

Niyogin Fintech Ltd.

Tech-centric, credit-light business

A partnership approach to cost-efficient distribution

- Niyogin Fintech (Niyogin) caters to India's underserved rural individuals and MSMEs via its diversified product offerings – payments, wealth, business services and credit.
- Niyogin has a phygital low-cost acquisition/delivery model with technology supporting digital transactions and a pan-India partner channel driving ground distribution.
- In MSMEs, Niyogin is banking on strong customer connect of its partners (typically finance professionals) to drive business growth on a revenue sharing model.
- In rural areas, the company empowers Kirana stores to offer payments and financial transaction services to customers in their vicinity.
- Niyogin is now focussing on fee-driven businesses to drive down its capital-burn rate.
- We do not have a rating on the stock.

A fintech serving the underserved: Niyogin's target segment includes a mix of underserved MSMEs (with revenues up to Rs 200mn) and individuals based in rural areas. Currently, ~70% of its distribution footprint is from beyond top-20 cities. These customers have limited technological skills and hence need assisted product delivery. Niyogin tries to address these challenges via its unique partnership-driven phygital model which delivers cost-efficient market access. Under this, the company provides technology solutions to its partners (financial consultants), who in turn leverage these solutions to service their clients.

Outsourced distribution model with originations in partnerships: Niyogin is following a three-pronged approach with partnerships across distribution, financing and products. For distribution, the company has tied up with (a) Kirana stores across 25k villages for Aadhar-enabled payments/remittance business and (b) financial consultants (each servicing ~100+ MSMEs) for sourcing MSME business. For financing, Niyogin is in the process of expanding its tie-up with lenders for fee-based co-origination/risk participation customer acquisitions. In terms of product partnerships, the company plans to expand its portfolio to enable its partners to cross-sell via tie-ups with third-party product providers. A partnership approach leads to low fixed-cost customer acquisitions while incentivising partners with a revenue share.

Focus on growing low capital-burn businesses: Niyogin has recently made two acquisitions: MoneyFront for wealth services and IServeU for rural inclusion business. Additionally, it is piloting a business builder platform to provide a unified solution to take brick & mortar businesses online through easy-to-use business toolkits – ranging from creation of SME e-commerce sites, payments and invoicing solutions, to treasury management and access to short-term WC credit. Consequently, the company is re-orienting itself from being a fintech lender to a fintech business solutions provider wherein fee income will drive revenues with limited credit risk participation. Consequently, the capital burn rate is likely to be materially lower than a conventional lending fintech.

15% provisions created on O/S POS: As of Jun'20, Niyogin's lending book (predominantly unsecured business loans) stood at Rs 1.2bn, on which it has already provided 15% (GNPA: 5%) to account for the pandemic-linked expected stress. Collection efficiency is expected to improve to 85% in Sep'20 (Aug'20: 70%) vs. a low of 25% in May'20. Pre-COVID collection efficiency was ~93%. Incrementally, the company intends to move to secured lending – an outcome of transactional data analysis of its customers. Company is net cash positive and doesn't have any ALM concerns.

Stock Information	
CMP (Rs)	74
Market Cap (Rs mn)	6,374
52w H/L (Rs)	79/22
Face Value (Rs)	10
Share O/s (mn)	86
Bloomberg Code	NIYOGIN IN
FY20	(Rs mn)
Revenue	275
PAT	-233
Net worth	2,420
Loans	1,262
Total Assets	2,485

Analysts

Rohan Mandora

rohan.mandora@equirus.com
 079 6190 9529

Lalit Deo

lalit.deo@equirus.com
 079 6190 9533

Propositions

Targets low capital burn by focussing on secured transactional data based short-term WC lending

- **Transitioning towards a low capital-burn business**

Currently all of Niyogin's businesses (except wealth) are delivering positively to the bottom-line (Adj for ESOP Charge). Even wealth business is likely to be Non-GAAP PAT positive (Adj for ESOP Charge) in FY21E. With management focused on driving growth in fee-based businesses (wealth, payments, business services), income volatility arising from lending businesses is set to moderate. Additionally, focus is on secured transactional data based short-term WC lending, wherein credit cost is likely to be contained. Consequently, the company targets a low capital burn.

- **Targeting underserved markets from beyond top-20 cities**

Depending on the product offering, Niyogin targets a mix of underserved MSMEs with revenues up to Rs 200mn as well as rural-based individuals. This in-turn is supported by Niyogin's distribution footprint, ~70% of which is from beyond top-20 cities. Key attributes of customers from these markets are:

- Limited technological skills/capabilities, creating the need for assisted product delivery
- Low population density, leading to higher access costs
- Low ticket size, necessitating the handling of large transaction volumes

- **Cost-efficient market access**

High customer acquisition cost has been a key concern for new fintechs. For Niyogin's target customer base, cost efficient market access is important as (a) Per customer revenue pool is likely to be limited, (b) delivery model will be phygital and (c) customers will need assistance to avail services. Consequently, Niyogin has developed a partnership-driven customer acquisition model wherein partners source customers and get a revenue share (from customers); this brings down customer acquisition costs. Niyogin currently has a presence in 200 cities, 25k villages with 16k pin-codes serviced.

- **Phygital product delivery**

Niyogin's target customers will need assisted product delivery. Consequently, the company is operating on a hybrid model – it provides technology solutions across segments (payments, wealth, business services) to its partners, who in turn handle the physical leg of customer servicing for a revenue share. This model reduces fixed opex for Niyogin as partner acquisition/servicing cost is negligible and customer acquisition/servicing cost is completely variable and a function of revenue derived from customers.

- **Customer transaction history to drive cross-selling**

As Niyogin can tap customer transaction history, it will look at cross-selling various products based on customer needs. Even credit business will be an outcome of transaction-based business and the company will not look to underwrite fresh proposals without an analysis of customer transactional behaviour. Niyogin is also working towards co-origination models wherein loans will be sourced for financial lending partners on a risk participation basis.

A low-cost Pan-India Distribution model supported by partnerships with ~70% of distribution footprint beyond top 20 cities

Operates on a hybrid model - provides technology solutions to partners, who in turn handle physical leg of customer servicing

Credit to be an outcome of transaction analysis to limit credit risk. Company also working towards co-origination to limit capital burn

Transitioning towards a tech-centric, credit-light business

Niyogin (formally M3 Global Finance) saw a promoter and management revamp in 2017, wherein a private company, Information Interface India, acquired a controlling stake from exiting promoters. Mr. Amit Rajpal, CEO, Asia at Marshall Wace and Mr. Gaurav Patankar, CIO of Atharva A&C, teamed up as co-founders to drive Niyogin on its fintech journey.

Phase 1: FY18-FY20 – Credit centric

During the first phase, Niyogin focused on being a digital credit-centric organization with a goal to give small underserved businesses access to a holistic support system, through cost efficient, innovative technology and a committed network of partners. India has ~55mn underserved MSMEs in India with a turnover of up to Rs 750mn/US\$ 10mn and an unmet credit demand of US\$ 300bn; of this, the company focused on MSMEs with revenues of Rs 3mn-Rs 200mn (up to US\$ 3mn) with an unmet credit demand of Rs 7.6tn (US\$ 105bn).

