

16th February, 2026

BSE Limited

1st Floor, New Trading Wing,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai- 400 001
BSE Scrip Code: 544597

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor,
Plot No. C/1, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051
NSE Symbol: PIRAMALFIN

Dear Sir / Madam,

Sub.: Intimation under Regulation 30 and 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations') - Credit Rating by S&P Global Ratings

This is to inform you that the Company has received communication from S&P Global Ratings intimating the following credit rating action:

Facilities/ Instruments	Prior Rating	Upgraded Action
Long-term issuer credit rating	BB-/ Stable	BB/ Stable

Further, the short-term issuer credit rating has been affirmed 'B' by S&P Global Ratings.

The rating action reflects the Company's strong business, financial, and risk profile as an Upper Layer NBFC.

A copy of the rating communication received from S&P Global Ratings is enclosed herewith.

The aforesaid intimation will also be made available on the website of the Company in accordance with Regulations 46(2)(r) and 62(1)(i) of the Listing Regulations.

We request you to take the same on record.

Thanking you.

Yours faithfully,

For **Piramal Finance Limited**

(Formerly known as Piramal Capital & Housing Finance Limited)

Bipin Singh
Company Secretary

Encl.: As above.

Research Update:

Piramal Finance Ltd. Upgraded To 'BB/B' On Improving Business Stability; Outlook Stable

February 16, 2026

Overview

- We believe Piramal Finance Ltd.'s business and revenue should be more stable over the next 12-24 months, given a significant reduction in its legacy loan book; capitalization will likely be strong.
- Piramal Finance's creditworthiness should also benefit from a letter of support from an entity owned by persons related to its promoters.
- We raised our long-term issuer credit rating on Piramal Finance to 'BB' from 'BB-'. We also affirmed the 'B' short-term rating on the India-based lending company.
- The stable outlook on the long-term rating reflects our view that Piramal Finance's profitability and asset quality will improve in an orderly manner over the next 12-24 months. We also expect capital to remain strong and the company to gain market share.

Rating Action

On Feb. 16, 2026, S&P Global Ratings raised its long-term issuer credit rating on Piramal Finance to 'BB' from 'BB-'. The outlook is stable. At the same time, we affirmed our 'B' short-term issuer credit rating on the company.

Rationale

We upgraded Piramal Finance because we believe the company's business and revenue will become more stable, given a significant decline in legacy loans. The group's strong capitalization and ample liquidity buffers provide an additional layer of resilience. The company's creditworthiness should also benefit from a letter of support from an entity owned by persons related to its promoters.

Piramal Finance appears well positioned for strong growth and market share gains. Its legacy book has significantly decreased, suggesting to us that the company is well-positioned to achieve

Primary Contacts

Shinoy Varghese
Singapore
65-6597-6247
shinoy.varghese1
@spglobal.com

Deepali V Seth Chhabria
Mumbai
912261373187
deepali.seth
@spglobal.com

Piramal Finance Ltd. Upgraded To 'BB/B' On Improving Business Stability; Outlook Stable

Indian rupee (INR) 1.5 trillion in assets under management (AUM) by fiscal 2028 (ended March 31, 2028).

Since 2020, Piramal Finance has streamlined its structure, run down its legacy loan book, and diversified its loan portfolio. The dominance of retail loans is increasing. We now expect the loan book to represent 85% of total AUM by fiscal 2026. The company's continuing transformation should further improve the granularity of its loan book and enhance business stability, in our view.

We believe Piramal Finance's core profitability will improve over the next two years. We expect a return on assets (ROA) of about 2.3%-2.8% for fiscal 2026, largely due to one-off gains from the sale of stakes in Shriram group's life insurance business and Piramal Imaging. We expect the proceeds to be realized in the fourth quarter of fiscal 2026. ROA was about 0.5% in fiscal 2025.

