

Date: November 15, 2025

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The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai -400 051

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975865, 976752, 977004, 977278, 977279 and CPs- 729651,
729722, 730058

SCRIP SYMBOL: PAISALO

Ref : Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the SEBI (LODR) Regulations) r/w Clause 15 of Part A Para A of Schedule III to the SEBI Listing Regulations

Subject : Transcript of Conference Call held in respect of the Financial Results for the quarter/half year ended September 30, 2025

Dear Sir/Madam,

In furtherance of our letter dated November 11, 2025, the transcript of Q2 FY2026 investor conference call has been uploaded on the website of the Company at <https://www.paisalo.in/pdf/pdf/Transcriptq2.pdf>

Also, enclosed is the transcript (pdf) as attachment for ease of reference.

We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For Paisalo Digital Limited



(MANENDRA SINGH)
Company Secretary

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अर्थ: समाजस्य न्यासः



“Paisalo Digital Limited

Q2 FY '26 Earnings Conference Call”

November 11, 2025



**MANAGEMENT: MR. SANTANU AGARWAL – DEPUTY MANAGING
DIRECTOR**

**MR. HARISH SINGH – EXECUTIVE DIRECTOR AND
CHIEF FINANCIAL OFFICER**

MR. GAURAV CHAUBEY – CHIEF RISK OFFICER

Moderator: Ladies and gentlemen, good day and welcome to Paisalo Digital Limited Q2 FY '26 Earnings Conference Call hosted by Dolat Capital Markets Private 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. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touch-tone phone. Please note that this conference is being recorded.

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 Risk Officer.

We express our gratitude towards the esteemed management of Paisalo Digital to provide us the opportunity to host this conference call.

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 Q&A. Thank you and over to you, sir.

Santanu Agarwal: Good afternoon and a very warm welcome to Paisalo Digital's Earnings Conference Call for the second Quarter and half-year ended September 30, 2025.

Joining me today are Mr. Harish Singh – Executive Director and CFO and Mr. Gaurav Chaubey – Chief Risk Officer. Our earnings presentation has been uploaded to the Stock Exchange and is also available on our website. We hope you have had a chance to review it.

It is a pleasure to connect with our investors, analysts and stakeholders as we move through Q2 FY '26 with continued strength, confidence and an enduring focus on advancing inclusive financial growth. India's credit landscape remains vastly underserved, particularly across rural areas, small towns and among micro, small and medium enterprises. Millions have limited or no formal credit access, presenting a substantial opportunity as well as a responsibility for financial institutions like us. Paisalo was founded on the belief that financial inclusion is the cornerstone of equitable growth and our vision has always been clear to bridge this credit gap by providing accessible, affordable and tailored lending solutions to India's underserved, be it a small income generation loan or MSME/SMEs with limited credit access.

Over the years, we have made significant progress towards this vision. This quarter's performance reinforces our confidence in the scalability and ongoing relevance of our model. Our Assets Under Management (AUM) grew by 20% year-on-year, reaching the highest ever to INR 54,494 million, supported by a robust 41% increase year-on-year in disbursement of INR 11,025 million, signaling robust lending traction and sustained demand from grassroots

borrowers. Notably, this quarter we have achieved a milestone of 13 million customer franchise across our credit and banking-as-a-service platform, adding approximately 1.8 million customers in Q2 itself, highlighting the growing relevance of our inclusive last mile credit model. We are well positioned to capitalize on this by leveraging our deep market insights, scalable digital infrastructure and a diversified product portfolio. This foundation enables us to cross-sell additional financial products, enhance customer retention and deepen engagement. Moreover, the growing scale provides operational efficiencies and improved risk diversification, which together will drive sustainable growth and strengthen our competitive advantages in the underserved segments.

We recorded our highest total income of INR 2,240 million, reflecting a 20% year-on-year growth, driven by continued expansion across customer segments and geographies. Despite undertaking continued operational expansion and adding new branches across key regions, our company delivered a robust performance with a profit before tax of INR 690 million and a profit after tax of INR 515 million. This growth, achieved while investing in network and infrastructure, reflects the underlying strength and scalability of our business model. With our branch network continuously growing and technology-driven backbone, we expect operating leverage to play an increasingly significant role in enhancing profitability and driving sustained value creation in the years to come.

