



**“Paisalo Digital Limited
Q4 & FY2026 Earnings Conference Call”**

May 11, 2026



Management: **Mr. Santanu Agarwal - Deputy Managing Director**
Mr. Harish Singh - Executive Director & Chief Financial Officer
Mr. Gaurav Chaubey - Chief Business Officer

Moderator: Ladies and gentlemen, good day and welcome to Paisalo Digital Limited's Q4 and FY2026 earnings conference call hosted by Arihant Capital Markets Limited. Let me draw your attention to the fact that on this call, discussion will include certain forward-looking statements, which are predictions, projections or other estimates about the future events. This estimate reflects management's current expectations about the future performance of the Company. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. From the esteemed management, we have with us today, Mr. Santanu Agarwal, Deputy Managing Director, Mr. Harish Singh, Executive Director and Chief Financial Officer, Mr. Gaurav Chaubey, Chief Business Officer. I now hand over the call to Mr. Santanu Agarwal, Deputy Managing Director for his opening remarks post which we can open the floor for question and answers. Thank you and over to you Sir!

Santanu Agarwal: Good afternoon, everyone and thank you for joining us today for Paisalo Digital's earnings call for the fourth quarter and full year ended March 31, 2026. I hope you have all had the opportunity to review our earnings presentation, which has been shared earlier on the exchanges and available on our website. Joining me on this call is Mr. Harish Singh, our Executive Director and Chief Financial Officer, and Mr. Gaurav Chaubey, our Chief Business Officer. We appreciate your continued interest in Paisalo and look forward to discussing our performance and outlook with you as we finish this financial year on a strong note.

India's macroeconomic environment continues to provide a constructive and enabling backdrop for businesses like ours. Domestic demand remains resilient, public investment is sustained, and the pace of economic formalization across rural and semi-urban India continues to accelerate. The government's continued policy focus on financial inclusion, MSME development and digital public infrastructure is creating a structurally larger and more accessible market for credit at the last mile precisely the segment where Paisalo operates and has built deep capabilities over three decades.

Demand for small-ticket credit remains healthy and broad-based, supported by working capital needs of micro-entrepreneurs and small businesses, rising economic activity across informal and semi-formal segments and the growing acceptance of formal credit channels even in India's Tier-3, 4, and 5 geographies. The rapid expansion of digital public infrastructure, greater availability of customer and transaction level data and deepening penetration of formal financial products are collectively making credit delivery more efficient, more targeted and more scalable.

On the regulatory front, the environment remains supportive of responsible credit expansion with continued emphasis on inclusion, digital enablement, and prudent underwriting, all of which are central to Paisalo's operating philosophy. While the global markets continue to

monitor evolving geopolitical developments including tensions in the Middle East and their implications for commodity prices and capital flows, India's domestic fundamentals remain relatively insulated and resilient. We believe this combination of structural demand, increasing formalization and a supportive policy architecture continues to create a highly favorable long-term opportunity for disciplined technology-led lenders like Paisalo.

Now coming to the quarter's performance. Against this backdrop, I am pleased to report that Paisalo delivered a strong and broad-based finish to FY26. One that reflects both the strength of our underlying business model and the early fruits of our strategic investments across distribution, technology and liabilities.

Our Assets Under Management increased to Rs.61,009 million, registering 17% year-on-year growth, reflecting steady expansion across income generation loan and MSME lending segments. Disbursements for the quarter stood at Rs.13,440 million indicating sustained borrower demand and healthy sourcing momentum.

We reported highest-ever quarterly profit after tax of Rs.722 million in Q4 FY26, up by 56% year-on-year, supported by strong income growth and improving operating leverage. This quarter's performance also demonstrates that we are scaling the business while continuing to build long-term capabilities across distribution, liabilities and technology. We expect these investments to enhance productivity, improve cost efficiency and support a stronger earnings trajectory going forward.

A defining pillar of our strategy has always been last mile reach, and FY26 saw meaningful deepening of our distribution architecture. During the quarter, we added 427 new touch points, taking our total network to 5,299 touchpoints across 22 states, comprising 422 branches, 3381 distribution points and 1,496 business correspondents. Our branch network itself expanded from 402 to 422 during the quarter, adding 20 new branches and strengthening our on-ground franchise visibility.