Niyogin offered unsecured WC credit to customers with yields ranging between 16-24%. While credit underwriting was data driven and in house, Niyogin externalized various facets of business and adopted a partnership and engagement model with (a) co-lending/risk participation with banks/other FIs to optimize capital burn, (b) a hybrid distribution model in partnership with finance professionals to in turn tap their customers, (c) adoption of end-to-end digital paperless processing of proposals with automated credit decisioning and (d) strategic solutions to enable partners access services/products beyond credit.

Phase 2: FY20 onwards – Tech-centric credit-light model

In the first phase, while lending business (unsecured loans) was a key revenue driver, Niyogin had been investing in developing technology platforms for MSMEs for a variety of their needs – financial services, credit, office automation, microsites as well as payment solutions. The company also acquired two fintechs: (a) Moneyfront: One-stop digital platform for wealth advisory and analytics, and (b) IServeU: A full stack fintech company focused on underserved rural communities.

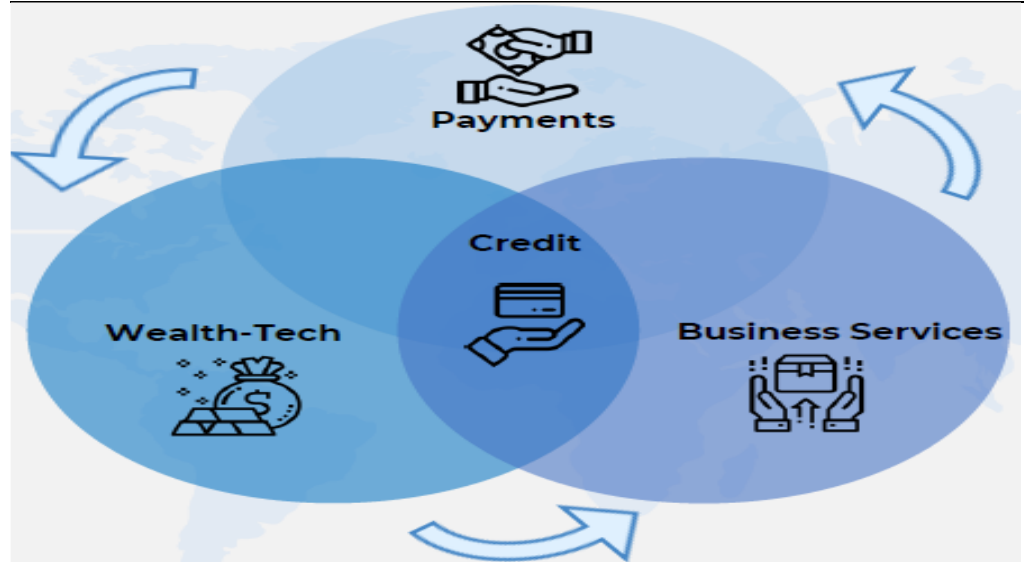
Incrementally, the focus is on tapping the transaction-linked value chain of the underserved and having credit delivery as an outcome of comfort/requirements drawn from transactional history. Product offerings are:

- **Payments:** Under the IServeU platform (rural focussed), key services offered are cash access, domestic remittances, payments and recharges.
- **Wealth-tech:** Under the Moneyfront platform, key offerings are B2C investments for individuals, wealth analytics and a corporate treasury management platform.
- **Business services:** Value proposition of Niyogin's business services platform is to initiate and advance the digital journey of MSMEs. The platform enables a three-click creation of an SME's own e-commerce website, an integrated online payment platform and a business efficiency toolkit.
- **Credit:** Niyogin started with unsecured working capital business loans of ticket size Rs 0.2-1.0mn of tenure between 6-18 months. Incrementally, the company is offering transaction centric short duration loans and/or secured loans.

Phase 1 centred around offering unsecured WC credit to MSMEs

Phase 2 focus is on tapping the transaction-linked value chain of the underserved and having credit delivery as an outcome

Exhibit 1: Credit to be a derivative of transactional business



Source: Company Data, Equirus

Exhibit 2: Snapshot of Business parameters

	FY19	FY20	1QFY21
Retail Partners	612	1,925	2,733
Registered Platform Customers (L-F-L)	11,582	16,627	19,853
Activation Rate		22%	14%
Approvals/Disbursals (Rs mn)	615	1,731	
Wealth AUM (Rs mn)	5,250	7,497	6,827
Partnership	4	6	
Solutions beyond credit	1	3	

Source: Company Data, Equirus

Newer offerings focused on transactional fee-based revenues

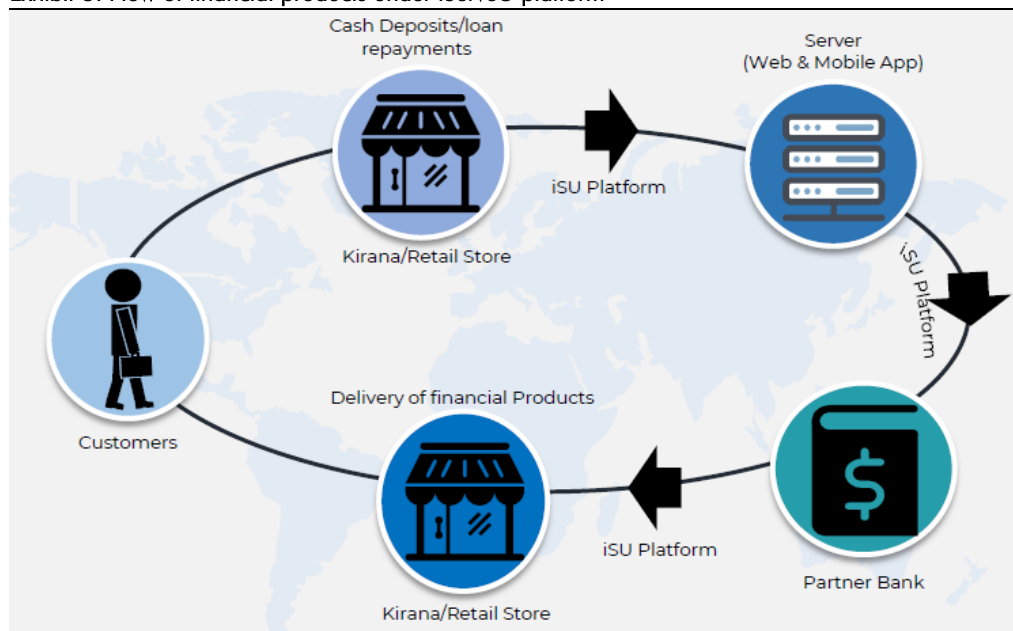
IServeU – Rural inclusion platform

IServeU enables rural kirana stores to act as a bank independent access point for biometric authenticated (Aadhar based) basic financial transactional services for rural customers.

