May 22, 2020

To
The General Manager,
(Listing & Corporate Relations)
BSE Limited
25th Floor, Phiroze Jeejeeboy Towers,
Dalal Street, Mumbai – 400001

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

Sub: Investor Update – Q4 FY 20 & FY 20

Script Code: 538772

Dear Sir,

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 Q4 FY20 & FY20.

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.

Thanking You,
Yours faithfully,

For Niyogin Fintech Limited

MAKARAND RAM PATANKAR
Digitally signed by MAKARAND RAM PATANKAR
Date: 2020.05.22 13:55:01 +05'30'

Makarand Patankar
Whole-Time Director
DIN: 01584128

Encl: a/a

niyogin

Chairman's Update to Investors: FY2020

FY2020 was a vital year in our journey as a company as we took both positives and new learnings from our execution this year that form the foundation of our growth. In terms of positives, we accelerated our distribution build, partnerships, and expanded our product stack with the integration of Moneyfront. We learned the need to be more specialised in our credit and keep pushing the risk-adjusted yields higher given both the credit experience and the current operating environment. We are realigning our strategy to being fully tech-centric and credit light in the new post-COVID-19 avatar. We leverage our learnings and execution experience even as the on-going impact of the COVID-19 pandemic creates certain permanent shifts towards digitisation. The COVID-19 shock has created this opportunity and we intend to attempt to seize this and move our model from being credit-centric to becoming a horizontal platform that helps organise MSMEs and make them more competitive in the market place.

As an outline of our realigned strategy, Niyogin will be 1) Technology platform-centric, 2) Actively leverage retail distribution beyond credit, 3) Specialised, and 4) Capital Efficient. Given the solid distribution channel that we will build on, we continue to look for domain centric opportunities with like-minded founders where we could - build, partner, or acquire to accelerate the business build. We have already integrated Moneyfront this year, and we are beginning to exploit the full potential of the network through digitising the mom and pop wealth advisors through our SaaS-based platform. Further we have started the pilot of the business builder which is designed to enable MSME's build an online footprint and also serve as a digital workspace to access a range of business and financial products. We have had a heterogenous credit mix across the portfolio, and in the new strategy we will go more sub-segment centric with greater underwriting specialisation. We have done that well in the small retailer segment by leveraging transaction-based underwriting. We intend to narrow the credit focus and identify and accelerate such sub-segments. In summary, we are rewiring Niyogin to be tech-centric, more specialised and capital-efficient, and we look forward to this exciting journey.

Key Highlights - FY20

- Retail partner base of 1925, growth of 3x YoY
- Registered platform customer base of 16,627, a L-F-L growth of 43.5% YoY
- Wealth AUM of INR 7,497M (USD ~100M), up 43% YoY
- Loan Book of INR 1,407 M, up 2.7x YoY

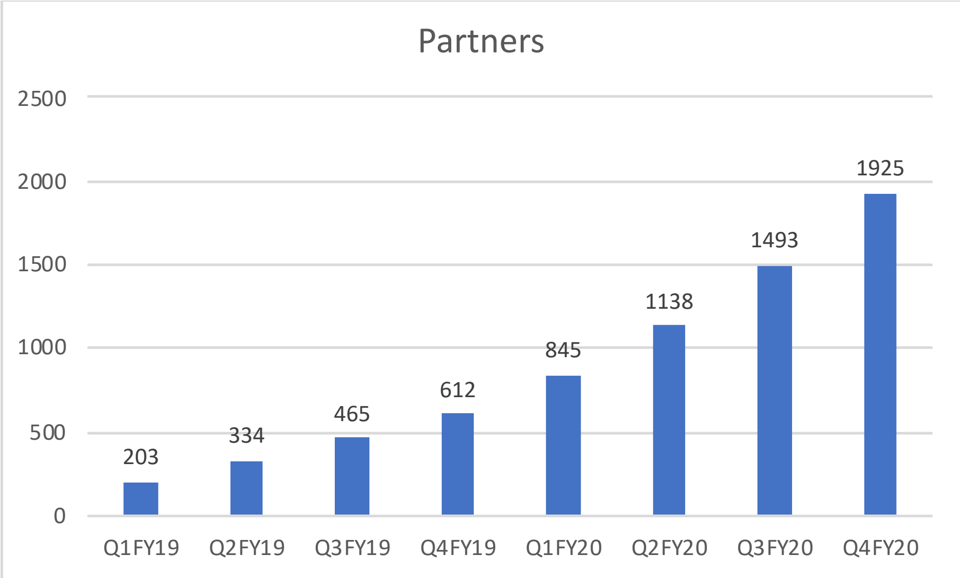
We ended the year with a registered platform customer base of 16,627 and our retail partner network expanded to 1,925 ahead of our full-year guidance of 1800. On credit, we ended FY20 with a loan book of INR 1,407M (USD 18.7M) and a disbursal of INR 1,731M (USD25M). The disbursements are inline with our revised guidance for the FY20. We are excited to report that in FY20, our direct wealth platform business we hit the USD 100M AUM milestone. We ended the year with wealth AUM of INR 7,497 M (USD ~100 M), growth of 43% YoY despite the steep market correction in Q4FY20.

