

RATING RATIONALE

13 March 2026

Paisalo Digital Limited

Brickwork Ratings (BWR) assigns the long-term rating for the proposed Non-Convertible Debentures (NCDs) of Rs. 1500.00 Crores of Paisalo Digital Limited.

Particulars

Instruments*	Amount Rs. Crs.	Tenure	Rating[^]
NCDs (Proposed)	1500.00	Long Term	BWR AA /Stable (Assigned)
Total	1500.00	Rupees One Thousand Five Hundred Crores Only	

[^]Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

*Details of rated instruments are captured at Annexure-II. The rated issues are proposed.

RATING ACTION / OUTLOOK: ASSIGNMENT /STABLE

Brickwork Ratings (BWR) assigns the rating at BWR AA /Stable for the proposed NCDs of Rs 1500.00 Crores of Paisalo Digital Limited. BWR has relied upon the information/clarification provided by Paisalo Digital Limited (PDL or “Company”), its latest three years audited financials, projected financial for ensuing two years and the information as available from the public sources.

The rating assigned to the proposed NCD facilities of Paisalo Digital Limited (PDL or “Company”), as tabulated above, necessarily factors in the company’s established and scalable franchise, strong capitalization profile, experienced board and management team. The company has demonstrated a steady track record of operations with a consistent focus on the "Bottom of the Pyramid" segment through its innovative co-lending model and artificial intelligence (AI) led digital transformation. The rating is further bolstered by PDL’s comfortable liquidity position and its ability to maintain healthy asset quality metrics even during periods of portfolio seasoning. However, these strengths are partially offset by a moderate scale of operations relative to larger peers and the company's ability to maintain asset quality while pursuing growth will be monitorable. The proposed NCDs shall be utilised exclusively for growth in the loan book portfolio from the micro small medium enterprises (MSME) and Small Business Segment.

The rating outlook has been assigned as "Stable" as BWR believes that Paisalo Digital Limited’s business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED:

The proposed rated instruments shall have the terms similar to existing raised NCDs by the Company. The Proposed rated instruments shall be listed, Senior, Secured, Redeemable, Taxable, Transferable, in the nature of long term Non-Convertible Debentures (NCDs). These instruments will be issued in multiple tranches during FY 2026-27, with each tranche to have a tenure of five years from the date of issuance. They will be raised at a fixed coupon rate payable annually and redemption in full at its maturity.

KEY RATING DRIVERS

Credit Strengths-:

Established Franchise with strong lenders of the country to support Scalable Distribution: Paisalo Digital Limited operates across rural, semi-urban and urban India with a hybrid technology-enabled credit distribution model. The company operates across 22 states with physical and semi-digital distribution infrastructure. It has 402 branches, 3,041 distribution points, and 1,429 business correspondent (BC) locations. The BC network is primarily derived from long-standing relationships with major banks like SBI and Bank of India, with SBI being the oldest partner. Its model blends traditional field force reach with digital underwriting and collection workflows, enabling disciplined credit delivery and deep market penetration. Its zero-capex distribution expansion through OEM/dealer partnerships enhances scalability while improving asset traceability.

Comfortable Capitalisation Profile : With the company raising capital during FY2024–25 and 9MFY2025–26, its tangible net worth (net of deferred expenses and revaluation reserves) improved to ₹1,518 crore as on 31 March 2025 and further to ₹1,706 crore as on 31 December 2025, from ₹1,315 crore as on 31 March 2024. The CRAR and Tier 1 ratio are comfortable at 39% and 29% respectively as against the minimum requirements of 15% and 10%. as on 31 March 2025, while overall leverage was maintained at a moderate 2.2x, reflecting a prudent capital structure. The current capitalisation levels are considered adequate to support the company’s medium-term growth objectives. In FY2024–25, it raised approximately ₹70 crore through listed, secured, rated NCDs on a private placement basis, followed by an additional ₹50 crore raised in September 2025 through issuance of NCDs.

Experienced promoters and marquee investors : The company is primarily promoted by Mr. Sunil Kumar Agarwal and the promoter group entity, Equilibrated Venture flow Private Limited, which together hold a significant controlling stake, reflecting continued promoter commitment and strategic oversight. Over the years, PDL had participation from reputed domestic institutional investors, including insurance companies and institutional shareholders such as SBI Life Insurance Company Limited, along with other financial institutions. The diversified shareholding profile, coupled with repeated access to debt and capital markets through NCD issuances and foreign currency instruments, underscores investor confidence in the company’s business model and growth strategy.