Current product stacks that company has are AEPS, M-ATM, DMT, BBPS, Microinsurance

- Niyogin acquired a 51% stake in IServeU in Aug'20 for a valuation of Rs 592mn. IServeU is a full stack fintech focused on underserved rural communities.
- Leveraging the Jan Dhan- Aadhar-Mobile (JAM), it enables rural neighbourhood retail stores to offer financial services like payments, cash, domestic remittances and other financial products based on Aadhar based bio-metric authentication. Opportunity size of India's domestic remittances is estimated at ~US\$ 15bn. Potentially this can transform into a deep rural neobank model.
- The company has service offerings on cash-to-digital (deposits), digital-to-cash (withdrawal), and phygital to digital (domestic remittances/recharges) fronts. The product stacks offered by the company are AEPS, M-ATM, DMT, BBPS, Microinsurance (refer exhibit 4 below). Product offerings are likely to be increased over the next 6 months
- Unlike the BC model, wherein BCs are outlets of banks, IServeU's partner Kirana stores are a bank-independent platform offering instant services to rural population. Kirana stores get a share on the per transaction revenue.
- During FY20, IServeU had revenues of Rs 223mn on a transaction value of more than US\$ 500mn. This translates into a fee income profile of ~60bps. This is profitable at both EBITDA and PAT level with potential for increase in operating leverage as opex is likely to remain contained. (Currently ~60 employees in this business).

Exhibit 3: Flow of financial products under IServeU platform



Source: Company Data, Equirus

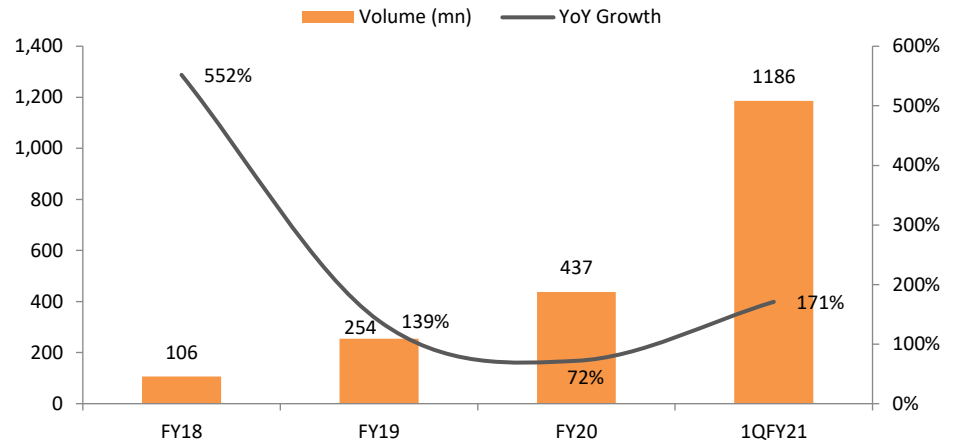
Exhibit 4: Non Lending Product Offerings under IServeU

Products	Summary	Operational Aspect	Benefits
Domestic Money transfer (DMT) - Available 24*7 across banks without a branch visit	IServeU's DMT is linked with multiple banks' IMPS switch and is a robust way to deposit cash within 15 seconds in any bank account pan India through the sender's mobile number only	Retailer opens an OTP verified wallet on behalf of the sender's mobile number. Bank account or any other details of the sender are not required. Cash deposit can be done through any authorized points of IServeU	<ul style="list-style-type: none"> • Single Page Remittance App • Transfer Money in 3 Clicks • 450+ Banks available in Platform • Beneficiary Verification • Smart Beneficiary Addition • Automatic Refund • Bulk Transfer • Secure & Risk Mitigation
AEPS/ Aadhar ATM	In partnership with RBL bank, IServeU facilitates withdrawal of cash and balance inquiry using Aadhaar-based biometric authentication	For customers having Aadhaar linked to their bank accounts, they can withdraw cash from any bank account from an IServeU touchpoint with just the Aadhaar number, bank name and biometric authentication	<ul style="list-style-type: none"> • Cash withdrawal/balance enquiry through Aadhaar number • Instant Settlement to Wallet • AI-enabled Bank/Amount Selection • Holiday Banking • Attractive Commission for Retailers • No Extra Charge for Customer
Micro -ATM (Debit card based)	Supports cash withdrawal and balance enquiry through android app using a card reader ATM device. This product operates under National Financial Switch (NFS) and guidelines of NPCI	Customer's debit card and ATM PIN is the only requirement to process the transaction. Customer can withdraw as per card the issuer bank's limitation	<ul style="list-style-type: none"> • All Debit Cards Accepted • Cash Withdraw & Balance Enquiry • Instant Settlement to Wallet • Works in Holiday/Non-Banking Hours • Attractive Commission for Retailers • No Extra Charge for Customer
Bharat Bill Payment System (BBPS) & Recharge	BBPS offerings include DTH, Mobile Bill Payment, Landline Bill, Electricity, Broadband, Water and Gas Bill Payment	IServeU has tied up with bank alliances and more than 100 recharge and bill operators to provide uninterrupted service in BBPS and Recharge	<ul style="list-style-type: none"> • Automatic Refund Process • All States Utility Bill Payment Operators • 100+ Operators under a single platform
Life Insurance and HospiCash	In association with Kotak Bank, IServeU has launched Life Insurance and HospiCash at retail points with two variants - Rs 100k and Rs 200k. Three kinds of insured benefits are available under HospiCash - Hospitalization Cash, Permanent Disability and Death	<ul style="list-style-type: none"> • Daily cash amount of Rs 500 is paid to the policyholder for each day of Hospitalization (max. 30 day/year) in any hospital • Up to Rs 100k benefits can be availed for Permanent Total Disability due to accident within 1 year of availing the policy • Death payout of Rs 100k to nominees of policyholder. In case of accidental death, payout is Rs 200k 	<ul style="list-style-type: none"> • Easy Claim Process • Higher Margin Structure • Affordable Life Cover • 3 assured benefits in a single policy