	FY19A	**FY20A**
Retail Partners	612	1,925
Registered platform customers (L-F-L)	11,582	16,627
Approvals/ Disbursals	INR 615 M	INR 1,731 M
Wealth AUM	INR 5,250 M	INR 7,497 M
Partnerships	4	6
Solutions beyond credit	1	3

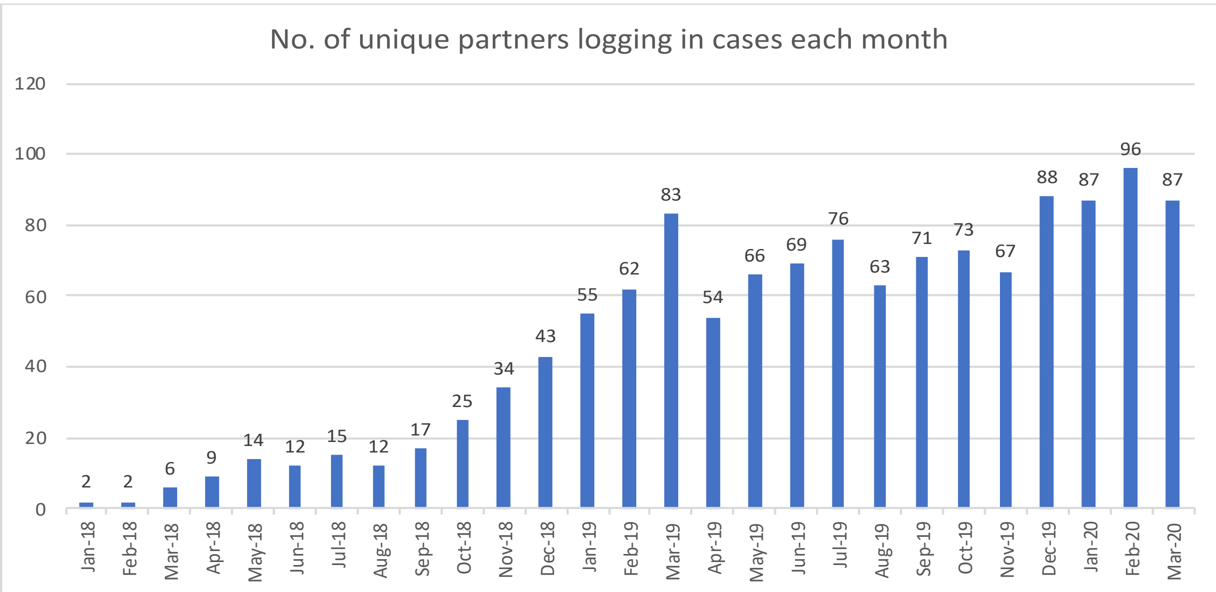
Note: FY19- based on average USDINR=69.99. FY20 based on USD/INR = 70.9 as average rates for FY20.