Our customer franchise crossed approximately 16 million customers, a milestone that reflects the growing trust that underserved and financially excluded households are placing in Paisalo's high-tech, high-touch model. This franchise has been built over three decades of consistent presence and responsible lending.

From a geographic standpoint, our Q4 AUM mix reflected a strong contribution from Maharashtra and Uttar Pradesh underscoring the success of our calibrated expansion strategy. Maharashtra's share expanded by 430 basis points to 21.70%, while Uttar Pradesh grew by 122 basis points to 14.12%. Among other key markets, Delhi continued to lead with a 28.03% share, followed by Haryana at 14.94%, Rajasthan at 13.14%, and other states collectively contributing 8.07%. While our portfolio remains firmly anchored by strong

positions in our core markets, we are steadily deepening our presence across newer geographies to build a more broad-based, diversified and resilient footprint over time.

FY26 AUM remained diversified across business segments with food and hospitality contributing 24%, Agri and allied Agri, and street vendors contributing 14% each, heavy industries 11%, technology 8%, health and education 5%, textiles 4%, vehicles 3% and other segments 17%. The portfolio continues to maintain a balanced presence across MSME and income generation categories and we remain focused on further broadening the business mix to support sustainable and well-diversified growth. Overall, MSME/SME loans accounted for 71% of the portfolio, while income generation loans contributed the remaining 29%.

Our BC channel remains an important part of this model, helping us deepen local reach, strengthen customer access and support scalable last mile delivery. During the quarter, we also expanded our banking as a service platform through our business correspondent partnership with Indian Overseas Bank, further strengthening our ability to deepen customer reach and expand banking access at the last mile.

Technology and AI are no longer just enablers at Paisalo. They are becoming core to how we originate, underwrite, service and collect. Over the past year, our focus has been building an integrated AI-led operating backbone that drives both scale and efficiency. Today, AI is embedded across customer acquisition, credit assessment, servicing, collections and portfolio monitoring, supported by a strong data and analytics foundation.

During Q4, we processed approximately 1,60,000 loan applications through AI-enabled onboarding pipelines while our AI-assisted workflows handled over 1,25,000 servicing cases and 2,25,000 debt management cases. In parallel, we automated nearly 2,50,000 quality checks, significantly improving consistency and control.

On the customer acquisition side, we scaled AI-led outreach through 1,50,000 outbound calls, two live text bots, and five outbound voice bots, improving lead time, sourcing efficiency, and conversion rates. Front-end digitization and AI-assisted development are compressing turnaround times, improving field productivity, and reducing per-unit operating costs.

The operating leverage from these investments is beginning to show up in our financial metrics. Despite meaningful expansion in our branch network and strong double-digit AUM growth in FY26, headcount was down 3% during the year, an early but tangible sign that our technology and AI investments are translating into real productivity gains and a more efficient cost structure. We are also retraining and reskilling employees whose roles are evolving through technology consistent with our longstanding commitment to our people and our belief that human judgment and field connectivity remains irreplaceable in the

markets we serve.

Our business intelligence unit, which reports directly to senior management, continues to embed analytics into every layer of decision-making, from loan pricing and resource allocation to geo-level risk management and early warning systems. We believe this data-led operating infrastructure is a key differentiator and will continue to support productivity gains, sharper execution and a more efficient scaling as we enter the next phase of growth.

FY26 also marked a significant year of progress on our liability franchise. We completed our maiden ECB issuance of USD \$15 million, a historic milestone that reflects growing international investor confidence in Paisalo's credit story and opens a new and diversified avenue of long-term funding. We also reinforced our credit standing through dual rating of AA stable, further broadening our access to institutional capital at competitive terms.

Asset quality remained healthy and stable during the quarter, with GNPA and NNPA improving to 0.76% and 0.61% respectively, underscoring the strength of our underwriting and collection framework. At the same time, our cost of borrowing moderated to 10.22%, reflecting continued progress in liability optimization and funding diversification. Together, these trends support the resilience of our balance sheet and position us well to sustain profitable growth with disciplined risk management.

