

November 09, 2022

To  
BSE Limited  
25<sup>th</sup> Floor, Phiroze Jeejeeboy Towers,  
Dalal Street, Mumbai – 400001  
**BSE Scrip Code:** 538772

**Ref.: Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.**

**Sub: Investor Update – Q2 FY 23**

Dear Sir/ Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "**Listing Regulations**"), we are enclosing herewith the Investors' Update for Q2 FY23.

Pursuant to Regulation 46 (2) (o) of the Listing Regulations, the aforesaid information is also being made available on the website of the Company i.e. [www.niyogin.com](http://www.niyogin.com).

Thanking You,  
Yours faithfully,

**For Niyogin Fintech Limited**



**Neha Agarwal**  
**Company Secretary & Compliance Officer**  
**A41425**

**Encl: a/a**

**Niyogin Fintech Limited**

(CIN L65910TN1988PLC131102)

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Dear Investors,

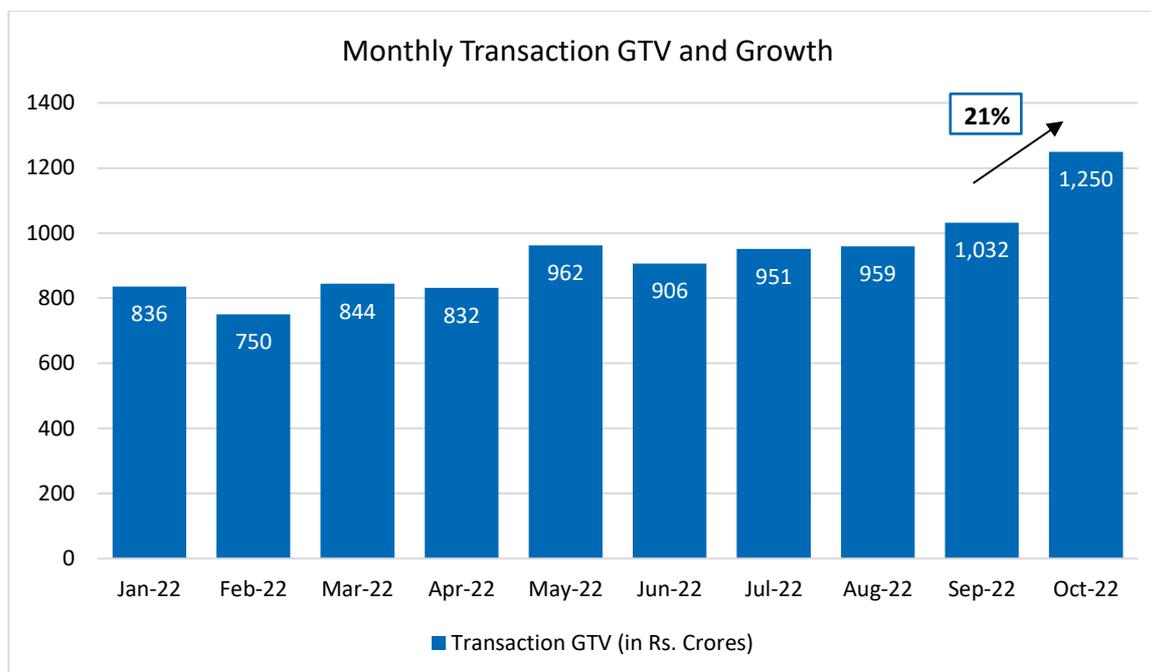
Indian economic growth continues to outpace other emerging economies despite rising concerns around global slowdown. The gathering strength of domestic demand revival provides strong tailwinds to our company as we focus on entering the J-curve trajectory for our business. We remain optimistic about achieving our three-year goal of becoming a Rs. 500 Crores revenue generating Company that delivers profits and returns to the shareholders.

Our vision is to create a digital platform that serves as a one-stop solution to meet the financial and non-financial needs of MSMEs. We operate a tech-centric partner-led model in rural and urban India delivering 'Banking as a Service'. Our network gives us cost-efficient market access and powers several MSME partners to augment their income while delivering solutions to their clients. From a customer standpoint, we have been focusing on three segments – Business Correspondents (wanting to deliver financial inclusion), Neobanks/Fintechs (wanting a full stack neo-banking platform) and Banks (wanting to launch digital programs).

FY2023 (Year 1 of our 3 Year plan), as mentioned earlier, is the 'year of build' for us and we have remained focused on our task at hand. Over the last year, we have built tremendous traction on all three segments and are now seeing the surge in volumes as a number of our enterprise partners are going live with our platform. Each of these enterprise relationships are capable of moving the dial significantly for our firm. We are focused on unit economics and expect margins to steadily expand as the mix of enterprise relationships driven business increases. The unique nature of our business model is that we service a broad spectrum of both retail and enterprise segments and have the flexibility of a balance sheet that can support our customers as and when needed.

Q2 FY2023 saw us continuing to expand our footprint, launch new products and ink new partnerships. Our partner retail footprint grew 15% QoQ from ~328,000 to over 378,000. The gross transaction value (GTV) grew ~9% QoQ, as we transacted ~Rs. 2,940 Crores worth of transactions on our network in this quarter. We transacted over 77 Lakhs volumes of transactions in this quarter up from 72 Lakhs in Q1FY23.