Partners

Our partner network expansion gained further momentum this quarter as we added 432 partners - highest ever addition in a single quarter. We have exceeded our full-year guidance of 1800 as we ended the year with 1,925 partners vs 612 in FY19, up 3x YoY. As we had highlighted in our previous update, our focus is on building deeper penetration in each location and we have been appending these geographies with the on-ground sales team. As outlined in the strategy above, we have begun to leverage this channel for our non-balance sheet centric products. As we slowly expand our product stack on the platform, we expect to leverage the full potential of this distribution network. We continue to remain very engaged with our channel even in this time of lockdown and have been re-training our sales team on new products. Our focus is on improving touchpoints with the partner continues and bringing in new non-credit based products for our partner network to drive activation rates. Our focus in FY21 is to drive this mission to deliver the platform play and drive adoption beyond on balance sheet credit



As discussed in the previous updates, we have been guarded in our underwriting given the challenging macroeconomic environment which was further disrupted by the COVID-19 pandemic and lockdown in March. Given the impact of lockdown, we saw an impact on our activation rates in March. Our cumulative activation rate stood at 20.2% in the quarter with February having the highest ever unique active partners in a month.



Customers

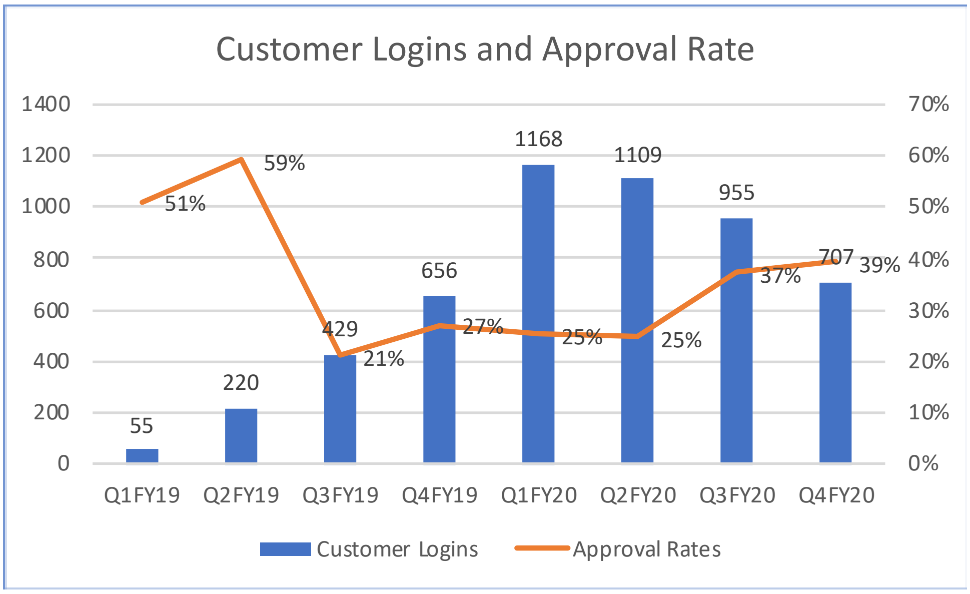
We are pleased to report that our registered platform customer count stands at 16,627, an L-F-L growth of 43.5% YoY. Outside of capital partnerships, we have acquired 877 new credit customers in the and 4,168 customers beyond credit in FY20. Our retail partner channel build continues and this along with partnerships remains the primary customer acquisition channel for us. Our payments partnerships scaled in FY20 and we have added another online payment player as a partner. With the expansion of our Moneyfront product stack, we are also reaching out to new enterprise customers and small businesses that are looking to leverage Moneyfront as a SaaS-based platform. During this period lockdown, we continue to make significant effort to connect with each of the customers not only to check for their well-being but also to understand how their businesses are going to change. This dialogue is critical for us in both getting to know our customers better and provide insights to help us understand their business needs as they come out of this period of disruption. Both the partner and the customer-centricity will be a feature in our realigned strategy.

