

Investor Presentation
Q1 FY 2023

A Systemically Important Non-Deposit Accepting Non-Banking Finance Company

Presentation Path



1. Transformation Update

2. Financial Summary

3. Financial Performance

4. Paisalo Digital Limited Overview

Transformation Update

At Paisalo we believe that the purpose of any business transformation is that it should result in stronger growth momentum, better customer experience, additional cross sell, lower credit risk, lower ALM risk and improved liquidity

**We are Pursuing our
Business Transformation
with these objective's**

**At the outset,
All business transformations takes
“Technology, Time, and Team”.**

**We started Phase 1 of this transformation
project in October 2019, with beta testing
initiated in January 2020**

**Phase 1 was focused on creating a
“Strong, Stable and Scalable” foundation.**

Phase 1 : Co-Lending of Loans
(300 disbursements per day,
100% Digital underwriting)

Phase 2 : 3000 disbursements per day
(on-going)

Phase 3 : 5000 disbursements per day
(FY 2022-23)

Financial Summary

Q1 FY 2023

Paisalo Snapshot Q1 FY 2023

\$ 344.24 mn

AUM

YoY Growth ~ 17%

\$ 14.26 mn

Revenue

YoY Growth ~ 22%

\$ 132.42 mn

Networth

YoY Growth ~ 19%

A good quarter for the Company across balance sheet growth, portfolio quality and profitability.

Overall, strong start to the fiscal.

Paisalo Snapshot Q1 FY 2023

\$ 2.65 mn

PAT

YoY Growth ~ 24%

43.53%

CAR

0.39%

NNPA

A good quarter for the Company across balance sheet growth, portfolio quality and profitability.

Overall, strong start to the fiscal.

Paisalo Snapshot

Q1 FY 2023

- » Highest ever AUM of \$ 344.24 Mn.
- » AUM as at Q1 FY 2023 was up 17.07% at \$ 344.24 Mn as against Q1 FY 2022 at \$ 294.03 mn.
- » Total geographic footprint stood at to 174 branches and 2125 postal codes, in the quarter. In Q1, the company added 44 new locations.
- » The company continues to invest in Teams and Technology for business transformation.
- » The company continues to invest in teams and technology for business transformation. Given the deep investments being committed we are on track in Business Transformation (geo-expansion and technology) for reaching 3000 disbursements per day, next update on the same will be provided in Q2 FY 2023.
- » The company signed Co-Lending with Bank of Baroda in Q4 FY 2022, the same has been rolled at certain branches in Q1 FY 2023.

Paisalo Snapshot

Q1 FY 2023

- » The company continues to protect its margin profile, Interest Income for Q1 FY 2023 was up 22.79% at \$ 14.26 mn as against \$ 10.58 mn in Q1 FY 2022. The company has posted 25% increase in PBT and 23% increase in PAT YoY.
- » GNPA and NNPA stood at 0.81% and 0.39% as at Q1 FY 2023 compared to 1.56% and 1.26% as at Q4 FY 2022. The Company expects its GNPA and NNPA to stay within the Long-Term outlook of below 2%.
- » On 15 February 2022, RBI allowed deferment till 30 September 2022 of its earlier circular dated 12 November 2021 pertaining to upgradation of NPA accounts only on receipt of entire overdue of the customer. We are complying with RBI Circular dated 12 November 2021 as at Q3 FY 2022. However, we have not received any deferment request from borrowers.
- » The company has seen strong improvement in debt management efficiencies, as Paisalo has not done any top-up loans since First Wave of COVID-19, this has helped in managing asset quality across the loan book.
- » The Board of Directors recommended a Dividend of 10% of per fully paid equity share of Rs. 10/- each, for FY 2022

Paisalo Snapshot

Q1 FY 2023

- » Paisalo has written off bad debts totaling to \$ 1.71 mn and has recovered old written off bad debts worth \$ 0.72 mn in Q1 FY 2023.
- » The Tangible Networth is \$ 132.42 mn versus Bank Borrowings (secured) \$ 119.28 mn , i.e. 0.90 times
- » Capital Adequacy remained very strong at 43.53% at Q1 FY 2023.
- » RoE at 7.90% and RoA at 3.23%.
- » Total employee head count stood at 1471
- » The company has been granted KUA/AUA permission. Gazette notification for the same has been received.
- » **A good quarter for the company, across the board improvement in all metrics.**