Source: Company Data, Equirus

Exhibit 5: Industry's AEPS volume grew ~171% yoy in 1QFY21

Company's transaction value market share in AEPS currently is ~1%

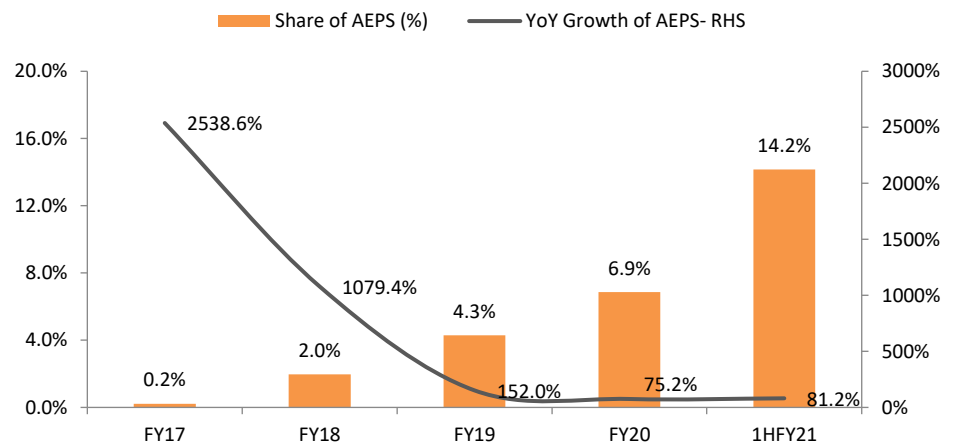


Source: Company Data, Equirus

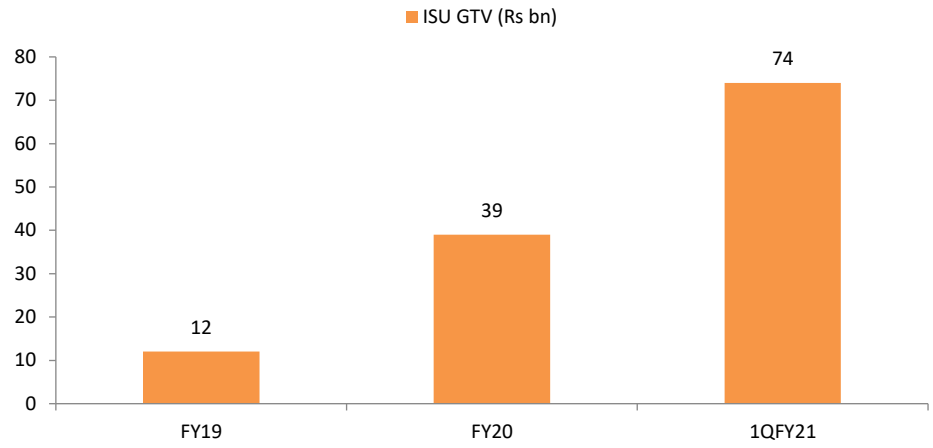
Exhibit 6: Retail Payment Statistics: AEPS (value) grew at a 4-year CAGR of 508.8%

Value (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20	1HFY21	FY16-FY20 CAGR
NFS Inter Bank ATM Cash Withdrawal *	8,312	9,993	10,818	13,357	15,126	16,151	6,533	12.8%
NACH- National Automated Clearing House	1,197	3,715	7,208	9,753	13,384	17,630	9,075	47.6%
CTS Cheque Clearing (Processed Volume)	66,009	69,889	74,035	79,451	81,536	79,175	21,527	3.2%
IMPS	582	1,622	4,116	8,925	15,903	23,375	12,071	94.8%
RuPay Card usage at (POS)	11	45	290	488	808	1,147	435	125.0%
RuPay Card usage at (eCom)	1	6	59	166	367	610	386	220.8%
AEPS (Inter Bank) Txn over Micro ATM (e.g. Cash withdrawal/ Cash Deposit)	-	1	23	269	678	1,189	1,077	508.8%
BBPS (Bill Payment passing through BBPCU)	-	-	0	11	91	217	179	
UPI - Unified Payments Interface	-	-	69	1,098	8,770	21,317	15,492	
USSD 1.0	-	-	0	0	-	-	-	
NETC	-	-	7	33	57	113	82	
Total Financial Txn	76,111	85,271	96,626	1,13,553	1,36,719	1,60,924	66,858	17.2%

* It does not include Card to Card Transfer; Source: Company Data, Equirus

Exhibit 7: Industry's AEPS by value grew 75.2% yoy in FY20

1HFY21 Growth has been annualized; Source: Company Data, Equirus

Exhibit 8: GTV across all products on IServeU platform in 1QFY21 was Rs 74bn (annualized)

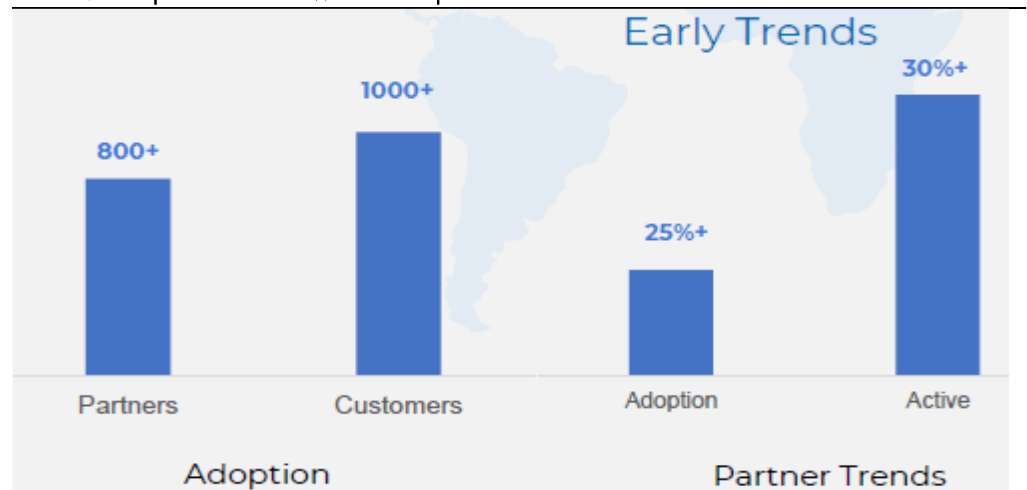
*Figure for 1QFY21 are annualized; Source: Company Data, Equirus

Moneyfront – Wealth Advisory and analytics platform

Targeted customer segments include individuals for financial planning and investments, and corporate treasuries of SMEs/start-ups and VCs

- Niyogin acquired a controlling 50% stake in MoneyFront for Rs 120mn in 2018. Moneyfront provides an online platform to help clients invest in MFs and other fixed-income instruments.
- Target customer segments under Moneyfront are (a) individuals for their financial planning and investments, and (b) corporate treasuries of SMEs/start-ups and VCs.
- Targeted partners on the wealth platform are not the conventional independent financial advisors doing MF distribution but financial professionals, who act as advisors to MSMEs on various banking and financial transactions.
- Moneyfront (pre-acquisition) was a B2C platform. While the core B2C platform continues, Niyogin's distribution network has enabled a B2B2C distribution.
- The company has recently launched a SAAS-based (Software as a Service) wealth platform for its partners. While Niyogin offers technology and intelligence to its partners via the platform, partners can leverage their existing customer relationships to cross-sell wealth products. This in turn helps the financial professionals to monetise their existing relationship and build a wealth practice.
- Delivery channels include direct online sourcing and partner channels to cross-sell wealth products to MSME clientele of partners.
- The company currently has ~16k customers with an AUA of Rs 22.7bn i.e. avg. ticket size of Rs 1.5mn.