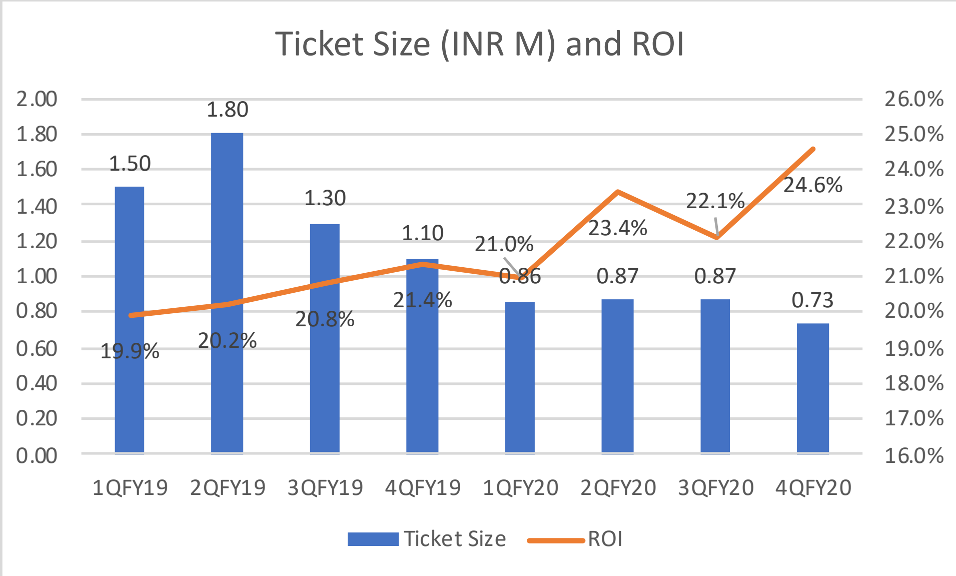
Credit

Credit has been our first product into the distribution channel and we have had a mixed experience over the past two years. We have seen our smaller ticket performing better and delivering better yields. Given our experience, we intend to move away from generalised credit to a more specialised one. Our partnership centric credit experience, where we have specialised credit underwriting, has been superior both in terms of yields as well as the credit quality. As part of the strategic realignment, we intend to bring this specialised focus into our retail channel and push up risk-adjusted returns.

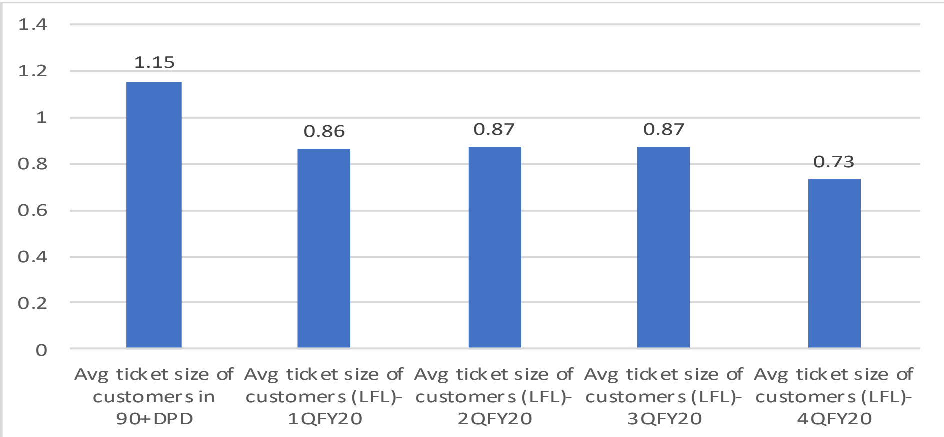
Given the stiff credit environment and the loss experience, we intend to push up the risk-adjusted yield barriers across the firm. We expect to drive more partnerships where we have superior risk-adjusted returns and more transaction centric specialised underwriting. We continue to invest in enhancing our collections capability as we expand our distribution network and geographical footprint. This will remain the key focus as the lockdown opens and businesses begin to normalise.