Our strategic partnership with SBI for co-lending to MSMEs and SMEs is advancing smoothly with ongoing effort to integrate APIs across both platforms. This integration will enhance operational efficiency and enable seamless collaboration, positioning us to capitalize on the growing SME-MSME credit demand and drive risk-shared growth without stressing our balance sheet. The co-lending model offers several key advantages as it enables us to achieve higher ROA and ROE through improved leverage and better spreads. Additionally, by down selling a portion of the portfolio, co-lending reduces our capital requirements. Importantly, this model helps us effectively manage the 3 major inherent risks in NBFC lending, which is liquidity risk, asset liability management risk, and credit cost risk.

Our extensive physical distribution network continues to be a foundational pillar of Paisalo's growth and market leadership. Over recent years, we have strategically expanded this network, adding hundreds of carefully selected touchpoints to deepen our market penetration and enhance customer accessibility. In Q2 FY '26 alone, we strengthened our footprint with a net addition of 383 new touchpoints, bringing our presence to 402 branches, 2,585 distribution points and 1,393 business correspondent points. This expansion is driven by sophisticated geo-spatial analytics that enables us to identify and prioritize regions exhibiting strong credit performance, favorable competitive dynamics, and a robust economic potential, ensuring that each new location maximizes both growth opportunity and risk mitigation.

Our business correspondent network remains integral to Paisalo's inclusive growth strategy, serving as a critical channel that bridges financial services to rural and semi-urban communities through our BaaS tie-ups. In collaboration with premier banking partners such as State Bank of India and Bank of India, we leverage their broad reach and trusted brand to deliver key services

including deposits, remittances, and credit products directly to underserved markets. As of Q2 FY '26, we operate through 1,393 banking CSP touchpoints spanning 22 states, reflecting our wide geographic and demographic outreach. Customer engagement through this channel remains strong and steadily growing. During the quarter, we facilitated the opening of approximately 3,926 new small savings bank accounts and 43,020 cross-selling accounts, underscoring the increasing trust in adoption of our holistic financial platform. This reflects our success in not only expanding access, but also deepening our relationship with customers by offering a broad suite of financial products tailored to their evolving needs.

Demonstrating the high standards of compliance and service excellence that Paisalo upholds, our BC channel was one of only two selected to participate in Jan Samriddhi campaign and subsequently qualified for Jan Sanchay campaign. Furthermore, in August 2025, our BC network achieved an outstanding 95.7% score in the BC audit, a strong testament to our robust governance, operational discipline and customer-centric execution. We remain committed to further strengthening and optimizing this network to support our ambitious growth trajectory and deliver long-term value to our investors.

On the product front, Paisalo has continuously diversified its offering to respond to evolving customer needs and market dynamics. During the quarter, we advanced our product roadmap and completed pilot and are now moving to roll out across key segments including loan against property, tractor, medical and equipment finance, and broader equipment lending. To support scale, we have strengthened our team across Delhi NCR, MP, UP, Haryana, Rajasthan, and core Agri hubs in Chandigarh, Jaipur and Pune with channel onboarding underway to accelerate activation. These initiatives align with Paisalo's strategic priority to diversify its AUM mix by expanding beyond the traditional stronghold in select Northern states and evolve into a pan India player. Regions such as Maharashtra and Rajasthan now contribute 18% and 14% respectively. By broadening our presence across new geographies and underserved regions, we aim to tap into varied borrower segments, reduce geographic concentration risk, and strengthen the overall resilience and stability of our portfolio.

Our OEM partnership engine built over the last few years with leading names such as Mahindra, Tata, Honda, Hero, TVS, Piaggio, Adani, and Waaree continues to deliver strong momentum. These partnerships expand our reach across medical equipment, Agriculture, industrial equipment, solar, two-wheeler and STV categories, enhancing both customer acquisition and asset quality.

During the quarter, we have had several OEM wins across sectors including Sema Mart Health, Tata GenSet, Loom Solar and Eka Mobility. Looking ahead, we also have a robust tie-up pipeline targeted for closure by Q3-Q4, spanning leaders such as Eicher, Kirloskar, Ather, Orient, Sterling & Wilson, Kubota, and key car platforms including Spinny and Cars24.