Financial Performance

FINANCIALS

\$ in Millions, * Cumulative

PARTICULARS	Q1 FY 2022	Q2 FY 2022*	Q3 FY 2022*	Q4 FY 2022*	Q1 FY 2023
AUM	\$ 294.03	\$ 304.61	\$ 319.24	\$ 341.69	\$ 344.24
Disbursements	\$ 38.05	\$ 91.72	\$ 143.18	\$ 207.03	\$ 60.20
Revenue	\$ 10.58	\$ 22.12	\$ 37.07	\$ 49.68	\$ 14.26
PBT	\$ 2.88	\$ 6.54	\$ 10.95	\$ 13.57	\$ 3.64
PAT	\$ 2.13	\$ 4.81	\$ 8.15	\$ 10.05	\$ 2.65
Net Worth	\$ 111.40	\$ 114.15	\$ 117.47	\$ 129.73	\$ 132.42
Total Liabilities	\$ 188.51	\$ 201.18	\$ 217.51	\$ 202.55	\$ 201.05
Bank Borrowings	\$ 94.43	\$ 101.53	\$ 111.27	\$ 121.46	\$ 119.28
Debt to Equity Ratio	1.69	1.89	2	1.46	1.42
Bad Debts Written Off	\$ 1.46	\$ 2.71	\$ 3.28	\$ 4.61	\$ 1.71
Bad Debts Recovered	\$ 0.56	\$ 0.85	\$ 1.30	\$ 1.52	\$ 0.72
NIM	4.48%	4.68%	4.53%	4.03%	5.51%
Gross NPA	0.70%	1.95%	1.87%	1.56%	0.81%
Net NPA	0.48%	1.61%	1.55%	1.26%	0.39%
CAR	44.59%	43.33%	41.57%	42.92%	43.53%

FINANCIALS

PARTICULARS	FY 2019	FY 2020	FY 2021	FY 2022
AUM	\$ 243.89	\$ 267.53	\$ 293.62	\$ 341.69
Interest Income	\$ 40.12	\$ 42.75	\$ 39.46	\$ 49.68
NIM	6.47%	4.05%	4.03%	5.51%
PAT	\$ 7.18	\$ 6.84	\$ 7.71	\$ 10.05
Cash Accrual	\$ 7.79	\$ 7.35	\$ 8.18	\$ 10.37
Net worth	\$ 81.67	\$ 96.31	\$ 109.18	\$ 129.73
Total Debt	\$ 119.86	\$ 135.56	\$ 187.66	\$ 202.55
Debt Equity Ratio	2.01	1.82	1.72	1.46
Gross NPA	0.26%	0.44%	0.72%	1.56%
NET NPA	0.23%	0.34%	0.57%	1.26%
ROA	2.91%	2.61%	2.66%	3.09%
ROE	8.81%	7.15%	7.07%	7.78%
CAR	34.04%	43.06%	44.47%	42.92%
Book Value	\$ 2.01	\$ 2.27	\$ 2.56	\$ 2.91

FINANCIALS

Critical Ratios

\$ in Millions

Particulars	FY 2019	FY 2020	FY 2021	Q1 FY 2023
Tangible Net Worth (TNW)	\$ 96.31	\$109.18	\$129.73	\$132.42
Bank Borrowings (BB)	\$101.13	\$ 93.89	\$121.46	\$119.28
Total Outside Liabilities (TOL)	\$174.03	\$187.66	\$202.55	\$201.05
BB / TNW (Times)	1.15	1.05	0.86	0.94
TOL / TNW (Times)	2.01	1.81	1.72	1.56

Paisalo Digital Limited

Overview

What do we Stand For

1. Disruption –

Revolutionizing and Disrupting Rural Credit

2. High Tech : High Touch –

Engage and transact without friction to deliver a sustainable business model

3. Innovation –

Focus on continuous innovation to transform customer experience and create growth opportunities

4. Business Construct –

Deliver a sustainable NNPA of <2% , RoA of 3-4% and RoE of 19-20% in the long term

Uniquely Positioned for Growth

1. Leader with a huge **Early Mover** advantage in “Co-Lending”
2. Offering **easiest and cheapest product** in its market segment
3. Access to almost **unlimited capital**, relative to size
4. **Negligible ‘Liquidity Risk’**
5. **Negligible ‘Credit Risk’**
6. **Negligible ‘ALM Risk’**

Key strategic differentiators

1. Leader with a huge **Early Mover** advantage in “Co-Lending”
2. A **Unique and Scalable business model**
3. **In-house Proprietary Digital Platform** uses Data, AI and ML
4. Serviced **1.5 Mn** customers
5. Paisalo has strong **Brand Recognition** in area of operations
6. Team of **1400+** in **10 states** and more than **2000 postal codes**

Executive Summary

- Engaged in the business of providing convenient and easy loans to the financially excluded at bottom of India's economic pyramid
- Lending business with an AUM of \$ 344.24 mn
- Already serviced more than 1.5 million customers
- An experienced team of 1400+ operating from 178 branches in 10 States and > 2000 postal codes (~ 10% of total postal codes in India) engaged in loan origination, servicing and recovery
- Net worth of \$ 129.73 mn, leveraged 2 times and CAR ~43.53%
- PAT of \$ 2.65 mn
- Classified and regulated by RBI as a (Non-Deposit Accepting) Systemically important NBFC
- Rated : AA- (Stable Outlook)
- Listed on NSE and BSE

Safe Harbor Statement

PAISALO Digital Limited

NSE : PAISALO

BSE : PAISALO

Bloomberg : PAISALO:IN

- » This document contains certain forward - looking statements based on current expectations of Paisalo Digital Limited 's management. Actual Results may vary significantly from the forward - looking statements in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, and outside India; volatility in interest rates and in the securities markets; new regulations and government policies that might impact the business of Paisalo Digital Limited; the general state of the Indian economy; and the management's ability to implement the company's strategy. Paisalo Digital Limited does not undertake any obligation to update these forward - looking statement.
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**THANK
YOU**

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