

Q3FY21 has been an important stepping-stone for our Company as we completed the acquisition of iServeU – the rural payments and inclusion platform. Valuing customer centricity over product centricity using technology as a driver, bringing new products/services on our technology stack and leveraging on our accelerating distribution network has not only helped us become a financial inclusion company but also reinforced our mission of being a one-stop solution provider to MSMEs.

COVID-19 has impacted the 'growth engine' of the Indian economy – the MSME sector, that contributes over 30% to GDP and 45% to total exports. Moreover, close to 50% MSMEs i.e., almost 31 million are responsible for creating rural employment opportunities as well. Despite the relief given by the government through 'Atmanirbhar Bharat', the accessibility of funds has remained a critical question. The MSME sector, that is dominated by more than 99% micro-enterprises, runs on a perception that formal credit is expensive, which directs them to informal borrowing. Therefore, this perception along with the COVID-19 induced liquidity crunch has created a massive opportunity for the credit segment of our Company. This not only enables Niyogin to lend them money, but also empowers them to do business using our other business services. We at Niyogin are pleased to share that our business strategy is aligned to place customers at the center and empower them with products that can solve for income and efficiency for small businesses.

Key Highlights of Q3FY21

- Successful closure of iServeU into the Niyogin fold
- Total payments gross transaction value (GTV) at INR 13,419 mn; up 20% YoY
- Registered platform customer base of 1,25,928 as compared to 55,035 in Q3FY20
- Wealth AUM stood at INR 10,042 mn; up 31% YoY
- Retail partner base stood at 3,658; up 145% YoY

We ended the quarter with a registered platform user base of 1,25,928 and our retail partner network expanded to 3,658. On credit, we ended Q3FY21 with a loan book of INR 909 mn and a disbursement of INR 51 mn. The disbursements are in-line with our stated strategy to de-focus on generalized unsecured credit and de-risking our existing exposure. Our WealthTech business reached an important milestone as we ended the quarter with wealth AUM of INR 10,042 mn, growth of 31% YoY.

	Q3FY21	Q3FY20
Platform Users (L-F-L)	1,25,928	55,035
Retail Partners	3,658	1,493
Activation Rate	18%	22%
Wealth AUM (INR mn)	10,042	7,643
Platform Solutions		
- Existing Products	4	1
- iServeU Products	4	0

iServeU: A catalyst to accelerate Niyogin’s rural inclusion

Currently, Niyogin has been serving the underserved MSMEs in the Tier I & II cities through its partners (financial professionals) by assisting them with technological support. However, through this acquisition we are now reaching out to the rural retailers by offering them end to end services. This acquisition is no less than a major event for us as we hit a mother lode of opportunities that provide us market access, user led transaction data and opens up several financial product opportunities. This should materially change the revenue trajectory going forward.

iServeU is a fintech platform that provides a full stack of services to the underserved rural communities. It leverages the Jan Dhan-Aadhar-Mobile (JAM) and enables the rural neighbourhood retail stores to offer financial services like payments, domestic remittances and other financial products via Aadhar based bio-metric authentication. The objective of this model has been to make transacting more convenient by increasing accessibility for rural India.

This move is well aligned with our core mission of serving the MSMEs. To expand the reach of iServeU (and therefore Niyogin) and deepen the network in the rural areas, we will be employing our partnership-driven phygital approach, which has been the cornerstone behind our Company’s vast distribution network.

We have further adopted a transaction-driven approach wherein, using the transaction history of the customers we would be cross-selling our various other products. This would ultimately drive our credit business as well. Lending through an already established network is expected to greatly shorten the credit analysis timelines and reduce the credit default risk considerably. Therefore, leveraging on the vast customer base of 100,000+ retailers coupled with extensive cross-selling, we expect to increase customer engagement and customer stickiness significantly.

Wealth

Our one-stop digital platform for wealth, Moneyfront with its key offerings – B2C investments for individuals, wealth analytics and a corporate treasury management platform – continues to make progress in this quarter as well. We added a few marquee clients in the wealth analytics business, and our AUM increased by 31% YoY to reach INR 10,042 mn. Our SaaS based wealth platform witnessed an increase in adoption trend as it crossed 43% of our total retail partner base, indicating the need for a fully digital delivery model over a physically operating model. Alongside, the new B2B treasury platform for small businesses has also been scaling up considerably.

Technology

Our state-of-the-art technology and an ability to rapidly adapt is our mantra to disrupt and excel in this ever-evolving competitive market. As we increase our distribution presence through the use of technology, reaching out is no longer merely about growing presence across India. We believe technology is driving market access and in turn enabling us to provide state-of-the-art products and services closer to the customers.

Financial Highlights

Our consolidated revenue for the current quarter was INR 164.0 mn, which included one month of iServeU revenues, hence we will see the full impact of the same in Q4FY21. Our EBITDA was INR 13.6 mn as compared to a loss of INR -72.5 mn in the corresponding quarter. In line with our commitment, we again delivered a non-GAAP positive PBT of INR 3.4 mn as compared to INR -74.8 mn in Q3FY20. We continue to maintain a debt free balance sheet as on date.

Consolidated (INR mn)	Q3FY21	Q3FY20	YoY Change
Total Income	164.0	68.3	140%
Total Expenses	150.3	140.9	7%
EBITDA	13.6	-72.5	NM
Reported Pre-Tax Profit/(Loss) (A)	0.6	-84.0	NM
Depreciation & Amortization	13.0	11.4	14%
ESOP (B)	2.7	9.1	-70%
Non-GAAP PBT (C) = (A) + (B)	3.4	-74.8	NM

Overall, the focus for the organization is to scale through expanding the distribution reach and constantly innovating to increase the product stack. This will drive your company to the next league of growth in the forthcoming quarters.

Impact

Impact is core to Niyogin's foundation philosophy, and we continue to take steps to root this within our operating business. A case in point is the iServeU business which is an impact centric business model that empower village retailers to deliver financial services to the underserved in rural India. In addition to our distribution network, we are forging new partnerships that allow us to access micro businesses. We remain committed to delivering an impact centric problem-solving approach to small businesses and business owners.

Thank you for your support and look forward to your continuing engagement in our journey to be India's premier MSME focused fintech ecosystem.

Thank You.

Tashwinder Singh
Chief Executive Officer
Niyogin Fintech Limited

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