We also project the company's ROA to reach about 2.3% in fiscal 2027 and 2.7% in fiscal 2028. We base our forecast on several factors, including normalization of credit losses as the legacy portfolio shrinks, a moderate improvement in net interest margins, and the company's ability to utilize sizable tax loss carryforwards to offset future profits.

The letter of support also benefits the stand-alone credit profile. While the letter is not an explicit or implicit guarantee, we see some funding benefits for Piramal Finance in terms of access to cheaper and more diverse funding options. We also expect the support to even be available during times of stress.

These standalone improvements along with the letter of support which will further enhance business stability and funding profile have led us to apply a one-notch uplift to our comparable rating assessment (CRA) when determining the stand-alone credit profile.

Wholesale funding will predominate. Piramal Finance's funding costs remain higher than that of its peers. Given predominantly wholesale funding, the finance company sector remains highly sensitive to market confidence. Companies with strong corporate or bank parentage tend to have preferential access to funding. We also see some lender concentration for the company.

Piramal Finance's liquidity is adequate, in our view. The company has broadly matching assets and liabilities, and undrawn bank lines of about INR37.7 billion.

Piramal Finance will likely maintain strong capitalization. We forecast the company will have a risk-adjusted capital (RAC) ratio of 13.5%-14.5% over fiscals 2027 and 2028. This would be down from 15.1% in fiscal 2026, and compares with about 15.5% as of March 31, 2025. The decline is despite above-average loan growth of about 25% for fiscal 2027 and 2028 amid broadly steady internal capital generation. Piramal Finance also has strong capital levels, which should cushion any losses that are higher than our expectation.

Piramal Finance's asset quality reflects inherent risk from a weaker borrower profile. We expect the company's credit cost ratio to be 1.5%-1.7% over the next two years, compared with about 6.0% in fiscal 2024. This is comparable to several nonbanking financial company peers with a similar borrower profile. Our view is based on the loan book remaining concentrated in the real estate sector, or because loans are of recent vintage and yet to be tested through an adverse cycle. That said, we expect India's solid economic growth outlook to support asset quality over the next two years.

Outlook

Piramal Finance Ltd. Upgraded To 'BB/B' On Improving Business Stability; Outlook Stable

The stable outlook on our long-term rating on Piramal Finance reflects our view that the company will continue to improve its profitability and asset quality in an orderly manner over the next 12 months. We also expect the company to gain market share over the period and its capital position to remain strong.

Downside scenario

We could lower our ratings on Piramal Finance if believe the commitment to provide timely support is diminishing from an entity owned by persons related to the promoters. We could also lower the ratings if Piramal Finance's high-growth strategy encounters significant execution challenges, resulting in lower business stability or signs that its underwriting standards are weakening.

Upside scenario

We do not see any upside to the ratings over the next 12 months.

That said, we could raise our ratings on Piramal Finance if the company further stabilizes its business and revenue, leading to profitable and sustainable market share gains comparable to larger peers' and its funding profile would align with its larger, rated peers that are backed by stronger parentage. However, an improvement in only one of these factors such as business position or funding profile could be counterbalanced by a reversal of the CRA notch adjustment.

Rating Component Scores

Rating Component Scores

	To	From
Issuer Credit Rating	BB/Stable/B	BB-/Stable/B
SACP	bb	bb-
Anchor	bb+	bb+
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Strong (+1)	Strong (+1)
Risk position	Moderate (-1)	Moderate (-1)
Funding and liquidity	Moderate and Adequate (-1)	Moderate and Adequate (-1)
Comparable ratings analysis	1	0
Support	0	0
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile, ALAC--Additional loss-absorbing capacity, GRE--Government-related entity.

Ratings List

Ratings List

Upgraded

Piramal Finance Ltd. Upgraded To 'BB/B' On Improving Business Stability; Outlook Stable

Ratings List

	To	From
<u>Piramal Finance Ltd.</u>		
Issuer Credit Rating	BB/Stable/B	BB-/Stable/B
Senior Secured	BB	BB-

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