Experienced Board and Management team: The company has a strong team of five independent directors and three Executive Directors with substantial industry experience from the field of banking and finance, supporting the Deputy Managing Director, Mr Santanu Agarwal and the Managing Director and Chief Executive Officer Mr Sunil Agrawal in overseeing the business of the company. The Company has a defined and supportive

senior management team, experienced in the field of finance, leading the segments of business strategy, finance, operations, information systems, risk, recovery and compliance.

Steady improving earning profile with further scope for improvement: The company's Operating Expenses to AUM have shown a gradual moderation, declining from 2.97% as on 31 March 2024 to 2.85% as on 31 March 2025, and further to 2.54% as on 31 December 2025. With the increase in loan book by 14% to Rs. 5232 crores as on 31 March 2025 from Rs 4586 crores as on 31 March 2024, interest income has increased by 23% as on 31 March 2025 when compared to interest income of Rs 535 Crores as on 31 March 2024 and similarly as loan book is further increased by 5% to Rs 5508 crores as on 31 December 2025, interest income increased by 18% to Rs 682 crores as on 31 December 2025.

Overall profitability has remained relatively stable, with return indicators broadly maintained at around 25% since FY2024. However, earnings during the period were partly impacted by higher impairment costs, arising from marginal weakening in asset quality and elevated credit provisions. The company's Net Interest Margin (NIM) had however improved steadily from 5.78% as on 31 March 2024 to 6.35% as on 31 March 2025, and to 6.63% as on 31 December 2025 indicating improved portfolio yields, better pricing discipline, and an optimized funding mix.

Credit Risks:-

Moderation in Asset Quality : The company's 30+ days past due (DPD) increased from around 2.08% of the portfolio as on 31 March 2025 to approximately 3.15% as on 31 December 2025. In absolute terms, 30+ DPD increased from ₹99.38 crore to ₹165.82 crore during the same period. Absolute 30+ DPD levels increased across business loan, JLG and co-lending segments. The rise is partly attributable to rapid portfolio growth and seasoning of newer geographies. Although delinquency levels remain within manageable levels compared to certain microfinance-focused peers, sustained upward movement in early bucket delinquencies could exert pressure on profitability through higher credit costs. Continued monitoring of collection efficiency and state-wise concentration will remain critical.

Scalability of the loan book portfolio, albeit improving to be monitorable: The total loan book has demonstrated consistent and healthy growth, expanding from ₹3,493 crore as on 31 March 2023 to ₹5,508 crore as on 31 December 2025, registering a CAGR of approximately 24.9% during FY2023–FY2025. Notwithstanding the strong growth trajectory, the company's overall scale remains moderate relative to larger and more established NBFC peers. Sustained portfolio expansion, geographic diversification, and deepening of co-lending partnerships will be key to achieving meaningful scale benefits over the medium term. The ability of the company to manage its growth in loan book portfolio while improving the collections and reducing slippages from the stage 1 and 2 book over the medium shall be monitorable.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA: CONSOLIDATED

To arrive at its ratings, BWR has considered the consolidated financials of Paisalo Digital Limited. Financials of its wholly owned subsidiary is viz. Nupur Finvest Private Limited, a registered Base Layer Non-Deposit taking Non-Banking Finance Company., is considered for the consolidation. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

The rating sensitivities indicate the likelihood of improvement or weakening of the rating and/ outlook upon achieving/ breaching of all the parameters stated herein respectively.

Positive:

- Increasing the assets under management at 25% over and above its estimates for the next year .
- Improvement in the overall credit risk profile from the current levels, while maintaining a stable asset quality with GNPA ratios below 0.5% and a substantial improvement in the earnings profile on a sustained basis.

Negative:

- Gearing (Debt/Equity) ratio exceeding 3.0x on a sustained basis, even with the capital infusion
- Weakening of the asset quality with NNPA ratios above 1.5% and weakening operating performance (ROMA of less than 3%)

LIQUIDITY: STRONG

The Company had positive cumulative mismatches across the buckets upto 5 years as per its asset liability management statement as of 31 December 2025. Further, as on 31 December 2025, the company had unencumbered cash and bank balances (including liquid investments) of Rs. 75.40Cr. The Company has scheduled repayment obligations of Rs. 741 crores for the period from Jan 2026 to Dec 2026, its collections for the previous 12 months were Rs. 1160 crores, continuation of the collections at these minimal similar levels in the coming 12 months are adequate enough to meet its near to medium term debt obligations as of 31 December 2025. The Company as of 31 December 2025 had unutilised bank limits of Rs 120 crores. As against LCR of 1.00 times (or 100%) company maintained LCR of 6 times as on 31 December 2025

ENVIRONMENTAL, SOCIAL, GOVERNANCE - ESG PRACTICES

The company demonstrates a satisfactory ESG profile, supported by its environmental, social, and governance practices.