Exhibit 9: Adoption trends on Wealth tech platform



Source: Company Data, Equirus

Product offerings under wealth vertical

Current product offerings under wealth vertical include:

- **Direct-to-Customer:** This is the direct servicing of wealth customers via website/app as was done under the standalone Moneyfront platform. Revenue model here is primarily third-party advertisement revenues on website/app and a flat nominal monthly fee per active customer.
- **SaaS B2B:** This is a recent offering launched in the current financial year to leverage the company's B2B2C distribution model. Key proposition is that financial partners are given the requisite technological as well as product support while partners drive customer acquisition on the company's ARN code. This is primarily on a revenue sharing model to keep fixed costs low for both the company and its partners. However, an option of a flat fee per active customer is also available to partners.
- **Analytics:** This is a B2B offering to large enterprises having wealth business. It is a customized enterprise solution, offering a wide range of services ranging from advisory, portfolio analysis, and resultant ownership analysis of customers. Revenue model here is based upon a one-time license fee and an annual maintenance charge.

Niyogin in India's evolving wealth tech space

In recent years, there has been an upsurge in WealthTechs in India with entities such as Zerodha, Groww, Expowealth, Clearfunds (acquired by MobiKwik), Invezta, Orowealth, FundsIndia, INDWealth, Scripbox, and Kuvera. Services being offered range from MF selection, goal planning, tax optimization and portfolio rebalancing solutions. However, as we understand, some challenges faced by Indian WealthTechs are:

- Acquisition costs are high
- Gaining trust online is a challenge
- Some investments give returns in the medium term while investors seek the 'get rich quick' scheme
- A huge chunk of India's population is not financially savvy
- Investors don't rely completely on bots yet

Typically, an individual's investment decisions in India are still driven by an advisory model with comfort derived post advice and/or reconfirmation from some advisor (professional, or family member/friends). Niyogin, with its unique phygital model, looks to address some of these concerns of wealth-tech companies.

- **Acquisition costs:** Acquisition costs of Niyogin are largely variable and amongst the lowest vis-à-vis WealthTechs. Niyogin has been able to lower its acquisition costs with multiple partners sourcing customers for a revenue share. Most WealthTechs are currently burning capital to acquire customers with their product propositions centred around (a) investments in direct plans, (b) suggestions of model portfolio/MFs, and (c) ease of user interface and investment process with unified dashboards across investments. Another key advantage for Niyogin is that it is not competing for acquiring technologically savvy customers. Rather the focus is on beyond top 20 locations.
- **Gaining trust:** Partnership channel at Niyogin addresses the trust issue as there is a known face (financial advisor) who is suggesting the investment product. Hitherto, customers had been depending upon the advice of these financial advisors for some of their financial decisions – ranging from bank debt to tax advisory to occasional investment advice. Niyogin offers technological and advisory support to its partners along with a revenue share.
- **Financial advisors cater to the need of non-financial savvy population:** As most market products do not offer a guaranteed return, explaining the products along with the associated risk-return profile to investors is essential to build trust and ensure customer stickiness. Explaining the same on an online wealth-tech platform is challenging. However, phygital model of Niyogin eases the process and thereby makes it easier for acquiring non-financial savvy customers.

Unique phygital model helps the company address challenges faced by other Indian WealthTechs

Business services

Niyogin is piloting a business builder platform to get its offline/non-technology savvy SME customers an online digital identity by offering simplified technology solutions. Business, the builder module will facilitate includes:

- Creation of an online product suite with three clicks wherein MSMEs can take their business offerings online and design an ecommerce page.
- Digital toolkits to facilitate online payments, purchase orders, invoicing and reporting.
- Non-credit financial services like wealth management, treasury services, insurance etc
- Data-driven credit delivery for working capital.

Recent decline in disbursements in line with Niyogin’s revised strategy to de-focus on generalized credit

Credit business

Current focus remains on collections and, progressively, the company intends to narrow the credit focus and identify and accelerate specialised segments. The recent decline in disbursements is in line with the company’s revised strategy to de-focus on generalized credit, and de-risk its existing exposure amid a weak external operating environment.

Recently, the company has started secured lending with products like LAP, mortgages and low-income housing wherein it originates loans on behalf of its lending partners for a fee.

Loan book

After peaking at Rs 1.6bn in 3QFY20, Niyogin’s loan book has seen a steady decline to Rs 1.2bn as of Aug’20. This has primarily been driven by a sharp curtailment of disbursements from Rs 1.1bn in 3QFY20 to Rs 185mn/Rs 36mn in 4QFY20/1QFY21.

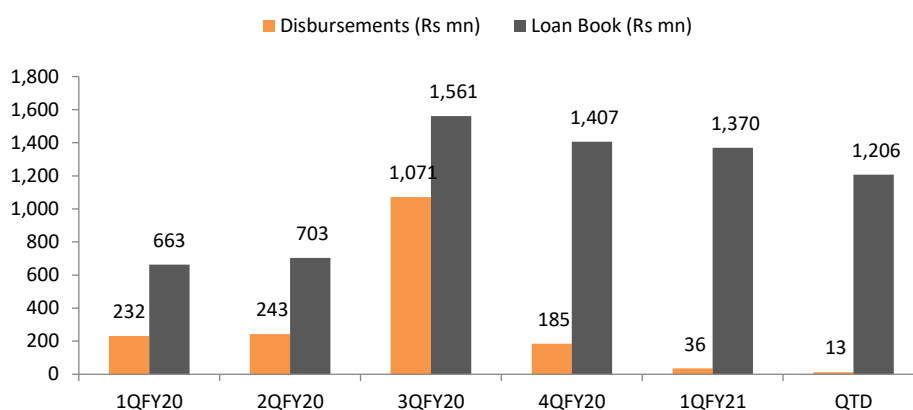
Collection efficiency

Collection efficiency is likely to improve to 85% in Sep’20. (Aug’20: 70%) vs a low of 25% in May’20. Pre-COVID collection efficiency was at ~93%.

Asset quality/provisions

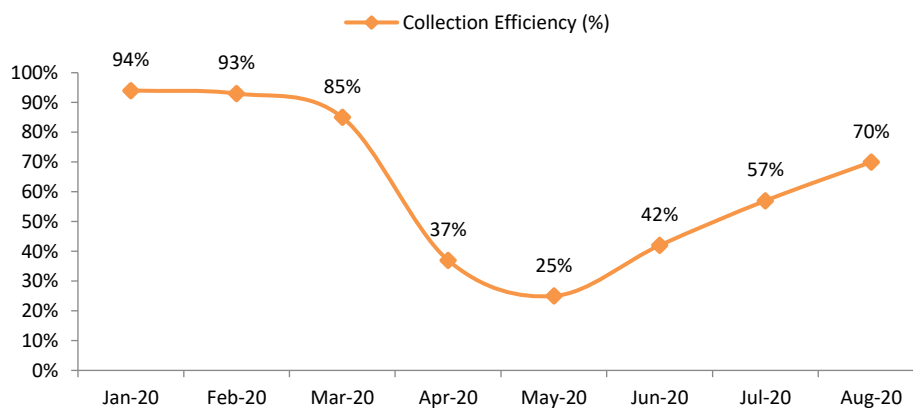
Niyogin has created significant provisions of 15% of POS with current GNPA at 5%.