Our total disbursal for FY20 stood at INR 1,731M vs INR 615M in FY19, up 340% YoY. The approval rates stood at 37% for the quarter driven by mix shifts with a rising share of partnerships. We continue to focus on smaller ticket sizes given both our credit experience and yield. Our like for like ticket size stood at INR0.73M vs. INR1.1M in Q4FY19.





Our Q4 like for like disbursal yields stood at 24.6% as against 22.1% in Q3, an increase of 250bps QoQ. The rise in yields is primarily driven by the mix shifts. Our average tenor for the quarter stood at 23 months vs. 21 months in Q3. Overall our gross NPA ratio stood at 4.9% and the net NPA ratio was 0.9%.



Partnerships

In the non-retail centric channel, our execution focus remains on partnership-based business lines. We saw good experience in this segment of our business in FY20. This strategy gives us low-cost access to the customer base, high risk-adjusted yields, and transaction-based underwriting. The products are custom designed to suit a specific segment or partner. Tech centric players are choosing to partner with us driven by our technology stack, ability to customise solutions, and experience in underwriting in specific domains such as payments. Given both the yield and risk-adjusted returns in these partnerships. We operationalised a new partnership leading payment platform. Our capital partnerships had the full impact on our revenues for the quarter.

Technology and Products

These two remain the key for our realigned strategy and they will get more integrated as we move towards more tech centricity and platform delivery. FY20 was the first year since inception where we began adding new within credit and beyond credit to our platform. On the credit front, through our partnership with some exciting companies, we introduced custom transaction-based underwriting products. We added a settlement product that allows us to tap into an attractive payments/wallet market where merchants require daily settlement for their digital transactions. Our credit-based technology architecture is matured and now we have built standard lending product API for our partnerships to digitally hook using data flow and algorithms seamlessly. For underwriting, we continue to drive iterations on our lending algorithms. We have automated and redefined scorecards across our product, top Industry segments. On the non-credit side, we are happy to record that we successfully closed our Moneyfront acquisition this year and also expanded the product stack within our digital wealth business. We introduced - a SaaS-based direct treasury platform, wealth analytics stack, and platform for our retail partners to digitise and/or build a new local wealth business. These product investments allow us to now fully exploit the Niyogin network, digital wealth platform capability, and expand the addressable market. Our core B2C segment of the platform continues to see good traction with industry-leading statistics of AUM/customer.

Impact

Impact is core to Niyogin's foundation philosophy and we continue to take steps to root this within our operating business. This is reflected in our distribution network that is geared beyond metros, products that we bring to market, and target market. In addition to our distribution network, we are forging new partnerships that allow us to access micro businesses. Our new small retailer settlement product enables merchants to readily access capital, is again a step in that direction. NTC remains a large impact area with a massive opportunity and we have begun taking small steps towards building these capabilities. We remain committed to delivering an impact centric problem-solving approach to small businesses and business owners.

Financial Highlights

In FY20, as per statutory requirements, the company has adopted Indian accounting standards (Ind AS). As part of Ind AS adoption, we have moved to an expected credit loss (ECL) method for provisioning from FY20. The ECL statistical model is applied across the investment and the total loan book. There are two major components to ECL based method of provisioning 1) Probability of default (PD) and 2) Loss given default (LGD). The switch to ECL based provisioning for a young organisation like ours leads to a more conservative provisioning approach given limited data history that feeds ECL's statistical models. In addition to this, we have taken a specific management overlay on the loan loss provisions for COVID-19.

The Moneyfront acquisition was completed on 19 August 2019 and has been consolidated for the year FY20.

For Q4FY20, on a standalone basis, we had disbursals of INR 185M and ended the year with a loan book of INR 1,407M, up 2.8x YoY. We delivered a total income of INR 81.9M, a growth of 32% YoY and we delivered a customer revenue growth of 69% QoQ. Contribution from customer revenue continues to grow and stood at 74% vs. 72% in Q3FY20. Moneyfront's major contribution comes from advertising revenues which have seasonality and lumpiness towards Q4 of the fiscal year. Due to the COVID-19 and lockdown, the revenues in March were severely impacted.