For financial sector entities, governance remains a key differentiating factor within the ESG framework, and the company has taken steps to strengthen its sustainability and governance processes.

During FY2024–25, the company conducted a formal Materiality Assessment involving both internal and external stakeholders to identify and prioritize key ESG issues relevant to its operations. In addition, it undertook climate risk assessments for two of its key locations,

reflecting its initial steps toward integrating climate-related considerations into its risk management framework.

From a social perspective, the company’s lending model contributes to financial inclusion, with around 90% of its borrowers comprising women customers, thereby supporting entrepreneurship and livelihood generation among underserved segments.

Overall, the company’s ESG initiatives and governance practices provide comfort regarding its long-term sustainability and stakeholder orientation.

COMPANY PROFILE

Paisalo Digital Limited formerly known as S. E. Investments Limited (“SEIL”) is a 1992 established leading debt financing Systemically Important Non-Deposit Accepting NBFC–SI-ND as per certificate of registration No. B-14.02997 dated 08 January.2014 with RBI. The Company’s digital mode of financing self – employed underserved / underpenetrated, using technology with a high touch hi-tech model, enabled it to register strong growth. The company incorporated as a Private limited company on 5 March 1992, was converted into a public limited company on 1 March 1995. The company operates across 22 states with a robust physical and semi-digital distribution infrastructure. It has 402 branches, 3,041 distribution points, and 1,429 business correspondent (BC) locations. The organisation employs approximately 3,147 personnel as on 31 Dec 2025.’

KEY FINANCIAL INDICATORS (Consolidated)

Key Financial Indicators	Units	FY23 (31 March 2023)	FY24 (31 March 2024)	FY25 (31 March 2025)	9MFY26 (31 Dec 2025)
Result Type		Audited	Audited	Audited	Unaudited and Reviewed
Asset under Management	Rs in Crs	3493	4586	5232	5508
Total income	Rs in Crs	473	659	771	682
Net Interest Income	Rs in Crs	206	265	332	365
Profit After Tax	Rs in Crs	93	179	200	165
Net Interest Margin	%	5.90%	5.78%	6.35%	6.63%
Tangible Networkth	Rs in Crs	1150	1337	1544	1706
Return on Managed Assets	%	2.66%	3.90%	3.82%	4.00%*
Gearing	times	1.80x	2.43x	2.39x	2.23x
GNPA	%	0.25%	0.21%	0.99%	0.83%
NNPA	%	0.02%	0.02%	0.76%	0.66%
CRAR	%	40.34%	35.92%	39.16%	38.30%

*annualised

KEY FINANCIAL INDICATORS (Standalone)

Key Financial Indicators	Units	FY23 (31 March 2023)	FY24 (31 March 2024)	FY25 (31 March 2025)	9MFY26 (31 Dec 2025)
Result Type		Audited	Audited	Audited	Unaudited and Reviewed
AUM (standalone)	Rs in Crs	3220	4332	5029	5392
Total income	Rs in Crs	423	605	734	662
Profit After Tax	Rs in Crs	92	177	198	163
Networth	Rs in Crs	1161	1321	1526	-
Gearing	times	1.58x	1.87x	2.25x	2.21x

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY):

There is no non-cooperation with any other CRA

ANY OTHER INFORMATION: NA

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]

Sr No	Instrument / Facilities	Current Rating March 2026			Rating History		
		Type	Amount (Rs. Crs.)	Rating	2025	2024	2023
1	NCD (Proposed)	Long Term	1500.00	BWR AA/ Stable (Assignment)	-	-	-
	Total		1500.00	Rupees One Thousand Five Hundred Crores only			

COMPLEXITY LEVELS OF THE INSTRUMENTS: Simple

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General](#)
- [NBFC Criteria](#)
- [Approach to Financial Ratios](#)
- [Consolidation of Companies](#)

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Paisalo Digital Limited

ANNEXURE I

Details of Bank Loan Facility rated by BWR - NA

SI	Name of Banker	Type of Facility	Long term (Rs Crs)	Short Term (Rs Crs)	Total (Rs Crs)	Complexity of the Instrument*
NA	NA	NA	NA	NA	NA	NA

*For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS:

Instrument	Issue Date	Amount raised (Rs Crs.)	Amount Outstanding (Rs Crs)	Coupon rate	Maturity Date	ISIN Particulars	Complexity of the instrument*
NCD	Proposed	1500.00	0.00	NA	NA	NA	Simple

*For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Note: The above instrument is proposed and yet to be raised

ANNEXURE III

List of entities consolidated:

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
Paisalo Digital Limited	100%	Full	Parent
Nupur Finvest Pvt Ltd	100%	Full	Subsidiary

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