Much like the mobile revolution and the rise of UPI, AI will reshape how India works, consumes, learns, and transacts. At Paisalo, we see AI not just as a tool, but as a strategic lever. During the quarter, Paisalo Digital has made significant strides in leveraging technology to enhance

operational efficiency, customer engagement and employee experience. A key highlight is the deployment of a Gen-AI-based calling system, an intelligent, automated solution designed to streamline loan recovery and improve borrower communication through advanced artificial intelligence-driven voice interactions. Paisalo received its first NVIDIA chip this quarter, which houses this system, automating approximately 350,000 calls daily, serving as a critical tool for timely EMI reminders and collection efforts. Powered by AI watch technology, the calling system delivers automated reminders for upcoming and overdue reminders with smart scheduling capabilities that trigger calls based on EMI due dates and borrower behavior patterns. The AI employs natural, human-like conversations adapt at answering borrowing queries, which significantly enhances borrower engagement and satisfaction. The solution includes a real-time dashboard enabling the monitoring of call outcomes, payment commitments, and borrower responses, providing the collection team with actionable insights.

Additionally, the system features dynamic follow-up functionality automatically rescheduling calls for unresponsive borrowers to maintain consistent outreach. Importantly, the AI-based calling system is multilingual, supporting regional Indian languages, and is built with stringent security and compliance measures, ensuring borrower data privacy and adherence to regulatory guidelines. We are in advanced stages of further advancing this technology for AI-based calling systems for lead generation also. Together, these technological advancements showcase Paisalo Digital's commitment to integrating cutting-edge solutions that drive operational excellence and improve customer touchpoints, all while maintaining regulatory compliance and data security.

During the quarter, we bolstered our capital structure through the additional conversion of USD 4 million in September 2025 from our USD 50 million FCCB issuance completed in December 2024. This conversion has resulted in an increase in our paid-up capital, strengthening our balance sheet and enhancing our capacity to support future growth initiatives.

In conclusion, Paisalo Digital remains deeply committed to driving sustainable and inclusive growth by harnessing the power of technology, expanding our reach to underserved communities and maintaining rigorous risk management. With a strengthened capital base, a diversified product portfolio and a robust distribution network, we are well positioned to capitalize on emerging opportunities and deliver long-term value to our customers, investors, and stakeholders. We appreciate your continued trust and support as we advance on this journey, and we look forward to building a financially inclusive future together. Thank you.

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

Harish Singh:

Good afternoon and thank you. I am pleased to present Paisalo Digital's Financial Performance for the 2nd Quarter and first half of Financial Year '26.

We closed the quarter with a record Asset Under Management, i.e., AUM of INR 54,494 million, marking a robust 20% year-on-year growth. This expansion was driven by strong demand across our co-lending segments, with quarterly disbursements reaching INR 11,025 million and

impressive 41% increase year-on-year, reflecting the underlying strength of our income-generating loan portfolio.

Total Income for the quarter reached a record INR 2,240 million, up 20% from the prior year, and Net Interest Income (NII), also grew strongly by 15% year-on-year to INR 1,262 million, reinforcing our focus on margin sustainability.

On the profitability front, we delivered a Profit Before Tax (PBT) of INR 690 million and Profit After Tax (PAT) of INR 515 million, both reflecting steady growth of approximately 3% year-on-year, despite continued operational expansion, with addition of 815 touchpoints, including 51 branch additions in H1. This highlights our disciplined operational execution, robust risk management framework, and stringent cost control measures.

Our Return on Equity (ROE) stood at 11.7% and Return on Assets (ROA) at 3.6%, confirming the financial strength and profitability of our business despite ongoing investments in growth.

For the first half of Financial Year '26, we sustained this strong performance. Disbursements grew by 30% year-on-year to INR 18,606 million, driven by disciplined underwriting and enhanced channel execution. Total Income increased 19% to INR 4,427 million, supported by stable portfolio quality. Net Interest Income rose 18% year-on-year to INR 2,507 million and PAT expanded 8% to INR 987 million, underscoring our ability to scale profitability.