As we look ahead, our three-year strategic roadmap is centered on four interconnected priorities. Deepening last mile reach through an expanding distribution architecture, broadening our product suite, entering new markets with data-led discipline while consolidating with existing geographies and continuously optimizing our capital structure through liability diversification, lending partnerships, and reducing cost of funds. Underpinning all of this is our growing use of AI and automation, which we believe will be the single most important driver of operating leverage, productivity improvement, and cost efficiency over the mid to long term.

In conclusion, Q4 FY26 and FY26 as a whole represent a landmark chapter in Paisalo's journey, a year where we delivered strong financial performance while continuing to build capabilities, partnerships, and infrastructure that will define the next phase of our growth. We remain deeply committed to our founding mission of empowering India's unserved and underserved communities with fair, fast, and inclusive credit and we are more confident than ever in our ability to scale this mission in a responsible, technology-led, and financially sustainable manner.

We thank our investors and stakeholders for their continued trust and support as we build a more resilient, technology-led, and financially inclusive company.

With this, I will now hand over to Harish Singh, our Executive Director and CFO, to take you through the financial performance in further detail. Thank you.

Harish Singh:

Thank you, Santanu Ji. Good afternoon and thank you. I am pleased to present Paisalo Digital's Financial Performance for the fourth quarter and FY26.

We closed Q4 FY26 with a record Assets Under Management of 61,009 million registering a healthy 17% year-on-year growth. This performance reflects steady and broad-based expansion across our core income generation and MSME lending segments. Disbursement during the quarter stood at Rs.13,440 million, reaffirming the strength of underlying credit demand and the consistent momentum across our sourcing channels.

Total income for the quarter rose to Rs.2,609 million, registering a strong 35% year-on-year growth, while net interest income increased to Rs.1,733 million, up 61% year-on-year. These performances is a reflection of the scale-up in our portfolio, stable yields and continued improvement in funding efficiency.

Coming to profitability, I am pleased to share that we have delivered our highest-ever quarterly profit after tax of Rs.722 million, a robust 56% year-on-year growth. Profit before tax stood at Rs.970 million reflecting the benefits of disciplined cost management even as we continue to invest meaningfully in distribution and technology to support future growth. Our return ratios remain healthy with return on equity at 13.2% and return on asset at 3.8%, a clear demonstration of the strength of our business model and our ability to generate profitable growth while continuing to invest for the long term.

Moving on to the full year performance for the year-ended FY26, Paisalo has delivered a strong and consistent set of financials, underpinned by disciplined execution across sourcing, underwriting and balance sheet management. Cumulative disbursements for FY26 came in at Rs.42,622 million growing by approximately 15% year-on-year, supported by sustained demand across our income generation and MSME lending segments, along with improving productivity across channels.

For FY26, total income increased to Rs.9,437 million, translating into a healthy 22% year-on-year growth, driven by steady AUM expansion and improved funding efficiency. Net interest income for the year grew to Rs.5,694 million, a 29% year-on-year increase, which has flowed through to a cumulative profit after tax of 2,372 million for FY26, clearly reinforcing our ability to scale the business profitably.

On the asset quality front, our portfolio continues to remain price, time and best-in-class, supported by rigorous credit assessment processes and a well-embedded collection architecture. Gross NPA and net NPA improved year-on-year by 23 bps and 15 bps respectively, setting at well-contained levels of 0.76% and 0.61%. In addition, our

collection efficiency of 98.5% reflects strong repayment behavior and effective portfolio oversight across the book.

Turning to the balance sheet, it remains strong, liquid, and well-defined, providing a resilient reform to fund future growth. As of FY26, total borrowing is stood at Rs.43,597 billion supported by a diversified and steadily improving liability profile with cost of borrowing moderating to 10.2% reflecting our enhanced credit standing and disciplined liability management. Leverage continues to be prudent at a debt-to-equity ratio of 2.43x while our capital adequacy ratio stood at robust 35.8% together offering ample headroom to scale the business, strong loss absorption capacity and the resilience to pursue growth opportunity through any market cycle.