Exhibit 10: Loan book has degrown post 3QFY20



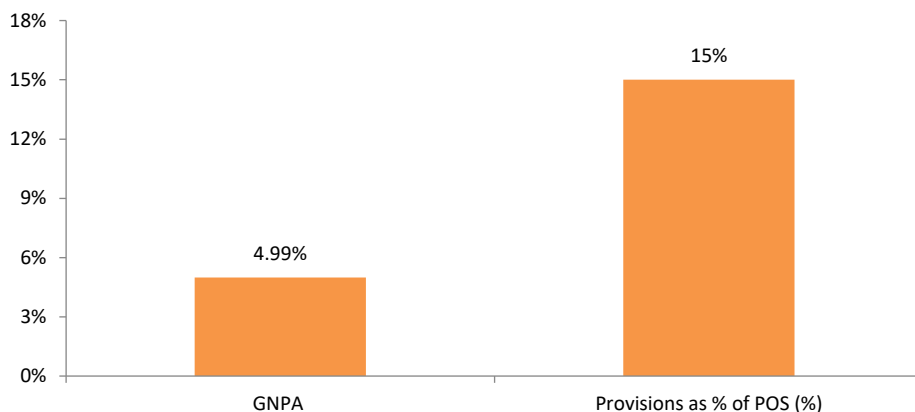
Note: QTD is upto Aug’20; Source: Company Data, Equirus

Exhibit 11: Collection efficiency in August reached 70%



Source: Company Data, Equirus

Exhibit 12: GNPA stood at ~5%, company has created 15% provisions of total loan book in anticipation of Covid linked stress



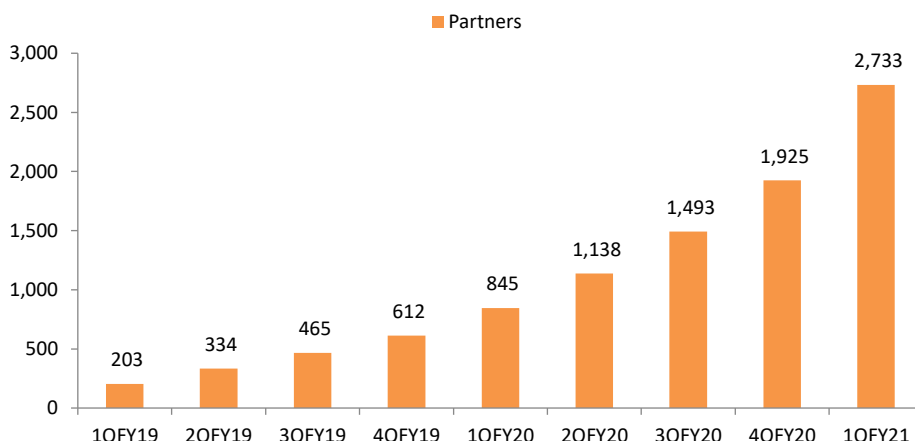
Source: Company Data, Equirus

Revenue profile shifting towards fee income

The company has recently introduced two non-balance sheet products in the channel and is seeing strong adoption rates. Cumulative partner activation rate stood at 14% in Jun'20 – the highest-ever unique active partners in a month. Of 238 partners active in June, only ~10% were for on-balance sheet unsecured credit, while ~90% came from products like WealthTech, SaaS and mortgage.

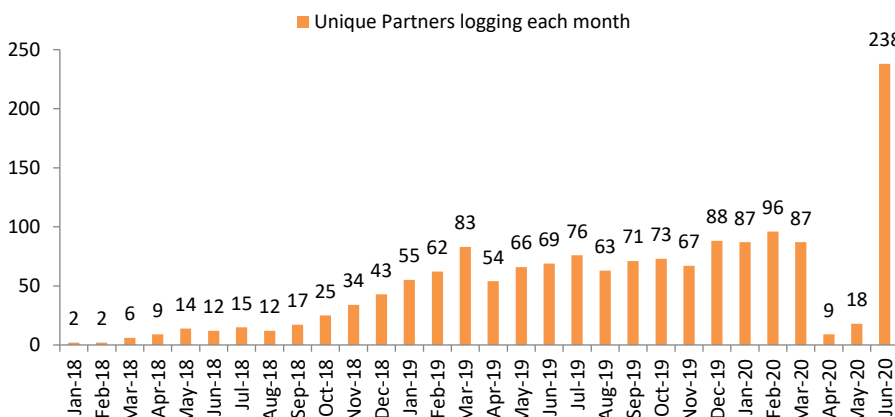
Cumulative partner activation rate stood at 14% in Jun'20 – the highest-ever unique active partners in a month

Exhibit 13: No. of partners increased to 2,733 at 1QFY21-end from 1,925 in 4QFY20



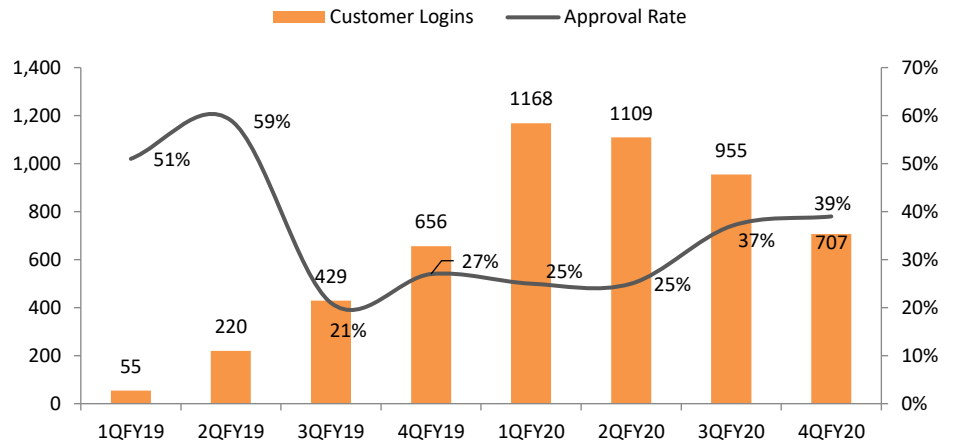
Source: Company Data, Equirus

Exhibit 14: No. of unique partners logging each month increased to 238 from 87 in Mar'20