Asset quality remained robust, reflecting the strength of our credit assessment and collection processes. Gross NPA and Net NPA stayed well contained at 0.81% and 0.65% respectively. Collection efficiency was strong at 98.4%, indicating resilient repayment behavior and effective portfolio monitoring.

Our balance sheet remained healthy and well-capitalized to support future growth ambitions. Total borrowing stood at INR 37,688 million, with a cost of borrowing at 10.5%. Our debt-to-equity ratio was at a comfortable 2.24x, providing ample capacity to support future growth while maintaining financial stability. Further, our capital adequacy i.e., CAR stood at a robust 38.2%, highlighting our resilience and ability to sustain business expansion while representing potential market volatilities.

Overall, Q2 Financial Year '26 delivered disciplined growth and resilient profitability, with record Total Income, higher NII and improving asset quality.

Our scaled customer base and data-driven risk management improve credit decisions, while strong collections and a robust capital base give us the capacity to fund continued growth. We remained committed to driving sustainable growth while maintaining focus on asset quality, margin protection and capital adequacy.

Thank you and with that let me hand over the call to the moderator.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abhishek Jaiswal, an Individual Investor. Please go ahead.
- Abhishek Jaiswal:** So my question is that I think when I look at the AUM growth that is very good 20% but at the same time what I see is that the disbursement increase year-over-year for the quarter is good, but at the half yearly basis it is on par and at the same time while the yields have not increased the provision costs are increasing at a time when our asset quality has been normalizing. So, are we getting into very risky segments where we have to anticipate higher provision costs? That is the question number one and I will wait before I go to question number two?
- Santanu Agarwal:** Thank you for joining the call today, Abhishek ji and thank you for your question. So if you look at it, the loan provisioning has come down from about INR 17 crores to INR 7 crores on a quarter-on-quarter basis. So, on a quarter-on-quarter basis, it has not been an increase. It has rather been a decrease. What you are probably talking about is the year-on-year increase in the loan provisioning, is that correct?
- Abhishek Jaiswal:** Yes, year-on-year, I have seen almost like twice the run rate of last year for a half yearly basis.
- Santanu Agarwal:** So, on a quarter-on-quarter basis it has come down from INR 17 crores to INR 7 crores. On a year-on-year basis, it has seen an increase due to the ongoing Bihar election and in the supporting geographies there happens to be some kind of news that gets spread always in semi-urban and rural areas. The company is foreseeing that it will normalize in the next coming quarters itself. So, it is not a concern. It will be sub 1% itself, it will not be more than 1%.
- Abhishek Jaiswal:** So we have taken a conservative measure considering like what we are anticipating going forward?
- Santanu Agarwal:** Yes, we have taken a conservative measure here.
- Abhishek Jaiswal:** So my second question is we talk about the touchpoints, right, the touchpoints have risen very sharply. You talk about the distribution touchpoints and also the business correspondents as a touchpoint. So, could you differentiate between what is the difference between the business correspondents and the distribution touchpoint right and the branches? I get the difference between the branches and the business correspondents, but the distribution touchpoints like it seems like it is carrying some information that I don't fully understand?
- Santanu Agarwal:** Sure. So, when we talk about touchpoints, the touchpoint differentiation is in the 3 aspects. So we have about 402 branches 2,585 distribution point and 1,393 business correspondent points. A branch for me is both OPEX and CAPEX, a distribution point for me is only OPEX and a business correspondent point for me is no OPEX and no CAPEX. So typically the way it works is that underneath the branch you will have my distribution points and business correspondent points mapped into. A business correspondent point typically only acts as an upsell and cross sell opportunity for me which will also be doing some lead generation to forward to the branch. A distribution point for me is my tie-up with all these OEMs where a representative of Paisalo

is sitting without any CAPEX investment only with the technology to bring in the customer get it transferred to the branch. So a combination of all 3 allows me to have an expanded reach across the various Indian states also ensure that I have strong high-tech and high-touch capability to the last mile customers across the entire geography and it allows me to have a strong growing PPC along my entire customer base. Like if you look at it about 4 quarters back we had a PPC of 1.25. We have now touched a stable PPC of about 3 with all our customer base with the addition of all 3 things.