With sustained demand across our core segments, improving funding efficiency, pristine asset quality and a robust risk and operating framework, Paisalo enters FY27 from a position of strength. We remain confident in our ability to deliver calibrated, profitable and sustainable growth while continuing to create long-term value for all our stakeholders. Thank you and with that, let me hand over the call to the moderator.

Moderator:

Thank you so much. Ladies and gentlemen, we will now begin with the question-and-answer session. Anyone who wishes to ask a question may click on the raise hand icon from the participants tab on your screen. We will take our first question from Sandy Mehta of Evaluate Research. Please unmute your microphone.

Sandy Mehta:

Good afternoon. Congratulations on a very strong set of results. The loan yields were up, cost of borrowing is down, so overall your net interest margin improved nicely can you sustain your net interest margin at these levels? What is the outlook for this going forward, please?

Santanu Agarwal:

Thank you, Sandy, for taking the question. We had already guided for the NIM that we have already pre-achieved at the current levels, so we have overachieved our expected guidance for the full year basis. We continue to say that we are going to maintain the same 6.5% sort of a NIM level even in the upcoming financial year as against the 6.83 that we are doing, so our target remains the same and we hope you overachieve the NIM in the upcoming financial year too.

Sandy Mehta:

The NPA trends have trended down as you pointed out, but given the war situation, I believe you do not have much exposure to exports, but what trends are you seeing with SMEs and your overall book currently in the months of April and May?

Santanu Agarwal:

So if you look at the global trend that is taking place, largely, it is large SMEs or the mid corporate segment that we see, which is having difficulty in terms of their export account, primarily due to the cost of insurance, cost of freight and the movement stoppage through

the Strait of Hormuz. Even though if you look at what has been happening, the Strait of Hormuz has technically been open, but is flowing only at a 5% capacity because of how the Iranian regime has been treating it over there. So we do not have any large concentrated exposure on any of our borrowers, which are largely dependent on getting proceeds from there. So from that point of view, we are considerably better looking. In terms of the industry outlook as the same, I believe that the LCC segment may face some kind of difficulty in this quarter in comparison to the previous quarter, but that will totally depend on how the situation prevails from an insurance and credit movement point of view, nothing for us to get affected by.

Sandy Mehta: One final question, can you update us on the expansion of the co-lending with the State Bank of India, please?

Santanu Agarwal: So we have completed our side of compliance that was required from the RBI circular point of view. There are largely two relationships that are live. One is based on the completely back-to-back driven option one of co-lending platform, while the other is based on the new framework guidelines that are there. So Paisalo's compliance on both the methods has been completed. One of the methods we are expecting it to get live within this quarter itself while the second process we are awaiting the bank's confirmation on their compliance of the RBI circular. So I am expecting that the second one also should get live in by the end of the quarter one of the new fiscal year or early next quarter.

Sandy Mehta: Great. Congratulations on the strong set of results and again, I would like to commend you on your IR effort. The presentation is quite detailed and that is great for us shareholders. Thank you.

Moderator: Thank you. We will take Anurag Patil, an Individual Investor, for his question. Mr. Patil, please unmute your microphone.

Anurag Patil: I have a couple of questions. So my first question would be, as I understand about 93% of the portfolio is secured, so from a business and reporting perspective, I wanted to understand how the NPAs are being recognized. Are the NPAs primarily arising from the unsecured portion of the portfolio or are loans being classified as NPA first and then subsequently recovered through collateral and collection.

Santanu Agarwal: The NPA is recognized on both the segments combined and the process of NPA recognition and IRAC norms as defined by the RBI are being followed in both cases. In case of a secured judgment when the account turns NPA we follow the necessary surfacy guidelines as laid by the act and then we proceed with the same.

Anurag Patil: Thanks for that answer and my second question would be what percentage of the outstanding loan value are we typically able to recover through the collateral realization

once a loan turns into NPA and additionally how does the recovery rate vary across different asset classes or borrower segments?