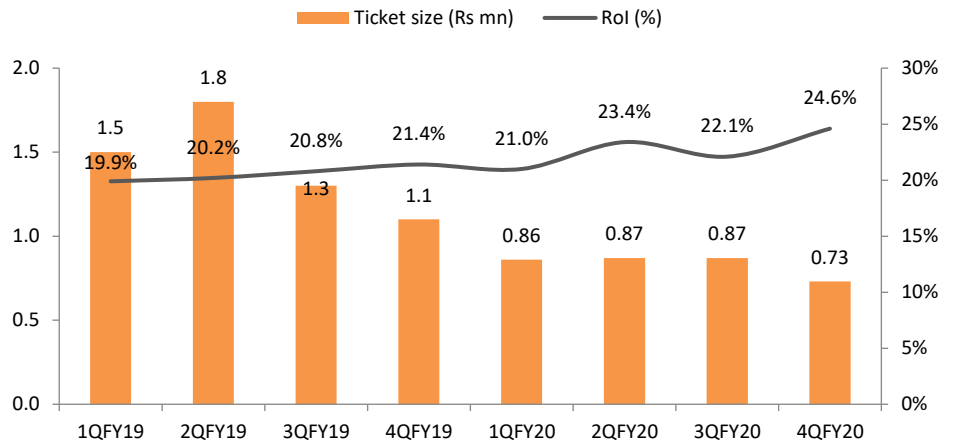
Source: Company Data, Equirus

Exhibit 15: Approval rate increased to 39% in 4QFY20 vs 27% in 4QFY19



Source: Company Data, Equirus

Exhibit 16: Avg Ticket size of loans declined to Rs 0.73mn from Rs 1.1 mn in 4QFY19



Source: Company Data, Equirus

Corporate Governance

- Niyogin has a strong board comprising six members, of which four are independent directors. Board members have experience in strategic, executive and financial roles ranging from investment management, banking, wealth management as well as non-financial sectors like pharmaceuticals, healthcare and retail.
- Governance framework at Niyogin is a three tiered architecture with Operating committee comprising of primarily business heads reporting to the steering committee which comprises of promoters and business heads. Steering committee inturn reports to the Board of Directors.

Exhibit 17: Niyogin has a Strong Board...

Name	Designation	Background
Amit Rajpal	Non-Executive Chairman & Co-Founder	<ul style="list-style-type: none"> • CEO of Marshall Wace Asia • 20+ years of experience in financial services, investing and research. Credited with being the youngest MD in Morgan Stanley at 30 years of age • Completed MBA from IIM Calcutta and is also a qualified Cost & Work Accountant (ICWA)
Makarand Patankar	Promoter Director	<ul style="list-style-type: none"> • 40+ years of experience in Strategic and Financial roles within industry verticals of Financial Services, Pharmaceutical, Healthcare and Retail in organisations such as Glaxo, TATA & TNT • He also has wealth of experience around Network Management and has pioneered the development of 3i network across the country
Kapil Kapoor	Independent Director	<ul style="list-style-type: none"> • Currently serves as the Chairman and Non-Executive Director of Info Edge (India), and is also on the Board of Trustees of the International Foundation for Research and Education (Ashoka University) • More than 30 yrs of experience. Prior to this, he was Global COO for Timex Group USA
Sutapa Banerjee	Independent Director	<ul style="list-style-type: none"> • 24 years of experience in financial services across large multinational banks - ANZ Grindlays and ABN AMRO • Currently, she is consulting in the wealth, investments management area and is on the board of directors (Independent Director) for leading companies (JSW Group, Godrej Properties, Camlin Fine Sciences Limited) • She is an advanced leadership fellow (2015) of Harvard University. She is also a member of the CII National Committee on Integrity and Transparency in Governance and also serves on the Advisory Panel of the 'India Responsible Business Forum' (IRBF).
Eric Wetlaufer	Independent Director	<ul style="list-style-type: none"> • Currently serves on the Board of Directors of the TMX Group and of Soulpepper Theatre Company and is an advisor to GrainDiscovery, CryptoNumerics and the Aion Foundation. Also a past president of the CFA Society Boston • He led the CPPIB's Public Market Investments department, a multi-strategy platform of 220 portfolio managers analysts and traders investing globally over C\$180 billion in publicly-traded assets and related derivatives for Canadian beneficiaries • Prior to CPPIB, he was Group CIO, International at Fidelity. Prior, held the roles of CIO at Putnam Investments and MD at Cadence Capital Management
Subhasri Sriram	Independent Director	<ul style="list-style-type: none"> • Currently serves as the Board member of TVS Electronics, APA Engineering, Ecron Acunova and Jaikirti Management Consultancy • Prior to this, she was ED and CFO of Take Solutions. Under her leadership, Take Solutions won the Golden Peacock Award for Excellence in Corporate Governance, instituted by the Institute of Directors, London in 2017 and 2018 • More than 30 years of experience, of which more than 15 years, she has been at CFO position in a leading financial services business

Source: Company Data, Equirus

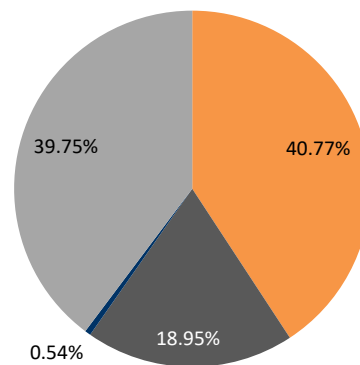
Exhibit 18: .. supported by a competent management team

Name	Designation	Background
Himanshu Rajpal	President & Chief Business Officer	<ul style="list-style-type: none"> 18+ years of experience, in organizations such as Standard Chartered, PepsiCo, Euronet & PayPal amongst others across FMCG, unsecured consumer credit, digital technology and payments Prior to joining Niyogin, he was with PayPal where he was Director for Cross-Border payments, leading SME businesses with particular focus on market-places, channel partners and strategic alliances to bolster the growth of the India portfolio
Srivaths Varadharajan	President & Chief Information Officer	<ul style="list-style-type: none"> 19 years of experience across industries like BFSI , Telecom, BPO / KPO and Airline sub division Completed MBA from K.J. Somaya Institute of Management Studies and Research and has an MDP from IIM Ahmedabad
Parag Chopde	President & Chief Risk Officer	<ul style="list-style-type: none"> Over 24 years of experience in banking & financial services industry. Prior to niyogin he served for around 6 years in the transformation journey of RBL Bank as the Head of MSME Finance, Head Risk – Agri Business, Development Banking & Financial Inclusion Group., Head Risk-Business Banking for RBL Bank
Noorallah Charania	Chief Operations Officer	<ul style="list-style-type: none"> Over 24 years of experience and has held senior positions in various financial organizations such as Aditya Birla Group, RBS and HDFC Bank Completed MBA from Annamalai University and has done CAIIB from the Indian Institute of Banking and Finance
Rumit Dugar	Chief Financial Officer	<ul style="list-style-type: none"> Over 15 years of experience encompassing technology consulting and institutional equities business with leading organizations such as JP Morgan, Infosys & IDFC amongst others Prior to Joining Niyogin,his last previous stint was with IDFC securities in India where he led the Technology and Telecom equity research team. He has extensive experience in research, capital raising (IPOs) and business strategy with strong focus on technology domain
Neha Agarwal	Company Secretary & Compliance Officer	<ul style="list-style-type: none"> 6+ years of experience in the field of Company Law, SEBI Act and Rules & Regulations She is an associate member of the Institute of Company Secretaries of India, Bachelor of Law and Bachelor of Commerce with specialization in Financial Accounting & Auditing
Andrews Rajan	Head- Wholesale Channel & Channel Finance	<ul style="list-style-type: none"> 15+ years of experience in SME lending sector with multiple geographies across Mumbai, Kolkata & entire South India market His last stint was with IndusInd Bank as Zonal Sales Manager (SME -Business Loans) - South, managing all southern states.
Devanand Chaudhary	Chief Sales Officer- Retail	<ul style="list-style-type: none"> 13+ years of experience in SME/MSME Sales Lifecycle Planning & Execution, Strategy Development & Execution for Retail & Enterprise Channel Previously, he was with Vodafone India Limited for 10+ years in various roles & assignments, majorly in SME Segment- Mumbai Circle. He was part of various new product/service launches for SME Segment