- Abhishek Jaiswal:** What is PPC please?
- Santanu Agarwal:** Product per customer.
- Abhishek Jaiswal:** Thank you for your response. I think this is very helpful.
- Moderator:** Thank you. The next question is from the line of Heet Modi from RV Investments. Please go ahead.
- Heet Modi:** Thank you for the opportunity. My question is what is your target AUM for FY '26?
- Santanu Agarwal:** Thank you for joining on the call, Heet. We will continue to grow the AUM at the continuous pace that we have been growing for the last couple of financial years.
- Heet Modi:** And what is your lending rate?
- Santanu Agarwal:** Lending rate means yield. You mean my average yield?
- Heet Modi:** Yes sir.
- Santanu Agarwal:** So the yield currently stands at about 17%.
- Moderator:** Thank you. The next question is from the line of Anjali Kapoor from Max Global Advisory. Please go ahead.
- Anjali Kapoor:** Hi. So my first question would be if you could share if there are any indications of state level stress emerging within Paisalo's portfolio and so what specific mitigation measures and risk management strategies have been implemented to address the same?
- Santanu Agarwal:** Thank you for logging in, Anjali. Can you repeat the question because your voice was echoing?
- Anjali Kapoor:** Yes. So I just wanted to understand if there are any indications of state level stress emerging within Paisalo's portfolio and the risk management strategy for the same?
- Santanu Agarwal:** Thank you, Anjali for logging in. So, from a state level risk point of view, we are obviously seeing some traction in Bihar due to the ongoing elections and the surrounding geographies of Eastern UP and the borderline areas between Bihar and adjoining states. But that is something

that we are hoping to effectively normalize in the upcoming quarters because it is tentatively just a wind of air which pushes the borrowers into the other direction. So, we have taken a conservative approach already from a financial standpoint by additionally provisioning in the balance sheet itself. From what we are using to support the same, I will hand over the call to Mr. Gaurav Chaubey, our Chief Risk Officer to take up for that.

Gaurav Chaubey:

Yes. Hi Anjali. Thanks for joining the call. At Paisalo Digital Limited, we follow a very disciplined technology-led field-driven approach which involves the integration of data intelligence with human insight. We use our proprietary CCC model which is Credit, Character and Credential supported by AI and machine learning to assess every borrower's risk profile comprehensively. This is coupled with our postal code level credit monitoring, automated early warning signal triggers and real-time data from our in-house loan origination and the collection platforms. On the ground, our high-touch engagement ensures continuous borrower connect enabling early intervention when the stress appears. This combination of high-tech and high-touch supported by very disciplined underwriting and proactive collections allows us to continue growing our policy.

I will take a few more minutes and explain you first on the credit underwriting framework followed by the early warning signal. So at Paisalo, we serve a large and diverse customer base, many of whom are new to credit or from informal segments. This makes the accuracy and depth of our underwriting absolutely critical. Over the years, we have built a robust data-backed and technology-driven underwriting process designed specifically for Bharat's credit landscape because every state is different. Our approach involves Credit, Character and Credential assessment. Credit focuses on the repayment history, indebtedness analysis and loan end-use verification supported by our in-house business rule engine for scoring and grading. Character looks at the behavioral and moral profile of the borrower including field verification, reputation checks and lifestyle indicators. And Credential assesses the income stability, asset ownership and local business credibility, often validated through geospatial mapping and alternate data points. I hope I have answered your question, Anjali.

Anjali Kapoor:

Yes, this helps. Thank you so much. And my second question would be what is the expected NIM trajectory given its stability in recent quarters?

Santanu Agarwal:

So, from a NIM point of view, we have guided a 6.5% NIM for the full year. As it is visible in H1 itself, we have maintained it at 6.5%. So we are hoping to maintain the same.

Anjali Kapoor:

Thank you.

Moderator:

Thank you. The next question is from the line of Devansh Tandon from FinDoc. Please go ahead.

Devansh Tandon:

Yes. So I have two questions. First one is regarding the collection efficiency. There has been a decline in your collection efficiency from 99.8 to 98.4. And it is, I think, one of the lowest in last one year. So what is the reason behind this decrease in collection efficiency?