Santanu Agarwal: We typically follow a 50% to 60% LTV on the secured cases. So that would typically mean that on a Rs.100 kind of a lending, we are having an asset in our hand of 50% to 60%. That is Rs.50 to Rs.60 is what is being lent on a Rs.100 asset. So when there is an immovable collateral that is in place, we are able to make a principal plus interest plus if there is some kind of additional penal or late fees that can be made that is there wherein the necessary RBI circular is followed on the same. In cases where the security is on a movable asset basis then there is an IDV calculator that is run which is the insurance depreciated value. We typically give LTV on the IDV value of the asset and are able to typically exit the position while recovering the principal plus a normalized yield which matches or outpaces our cost of funds on the asset that is being financed.

Anurag Patil: Okay, got it. So basically, on fully collateralized basis, you are able to recover 100% or close to 100%.

Santanu Agarwal: So the investor or the Company never suffers a principal loss or a cost of fund loss. Typically, the loss is only on the yield on the NIM. So assuming I have a Rs.100 outstanding with my cost of fund, I am supposed to let us say recover here Rs.110 and my spread on it is about another 6%. So typically, let us say I am supposed to recover 116%. I will only suffer a NIM loss, never a principal plus interest loss. So I will end up recovering between Rs.111, Rs.112 it does not matter what asset it is, whether it is immovable, movable or only a primary collateral.

Anurag Patil: Due to the West Asia crisis, are you still sticking to your guidance of doubling the AUM income and the net profit in the next three years?

Santanu Agarwal: Yes, absolutely. So we last quarter showcased how we are going to do it and this quarter on a full year basis, we have reaffirmed the guidance, so we are sticking with the same guidance for the upcoming three fiscal years.

Anurag Patil: Got it. One last question. Any plans for promoter to increase their stake further this financial year?

Santanu Agarwal: The promoters increased last fiscal year about 4.7% on a year-to-date basis of the stake. The promoters have also been increasing their stake in the Company for the past three years wherein the journey started by issuance of warrants of Rs.180 Crores followed by two years of creeping acquisition of 5% and last year being 4.7%. As per this year, we cannot comment on the same, but we let the markets know whenever we do something.

Anurag Patil: Thank you for your answers.

- Moderator:** Thank you so much. We will take our next question from the line of Sapna K of TNA Partners. Ms. Sapna, please go ahead. Ms. Sapna, please go ahead and ask your question.
- Sapna K:** Firstly, congratulations for a great set of numbers, Sir. I had two questions. One is, Sir, as we see that the industry-wide, small ticket size, MFI, so they are in stress is real, Sir. So, given Paisalo has around 98.5% collection efficiency, what could be the reason behind this, Sir? This is my first question.
- Santanu Agarwal:** Thank you for coming Sapna Ji. If you look at MFI as an industry, we do not classify our lending as an MFI lender. We are not an MFI lender. We are typically we step in into the journey when the person becomes a micro enterprise. So this is beyond MFI. But before his journey as an MSME is where our sweet spot lies. That is why we call them small income generation loans and do not classify them into either categories, because it is a very niche segment. Where there is 8 lakh crore untapped market opportunity that we are tapping over the next or we have been tapping for the last three years and are going to be tapping it for the next three years too. In terms of the collection efficiency, it is primarily because of our lending philosophy that we believe in is that we believe this is a collection first as a business. We have survived 35 years in the industry as a listed entity for more than 30 years, because we have had the approach of lend right and collect tight. That has been the growing model that is there. So every single credit parameter or geopolitical or geospatial parameter or our credit decision engine, our sanctioning, our process flow, our SOPs, they are designed as an elimination process and not as a servicing process. That has been the primary USP of our model.
- Sapna K:** Thank you, Sir. That explains a lot. Sir, one more question I have. Do you have inorganic growth on the table? Do you plan anything like that?
- Santanu Agarwal:** Yes, we have that on the plans. We are actively scouting for opportunities and partners to help us in the same.
- Sapna K:** Noted, sir. Thank you. I will get back in the queue.
- Moderator:** Thank you so much. Requesting participants to click on the raise hand icon from the participants tab. We will take our next question from the line of Deepak Rao of KNR Securities. Mr. Rao, please go ahead.
- Deepak Rao:** Thank you so much for the opportunity, Sir. My first question is, beyond co-lending, what are the other structural modes that Paisalo have versus other listed NBFCs that could potentially lead to us achieving the guidance of doubling our AUM in the next three fiscal years and secondly another question I had was regarding the new products that we have announced, the eight new products in pipeline, are these incremental verticals or re-

packaging of existing products, so which of these products will move the revenue needles for the upcoming FY27 financial years?

