

**February 11, 2024**

To

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai -400001

**BSE Scrip Code:** 538772

**Subject: CEO's Update to Investors: Q3 FY2024**

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

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Investors' Update for Q3 FY2024.

The aforesaid information is also being made available on the website of the Company i.e. [www.niyogin.com](http://www.niyogin.com)

Yours truly,

**For Niyogin Fintech Limited**



**Neha Daruka**

**Company Secretary & Compliance Officer**

*Encl: a/a*

**Niyogin Fintech Limited**

(CIN L65910TN1988PLC131102)

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## CEO's Letter to Investors

### Q3 FY2024

Dear Shareholders,

There were three key developments this quarter that I would like to share with you today:

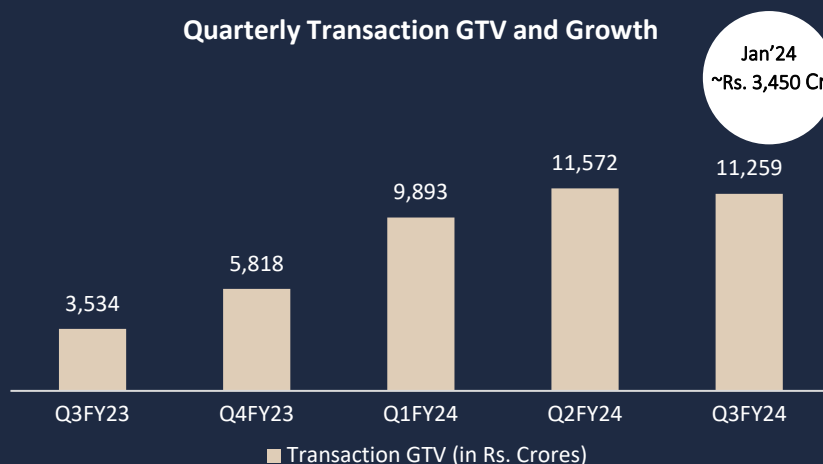
- 1) **Successfully Navigating the UPI Challenge:** I am pleased to announce that we have successfully resolved the issues impacting our UPI business, well ahead of the originally communicated timeline of two quarters. This demonstrates our agility and commitment to swift problem-solving, ensuring we deliver uninterrupted service to our valued customers.
- 2) **Exploring Exciting Opportunities in AI:** We are actively exploring opportunities in the rapidly evolving field of Artificial Intelligence (AI) to propel our future growth and expand our reach. We have identified a potential target company that aligns strategically with our vision, and due diligence is currently underway. We will keep you updated on the progress of this engagement and its potential impact on our future endeavors.
- 3) **Trade Receivables Provisioning Update:** We have been booking provisions in line with Expected Credit Loss (ECL) norms, over the past three quarters. It is crucial to reiterate that this provisioning reflects an accounting measure to accurately represent potential credit losses based on a robust assessment framework. We have provisioned for ~80% of receivables which are older than 90 days. We thus, expect the issue to be largely behind us. We also foresee strong recoverability against these provisions. To facilitate these recoveries we have instituted a dedicated collection team and are exploring alternate resolution mechanisms where necessary.

As a continuous endeavor we are focused on optimizing our cost structure while building revenues to attain profitability and sustainably for future quarters.

#### Commentary on the Quarterly Performance

During the quarter, our lending book scaled up by 17.5% QoQ and stood at Rs. 159.0 Crores. In an aim to build a high-quality loan book with lucrative unit economics, we have employed a detailed strategy and identified three key pillars to growth. First pillar is our partner-led distribution channel wherein we are scaling up business with existing partners and onboarding new ones. Second is our focus towards managing risk wherein we are using analytics on large amounts of internally generated data for risk assessment. The third pillar revolves around achieving technology-enabled cost efficiency at various stages of the loan process.

Our BaaS (Banking as a Service) business had a subdued Q3. We expect the business to rebound with the normalization of UPI economics from February 2024 onwards. During the quarter, while GTV growth was impacted, Revenue, ex. of device sales, stood at Rs. 54.6 crores, up 15.7% QoQ. We processed nearly 42 million transactions. Our GTV for January reached nearly Rs. 3,450 crores. The normalization of UPI product economics is expected to have a positive impact on take rates



Going ahead, our focus will remain towards growing both our businesses. As we do this, we will remain open to inorganic growth opportunities with strong business synergies available at attractive valuations.

### Key Highlights of Q3 FY2024

- Successfully restored UPI product economics w.e.f. Feb'24
- Evaluating opportunity for acquiring AI-enabled capabilities
- Outstanding gross loan book stands at Rs. 159.0 Crores, up 17.5% QoQ
- Revenue (ex-device sales) was up 102.7% YoY and 15.7% QoQ
- Adjusted EBITDA (Ex-ESOP) loss consolidated in Q3FY24 to Rs. 1.4 Crores down from Rs. 8.2 Crores in Q2FY24 and Rs. 6.2 Crores in Q3FY23
- The Gross transaction value (GTV) including pay-outs was Rs. 11,258.8 Crores in Q3FY24, up by 218.6% YoY and down by 2.6% QoQ <sup>1</sup>

1. As per industry standards, retailer pay-out included in GTV.

### Financial Highlights

Our consolidated revenue for Q3 FY2024 was Rs. 53.8 Crores. Adj. EBITDA was negative Rs. 1.4 Crores compared to negative Rs. 6.2 Crores in the corresponding quarter last year. Our Non-GAAP PBT was negative Rs. 4.5 Crores in Q3 FY2024, compared to negative Rs. 7.7 Crores in Q3 FY2023.

Consolidated (in Rs. Crores)	Q3 FY2024	Q3 FY2023	YoY (%)	Q2 FY2024	QoQ (%)
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Revenue (ex-device sales)	54.6	26.9	102.7%	47.2	15.7%
Total Income	53.8	27.0	99.3%	47.4	13.4%
Expenses	55.4	33.2	66.9%	55.6	(0.1)%
Adj. EBITDA (Ex-ESOP)	(1.4)	(6.2)	NM	(8.2)	NM
Reported Pre-Tax Profit/(Loss) (A)	(4.8)	(8.7)	NM	(11.2)	NM
Depreciation & Amortization	2.1	1.6	32.1%	2.0	5.9%
ESOP (B)	0.3	1.0	(71.6)%	1.1	(73.8)%
Non-GAAP PBT (C) = (A) + (B)	(4.5)	(7.7)	NM	(10.1)	NM

We remain steadfast in our commitment to innovation, operational excellence, and delivering long-term value to our stakeholders. The recent challenges underscore our resilience and determination to adapt and improve. We are excited about the opportunities unfolding in the AI space and believe it will be a significant driver of our future success.

[www.niyogin.com](http://www.niyogin.com)

**For further details, please feel free to contact:**

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