- Santanu Agarwal:** Yes. Thank you, Devansh, for coming in. So it is still within the guided range that we typically work in. It is just due to some seasonality of rain and the weather, which has affected the same. But it should normalize within the coming quarter itself.
- Devansh Tandon:** And my second question is regarding the cost to income ratio. Where do you see it going ahead?
- Santanu Agarwal:** So as you know, we are in a growing phase. We have added roughly about 300 odd touchpoints within this quarter itself, with a net addition of over 800 touchpoints for the entire first half. So there is going to be a continued increase in the operational cost, because there is an investment in technology, the fixed income investment also that takes place for that. So in the immediate upcoming quarter, we continue to say that it will be a little heightened, but that should be well maintained within a couple of quarters itself.
- Devansh Tandon:** So it will be in the current range only, right?
- Santanu Agarwal:** Yes.
- Devansh Tandon:** Thank you.
- Moderator:** Thank you. The next question is from the line of Harkirat Singh, an Individual Investor. Please go ahead.
- Harkirat Singh:** Yes, my first question is regarding like your competitors have said there is a stress in the MSME sector. So I just wanted to know, what is our company doing regarding the MSME stress, our strategy going forward and the growth guidance in the MSME sector?
- Santanu Agarwal:** Thank you, Harkirat for logging in. So if you look at the entire base, we are a population of 1.4 billion people, out of which 572 million people hold income tax pan cards. Now, whether they are income tax filers or not, even if they are filing a nil return, we have a population of roughly 572 million people holding pan cards. Out of the 572 million people, we have a unique credit database of about 125 million people, which gives us a net-net MSME-SME opportunity of about 393 million people who are targeting close to between INR 25,000 to INR 25 lakh on an annual basis, depending on what the use of the loan is, which gives us an estimated market size of about \$100 billion annually or your INR 9 lakh crores. If you look at this market, this market is big enough for the entire NBFC and banking sector to combine, and this entire sector is also not getting fulfilled by the existing banking and NBFC sector because this is also very close to the PSL shortage that runs in the system. So from a competition point of view, from a MSME and SME, the stress levels are pretty good in our case because as guided, wherein the long-term credit cost for us is maintained at sub 2% and we are currently at 0.8%. So, we continue to remain the same.
- Harkirat Singh:** And what about the guidance, like growth guidance?

- Santanu Agarwal:** So growth guidance, obviously, we are planning to maintain the existing AUM growth that we have had, which is about a CAGR of 20% for the past couple of years, which should eventually lead to doubling the AUM in the next 3 years.
- Harkirat Singh:** My second question is regarding the new guidance, co-lending guidance that will be implemented from January 2026. So, do you see any impact for Paisalo due to new guidance?
- Santanu Agarwal:** Yes, I will just hand over the call to Gaurav to take that.
- Gaurav Chaubey:** Yes. Hi, Harkirat ji. Thanks for joining the call. The revised policy would come into effect from 1st of January and we see this as a very positive development. It will enable us to partner with a wider range of regulated entities and Fintechs and expanding our reach. We are positive about the new guidelines.
- Harkirat Singh:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Kumar, an Individual Investor. Please go ahead.
- Kumar:** Sir, good afternoon. Sir, my first question is regarding your disbursement. This quarter, we have made a disbursement of around INR 1,100 crores. Although we made an improvement of 1,100 crores, but the AUM has been increased only by INR 200 crores. So that means INR 800 crores is the repayment, sir, for your company?
- Santanu Agarwal:** Yes, thank you for logging in. Yes, we did see some pre-maturity of loans towards the end of the quarter which resulted in this.
- Kumar:** Sir, going forward, this 1,000, above INR 1,000 crores of disbursement, whether it is sustainable, or whether it can be increased to INR 1,500-INR 2,000 in a year's time?
- Santanu Agarwal:** Yes, we will continue to maintain the same. It will increase.
- Kumar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Rao from KNR Securities. Please go ahead.
- Deepak Rao:** Hello. Thank you for the opportunity, sir. So firstly, I wanted to ask, given the high share of secured loans, what collateral types do we accept and how are they managed?
- Santanu Agarwal:** Yes, thank you, Deepak ji, for logging on the call. So there are typically two types of collateral that we work with. So every single borrower signs a deed of hypothecation where Paisalo maintains a floating charge on the entire stock of borrowers. In addition to that, if an equipment is funded, then we also maintain a charge on the equipment itself that is through the deed of hypothecation. The second kind of security that we have is the immovable collateral. So if you look at the split of the AUM, which is about 24% and 76%, 24% may only be secured by the

deed of hypothecation by having a floating charge on the assets of the borrowers and the balance will be secured by both a floating charge/equipment or floating charge plus immovable collateral.

