combination of all. One is, organically we are looking at how do we strengthen our existing brands, how we will do brand extensions, how do we add new products which we ourselves develop. So that is one part. We are also looking at acquisitions. If something is in the right value, we keep saying that, we are looking at it and we will do it.

Ujwal: And any quantum you can specify in terms of investments that we have plans for FY22 in this space?

Ajay Piramal: No, there is no specific quantum. It depends on really the opportunities. I mean we have a budget as far as existing organic growth is concerned, but for inorganic it will depend on the opportunity.

Ujwal: Yes sir, I was asking for the organic budgeted if you can share the same?

Ajay Piramal: That we would not be able to share, but we are doing it. I think we will adequately fund this.

Ujwal: And secondly sir, on Hemmo Pharma acquisition, you did mention you are looking at 3x kind of growth. If you can throw some light about how Hemmo Pharma is going to aid our overall CDMO space and was it basically our client driven request, in terms of getting into this space, or were you any which way looking at this space very intently and we have got this opportunity? If you can share some more details about this acquisition and the way forward?

Nandini Piramal: So our whole theory on CDMO is that we look at magnets, which is for example capabilities that clients really want and that are specialized. So for example, the HPAPI, the Lexington sterile injectables so those are kind of capabilities at a very specialized that brings clients to us. And we have been looking at Peptide as it is an additional capability that we wanted to add. And that is why we actually looked out for Hemmo and created the opportunity. We have been talking to Hemmo actually almost 4 or 5 years ago and it did not go anywhere. So we were very aware of Hemmo and was on radar of interesting opportunities to look at. So when the opportunity came we actually jumped on it.

In terms of, we see a lot of synergies in between Hemmo and our other CDMO plants. For example, a lot of Peptides are actually injectables and we have one client already who was buying APIs from Hemmo and getting it filled in our Lexington plant. So we have seen that. That synergy actually existed before we even bought the product and when we did the client references, the clients were actually very happy to have a person and a company like Piramal taking it over.

Ujwal: Can you just share your outlook, say 3x kind of revenue growth, so what will exactly drive this on Hemmo side do we have orders in place or new products have been approved or how is Hemmo going to do a 3x kind of revenue if you can share that?

Nandini Piramal: I think one of the big things is that we will invest in capacity across, because Hemmo did not have the capability to increase capacity as much. So I think that is one big thing. We have seen that already our BD enquiries from our existing customer base have increased, because a lot of people did not want to give it to Hemmo – API orders – because they were small. So we actually see both, a mix of capacity enhancement, as well as our new orders from our existing customers.

Moderator: Thank you. The next question is from the line of Ravi from Gearag Investments. Please go ahead.

Ravi: My question is to Jairam Sridharan. So this is about the 10,000 square feet Bangalore Tech Center. So what is being built there? I mean when we can see some update coming out of it, like an app or website or anything? So what is the future outlook for it?

Jairam Sridharan: We have settings going already, we have got the core team that has already been hired there and every day we have new people joining. The team has already expanded to 12 people now and continues to expand on a regular basis. What we are trying to do, is tap into the talent ecosystem in Bangalore for two big areas. One is proprietary technology development and the other is big data analytics.

So both of those areas, while there is some level of talent that is available in Mumbai and Delhi-NCR, but Bangalore is the place where we are seeing a lot of talent availability and the core ecosystem is in place. And that is why we chose Bangalore as the location to set up our Center of Excellence, and we will continue to make investments there.

Of course right now given the COVID situation and the work from home construct, it is not going to be as visible, but very soon the physical infrastructure is going to be right over there. And we are already quite integrated in to some of the talent ecosystems in Bangalore. So we will continue to do that in both these places of Data Analytics and Proprietary Engineering.

Ravi: You are also partnering with ZestMoney. So what is the quality of the loans we are getting from them, like is it sizeable or still in evolution stage? Mainly, I think these are unsecured loans.

Jairam Sridharan: These are unsecured, short duration products with an average ticket size of about Rs. 15,000 for purchase finance in large parts and it is now four-month old partner, five-month old partnership and it is getting really well. Of course given the second wave of COVID, both ourselves and our partners are being very careful about how to deal with unsecured lending in this environment.

So in April and May, we are going to be playing it cautiously. But till March we had a very strong growth and we will likely get back to that trajectory once we see the consumers on the other side of the second wave.

Ravi: Sir, you mentioned I think, you will have a few thousand crores of retail loan book by this year-end, I guess. So could you provide like a breakup on that – like how much would be like unsecured, or usual products or any new products that you are planning?

Jairam Sridharan: We have not done a whole lot of unsecured right now. I will say that going forward our intent is to continue to remain secured-focused, at least for the next year or so. Predominantly, our customer acquisitions are going to be in secured product categories. Our main products are affordable housing, mass affluent housing, LAP, small business lending and used cars. Those are going to be the key categories in which we do much of our business in the coming year as well.

And we are also evaluating products in the space of education financing, unsecured business lending, loans against securities and two-wheeler financing. So those are the product categories we are looking at for FY22. We will evaluate them and some of them will make the cut, in terms of becoming the roll-out products for us in the coming year.

Ravi: Just one last question. With the DHFL acquisition, are you getting any tech capabilities, like loan underwriting, tech platform or anything like that or is it purely the loan book?

Jairam Sridharan: We are building much of these ourselves. We are not acquiring capabilities as products, from the outside world. We are building all of these internally.

Moderator: Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to Mr. Hitesh Dhadha for closing comments. Thank you and over to you, Sir.

Hitesh Dhadha: Thanks everyone for joining the call. In case you have more questions, please free to reach out to IR. Thank you.