Santanu Agarwal:

Thank you, Deepak Ji for your question. So we follow an approach where we typically do not have any concentrated exposure of a significant industry or a parameter contributing more than 25% of growth in the portfolio. As per the new RBI circular, which was released last year, co-lending across the industry has taken a slowdown, whether you look at the latest CRISL reports and ICRA reports, which have come on the same, wherein a lot of NBFCs have been able to finish the compliance, but we are just waiting clarification from the banks too on their end on the compliance as guided last quarter and reaffirmed this quarter. So last quarter we guided how we are going to do the three-year doubling and this quarter we are reaffirming that now we are ready to double it for over the next span of three years. We have not taken co-lending as the growth driver there. Co-lending is going to be an addition on top of that because we are yet to get some clarity on it in terms of how the updated guidelines are going to perform this fiscal year. So co-lending contributes a small chunk of the AUM right now. We have not taken it into account in our doubling process. So that is number one. Number two, in terms of the new segments that we have entered. So back in Q2 of the last fiscal year, we started our process of adding a couple of additional segments. To name, we started the process of adding six new segments, which was medical equipment, industrial equipment, alternative fuel, two-wheeler, Agri-equipment, and small commercial vehicles. We already do three wheelers. We are just adding small commercial vehicle and segregating that platform. The idea was typically if you look at our industry wise split that we have been maintaining no specific industry, so food and hospitality being the largest industry in the portfolio contributes about 24% followed by the next industry, which is Agri and Allied Agri street vendors contributing 14% each. So the idea was to further diversify the portfolio by adding these six new segments into the space. So Q2 we started the strategy process, Q3 we announced it and finally in Q4 we ended up having our tie ups with roughly 18, maybe more, I am sorry I do not have the exact number but roughly 20, 18 to 20 partnerships, which is spread across all six of these segments and the idea over the next fiscal, which is the new fiscal year, is to scale each of these relationships so that they have a specific contribution in the industry wise segment that we are doing. So overall, at the end of three years that we have guided of the doubling of the AUM, you will see that our split will further become better because we will have roughly 18 main products being contributed by about three sub products in each category across various products, terminologies and marketing segments. So idea is to have that in place.

Deepak Rao:

Thank you so much Sir. I just have one more question. On the sequential growth and disbursements it was only 3% any reason about the low single digit growth?

Santanu Agarwal:

The sequential growth was 3%, but if you look at the quarter-on-quarter growth, it was about 27% from Q3 to Q4 and the cumulative full year growth was about 15% odd. So in

terms of what our disbursement outlook and business outlook was for the full year basis, we have been fairly happy and healthy in terms of achievement of that. So nothing special over there because on a Q3 to Q4 basis, we achieved our target of growing more than 25% and we grew at about 27%.

Deepak Rao: Thank you, Sir. That answers my questions.

Moderator: Thank you so much. Ladies and gentlemen, that was the last question. I will now hand over the conference to Mr. Santanu Agarwal for his closing remarks. Over to you Sir!

Shantanu Agarwal: Thank you. With sustained demand across our core segments, improving funding efficiency, pristine asset quality and a robust risk and operating framework, Paisalo has entered FY27 from a position of strength. We remain confident in our ability to deliver calibrated, profitable and sustainable growth while continuing to create long-term value for our stakeholders. We thank our investors, stakeholders, and Arihant Capital for their continued trust and support as we build a more resilient, technology-led, and financially inclusive Company. Thank you so much.

Moderator: Thank you members of the management. Ladies and gentlemen, on behalf of Paisalo Digital Limited that concludes today's conference call. Thank you for joining us. You may now click on the leave icon to exit the meeting. Thank you everyone for your participation.

(This document has been edited for readability purpose)

Contact Information:

ir@paisalo.in

Registered Office:

CSC, Pocket 52, CR Park, Near Police Station,
New Delhi - 110019

CIN: L65921DL1992PLC120483

www.paisalo.in