- Deepak Rao:** Understood, sir. Sir, second question I had was regarding some of the new products that you mentioned that are currently under pipeline or have they already been rolled out? Also, can you mention the strategy around the same and plans to move into higher ticket size loans?
- Santanu Agarwal:** So we have advanced our product roadmap and only completed the pilot. So all the new products that you heard like loan against property, tractor, medical, equipment finance and equipment lending, so we have only completed the pilot for these products. Yes, in the upcoming quarters, we will continue to roll these out and have these OEMs and dealerships in place to take it forward. But as of now, we have only completed the pilot for the same. What was the second question?
- Deepak Rao:** Sir, just wanted to understand how we plan to move into the higher ticket size loans?
- Santanu Agarwal:** So there is no such plan right now, wherein we are calling any specific kind of category as a higher ticket size loans. So for example, if an MSME is coming to us for funding a CNC machine, then for us, typically, it will be counted as equipment finance and not like a higher ticket size loan. So it totally depends on what kind of a product mix and geography split I am working with. So if there is anything specific in terms of higher ticket size loans that you want to understand, maybe that can help me understand the question better.
- Deepak Rao:** No, sir, just wanted a general update and that is helpful. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Harshit Singla from 8K Capital Allocators. Please go ahead.
- Harshit Singla:** Hello, good afternoon, sir. My question is, could you please give a guidance on the cost of funds moving forward for Q3 FY '26 and the conversion of the debentures, the FCCB bonds?
- Santanu Agarwal:** Thank you, Harshit for coming in. So I will take up the first question. So if you look at it over the last 4 financial years, the cost of funds have come down from 12.6% to 10.5%. We had guided for a similar cost of fund towards the end of the year itself. So, we are hoping of maintaining the same that we did in the last quarter. In terms of the convertibility of the FCCB, when we did the FCCB issue in December 2024, we had our first \$2 million conversion in January of 2025. And now in September of 2025, we had the \$4 million conversion. So despite the strike price of INR 45, the investors have shown confidence and converted it at INR 36, which is an extremely positive sentiment for the company and for the investors. So we are hoping of maintaining the same momentum.
- Harshit Singla:** Understood, understood. Thank you. That would be it.
- Santanu Agarwal:** Thank you.

- Moderator:** Thank you. The next question is from the line of Devansh Tandon from FinDoc. Please go ahead.
- Devansh Tandon:** Hi, sir. I have one follow-up question regarding the capital adequacy ratio. So currently it is at 38.2%. Where do you see it going ahead? And second question is regarding the credit cost. What is your guidance regarding the credit cost?
- Santanu Agarwal:** So the RBI requirement for capital adequacy is about 15% in Tier-1 and if you look at our split, we are at 30.3% in Tier-1 and about 8% in Tier-2. So from a capital adequacy point of view, we are an extremely well capitalized company. And if you look at the conversion ratio of the foreign currency convertible bonds, once all the bonds are converted, that will also add to the existing CAR. So we will obviously see that impact of CAR growing over the coming quarters as when the more and more conversion takes place. For the credit cost, we continue to maintain the same guidance that we have always maintained that on a long-term range guidance, we are going to be at sub 2% and sub 1%. And we are always on point over there.
- Devansh Tandon:** Thank you, sir.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Santanu Agarwal for closing comments.
- Santanu Agarwal:** Thank you. So in conclusion, Paisalo remains deeply committed to driving sustainable and inclusive growth by harnessing the power of technology, expanding our reach to the underserved communities and maintaining rigorous risk management. We appreciate all the stakeholders, shareholders, investors, bankers, customers, and Dolat Capital for your continued trust and support as we advance on this journey. And we look forward to building a financially inclusive future together. Thank you.
- Moderator:** Thank you. On behalf of Dolat Capital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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