September was the first month where we crossed the Rs. 1000 Crores GTV milestone and we think the next quarter will show the first signs of J-Curve as the enterprise clients start to scale. This is evident from the GTV numbers for October that came at ~Rs. 1250 Crores, ~20% jump over September numbers. What is more heartening to note is that we are increasingly gaining recognition in our customer base as the 'Go To' partner for our technology architecture aimed at delivering financial inclusion products. Our relevance in this space was further endorsed by NPCI which has enrolled iServeU, our subsidiary, as a certified partner. iServeU was also formally recognized by NPCI at the Global Fintech Festival, as being the first Technology Service Provider or TSP to go live with BBPS.



Some of the key milestones we achieved in Q2 FY2023 are as follows:

- Onboarded one of the largest PSU payments bank on AePS, M-ATM and IMPS switch and the Agent Management System.
- A large PSU bank has chosen iServeU's Aadhaar Payment stack to run its Aadhaar pay program.
- Our Agency Banking Solution, which happens to be India's first "scale at demand" cloud native technology for the same, has been chosen by a major private bank to run its BC program.
- iServeU team developed a proprietary biometric fraud detection method using AI techniques, this solution was a finalist at Google Cloud's Hackathon.
- iServeU has also been selected in Fincluvation program (An initiative by Department of Post & India Post Payments bank) to digitize the money order service.

While the business build is in-line with our expectations and plans, we saw some slowdown in our consolidated revenues this quarter. The business delivered ~Rs. 26.5 Crores of revenue, a marginal drop on a QoQ basis. On a GTV basis, we reported an increase of 40% on a YoY basis and revenues grew 33% on a YoY basis (ex-device sales). I do want to highlight that the growth in our Fees and Commission income (+11% QoQ) was in line with the growth in our GTV (+9% QoQ) on a QoQ basis. This is important because as we hit the J-Curve in GTV, a major portion of our revenues would be primarily transaction-led.

The consolidated revenues in this quarter were muted on account of shortage on availability of devices. While the situation is expected to improve in the next few quarters, we have taken a few steps to make sure the business growth is supported. The platform has been modified to allow for integrating existing devices that retailers may have procured from other suppliers and to some extent it makes our platform more open architecture. We are also trying to jointly bid with a few manufacturers for some of the large device supply contracts.

The new digital lending guidelines have created an incremental opportunity for us, and we are working to develop solutions to help take advantage of this opportunity. We think of

lending as an important adjacency to our business and coupled with our technology solutions, it provides a unique capability in the market. Over the next few quarters, we are looking to scale this in a calibrated way and the loan book will incrementally contribute to our numbers.

We continue to remain excited by the potential of the market and the ecosystem we are operating in (as an API Infrastructure provider with lending capability). As mentioned earlier, we are targeting to be a Rs. 500 Crores revenue company by FY25. We are on the path to increase our GTV from approx. Rs. 9,000 Crores in FY22 to over Rs. 1,00,000 Crores in the said three-year period and expect to deliver 10-12% EBIDTA.

### Key Highlights of Q2 FY2023

- Total Consolidated Revenues at Rs. 26.5 Crores, up 1.8% YoY
- Debt free and net cash balance sheet. Cash and Equivalents at Rs. 90.3 Crores
- Our Urban partner network at the end of Q2FY23 stood at 5051, up 9.0% YoY
- Our Total distribution touch points (Rural Tech) at the end of Q2FY23 reached 378,526 up 90.6% YoY
- The Gross transaction value (GTV) including payouts in Q2FY23 was Rs. 2942.8 Crores up 40.1% YoY\*
- Wealth Tech AUM grew to Rs. 2909.9 Crores; up 59.5% YoY

\*GTV growth of Q2FY23 against Q2FY22 is including retailer pay-outs which is in-line with industry standards.

### Financial Highlights

#### Q2 FY2023

Our consolidated revenue for the current quarter was Rs. 26.5 Crores. Our Adj. EBITDA was Rs. (6.8) Crores compared to Rs. 0.8 Crores in the corresponding quarter. Our Non-GAAP PBT was Rs. (8.3) Crores in Q2 FY2023, compared to Rs. (0.5) Crores in Q2 FY2022. Our balance sheet remains strong and debt-free as of date.

Consolidated (in Rs. Crores)	Q2 FY2023	Q2 FY2022	YoY (%)
Total Income	26.5	26.0	1.8%
Expenses	33.2	25.2	32.1%
Adj. EBITDA (Pre-ESOP)	(6.8)	0.8	NM
Reported Pre-Tax Profit/(Loss) (A)	(9.9)	(1.9)	NM
Depreciation & Amortization	1.5	1.4	9.2%
ESOP (B)	1.6	1.3	21.0%
Non-GAAP PBT (C) = (A) + (B)	(8.3)	(0.5)	NM

Thank you for your support, and we look forward to continuing our journey to becoming India's premier MSME-based fintech ecosystem.

Thank You.

**Tashwinder Singh**

**Chief Executive Officer & Managing Director**

**Disclaimer:**

*Certain information published herein contains "forward-looking information," including "future-oriented financial information" and "financial outlook" (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) the expected development of the Company's business, projects, and joint ventures; (iii) execution of the Company's vision and growth strategy, including with respect to future M&A activity; (iv) sources and availability of third-party financing for the Company's projects; (v) completion of the Company's projects that are currently underway, in development or otherwise under consideration; (vi) renewal of the Company's current customer, supplier and other material agreements; and (vii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.*

*These statements do not guarantee future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.*

*Although forward-looking statements contained in this letter are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.*