Source: Company Data, Equirus

Exhibit 19: Shareholding pattern

Promoters ■ FPI ■ AIFs ■ Others



Source: Company Data, Equirus

Exhibit 20: List of key Investors

Major Shareholders	Shareholding (%)
Strategic India Equity Fund	14.70%
Wf Asian Reconnaissance Fund Limited	14.15%
Vikasa India EiF I Fund	8.28%
Carmignac Portfolio	7.45%
Alchemy India Long Term Fund Limited	3.22%
Alchemy Capital Management Private Limited	2.24%
Lucky Investment Managers Limited	1.49%

Source: Company Data, Equirus

Exhibit 21: 1QFY21 results snapshot

(Rs mn)	1QFY21	4QFY20	1QFY20	QoQ Growth	YoY Growth
Total Income	79.1	81.9	65.0	-3.4%	21.7%
Total Expenses	66.1	72.9	88.0	-9.3%	-24.9%
ECL	18.8	71.5	13.1	-73.7%	43.5%
Reported Profit/Loss (A)	-5.8	-62.4	-36.1		
Depreciation	8.3	8.5	8.6	-2.4%	-3.5%
ESOP (B)	8.3	5.9	11.4	40.7%	-27.2%
Cash Pre-Provisioning Profit	29.7		-3.0		
Non-GAAP PAT (C)= (A)+(B)	2.5	-56.5	-24.7		

Source: Company Data, Equirus

Exhibit 22: Financial Summary

Particulars (Rs mn)	FY18	FY19	FY20
Profit & Loss Statement			
Revenue from Operations	122.3	228.2	275.3
Total Income	122.3	228.5	276.3
Total Expenses (ex-ECL)	148.8	288.6	339.2
ECL	-	21.7	170.0
EBITDA	-21.3	-51.3	-199.4
PAT	-26.5	-81.8	-232.9
Balance Sheet			
Net worth	2,602.9	2,558.5	2,420.1
Loans	11.3	495.5	1,262.0
Investments	1,981.2	1,589.7	674.9
Total Assets	2,640.1	2,621.8	2,485.4
Ratios (%)			
Yield on Loans		17.4%	15.5%
Yield on Investments		7.2%	5.7%
Credit Cost (in bps)		817.3	1,749.5
EBITDA Margin	-17.4%	-22.5%	-72.4%
PAT Margin	-21.7%	-35.8%	-84.6%
RoA		-3.1%	-9.1%
Total Assets/Equity (x)		1.0	1.0
RoE		-3.2%	-9.4%
Valuation			
EPS	-0.3	-1.0	-2.7
P/E			
BVPS	30.7	30.2	28.1
P/B	2.4	2.5	2.7

Source: Company Data, Equirus

Annexure 1: Wealth Tech – A Global Perspective

Globally, WealthTech companies provide a whole range of solutions across digitizing investment process, robo-advisory, micro-investing, and impact investing.

Globally, WealthTech companies provide solutions such as digitizing investment process, robo-advisory, micro-investing, and impact investing

- **Digitizing the investment journey:** WealthTech companies have focused to improve their CRM practices by digitizing client information and customizing client experiences. Softwares enhance CRM by automating regulatory/client due diligence processes and providing wealth-tech and consumers with real-time, on-demand access to investment analyses. WealthTech companies are also providing risk-management solutions, automated accounting and billing, and other features to minimize costs while maximizing consumer experiences.
- **Robo-Advisory:** Use case of Robo-advisory is based on automating financial advice to a much larger clientele than can be manually done by relationship managers. Robo-advisors automate the investment management process, either working completely independently or in conjunction with a human financial advisor. Robots can process large sets of data and work off algorithms to create a diversified portfolio that maximizes returns. By 2020E, robo-advisors are expected to manage ~US\$ 3trn of assets globally.
- **Micro-investing:** For individuals with limited financial experience, micro-investing provides low risk and easy accessibility over mobile and online platforms through which they can start investing with very small amounts. The goal for micro-investing is to get investors hooked and get their small savings invested.
- **Impact investing:** Impact investing targets specific social goals. It is about investing in companies and projects that try to solve social or environmental problems.

Three major trends impacting the current wealth management market

Since the 2008 global financial crisis, the wealth management market has faced a strengthened regulatory framework and cost pressures. Various trends are driving the current and future wealth management market, putting wealth managers under margin pressure and changing the traditional framework of wealth management. These are:

1. **A global increase in regulations:** The regulation on financial markets has been re-framing the wealth management market with (a) advocacy of absolute transparency with stringent anti-money laundering, KYC and privacy laws and (b) strengthening advisor duties. As per estimates, in the past decade, profits of wealth managers globally have fallen by almost one-third due to stricter regulations.
2. **Investor empowerment:** Regulatory changes have empowered investors, enabling them to pressure the advisory fees down. The amount of fees and commissions charged by wealth managers is more regulated. The increasing number of data and their facilitated access enable investors to be more aware and critical towards investment proposals and to look for cheaper and more innovative solutions.
3. **Accelerating digitalisation & new technologies:** Digitalisation and new technologies are impacting the entire value chain through artificial intelligence, robotics, big data and blockchain requesting significant investments.

Since GFC, the wealth management market has seen stricter regulations and cost pressures

Next leg of WealthTech to focus on true digital personal advice

The first generation of WealthTech companies has seen strong growth since their inception, basing themselves on:

- **Higher volumes:** WealthTech start-ups have opened the wealth management universe to new, less wealthy customers that are driven by value for money
- **Lower acquisition costs vis-à-vis offline relationship-based models:** Technology has been used to lower the cost of customer acquisition as acquisition moved online.
- **Improved user experience:** Improved and ease of use interface has been one of the key drivers of customer acquisition for WealthTechs over traditional channels

However, with core demand of personalized portfolio management not addressed, it often turns out that the customer acquisition cost is higher than the lifetime value of the customer given non-stickiness of customers. Consequently, the next phase of WealthTechs is working towards addressing the issues around:

- Sharper customer profiling to assess the client's risk profile and financial goals
- Develop truly tailored financial portfolios
- Apply active management to WealthTechs to generate higher returns

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