Excluding ECL charges, we were cash positive by INR 23.5M in 4QFY20. We stay focused on cost efficiency and our cash operating costs (excluding ECL) remained in check. We have begun several measures to bring in cost efficiencies and create room for growth and investments without further pushing up the cost base substantially.

Impact of COVID-19

While the pandemic and the lockdown are on-going, our FY20 financial statements are reflecting the impact of COVID-19 across Revenues and ECL Provisioning.

On the revenues, we saw a disruption in March which impacted our disbursements and slowed our partnership ramp up significantly. This disruption has continued into Q1FY21. Further, our wealth business advertising revenues are lumpy with a high seasonality towards Q4, particularly March. The month of March was disrupted and this severely impacted revenue for FY20 in the wealth business.

This pandemic has led to a disruption of economic activity thereby impacting small businesses across the country. RBI has provided relief in the form of a moratorium to the borrowers and we have extended the same to our customers as requested. This has also led to DPD bucket freeze as of February 29th, 2020. Given the sharp drop in the economic activity, as a prudent measure, we have taken provisioning related to COVID -19 in Q4FY20.

The bulk (~90%) of the ECL charge in Q4 is driven by the on-going impact of the pandemic. This is been led by a sharp cut in GDP estimates for FY21 that reflects in elevated PDs.

Additionally, there is a management overlay amounting to INR33M in the quarter related to this event. This captures higher LGDs, lifetime loss estimates, and the bucket movement post-Feb 29th.

Overall our P&L performance this year has been impacted by the first-time adoption of ECL, and this has got further magnified given the massive disruption we are seeing on economy and livelihoods due to COVID-19 and the on-going lockdown. Adjusted for the COVID-19 specific charge, our core business performance was solid both on cash basis and GAAP basis. We continue to closely monitor our portfolio for risks.

Standalone (INR M)	**Q4FY2020**	**Q4FY2019**	**YoY Change**
	(31Mar 2020)	*(31 Mar 2019)*	
Total Income	81.9	62.1	31.9%
Total Expenses (excl ECL)	72.9	77.9	-6.4%
ECL	71.5	21.4	234.1%
Reported Profit/(Loss)	-62.4	-37.2	NM
Depreciation and amortisation	*8.5*	*8.4*	*1.2%*
ESOP	5.9	15.9	-62.9%
Cash Profit/(Loss) *	*15.9*	*-12.9*	*NM*
Adjusted Profit/(Loss) *	1.7	-37.2	NM

Note: * Pre-estimated COVID-19 related ECL charge INR 64.1 (GDP impact + Management Overlay)

Standalone (INR M)	FY2020	FY2019	YoY Change
	(31 Mar 2020)	*(31 Mar 2019)*	
Total Income	276.3	228.5	20.9%
Total Expenses (excl ECL)	339.2	288.6	17.5%
ECL	170.0	21.7	683.4%
Reported Profit/(Loss)	-232.9	-81.8	NM
Depreciation and amortisation	*34.5*	*30.8*	*12.0%*
ESOP	38.9	37.4	4.0%
Adj Cash Profit/(Loss) *	*(95.4)*	*(13.6)*	NM
Adjusted Profit/(Loss) *	-168.8	-81.8	NM

Note : * Pre estimated COVID-19 related ECL charge INR64.1 (GDP impact + Management Overlay)

Through FY20, we navigated an already tough macro environment and the operating environment has got massively challenged by the impact of on-going lockdown due to COVID-19 pandemic. However, we believe that this also provides an attractive opportunity to fintech players like us, as small businesses need to formalise and digitise quickly as a traditional offline way of doing business undergoes, perhaps, a structural change. As discussed in the opening remarks, we are realigning our business strategy to capture both our experience as well as the structural opportunity that this event provides to us. We are pausing our guidance for FY21 as we reassess the impact of COVID-19 and the on-going lockdown. We should be in a better position to provide more visibility next quarter along with more detailed contours on strategic realignment. A strong balance sheet provides us with a solid base to capture the significant growth potential in this space and we are confident about the long-term success.

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

Thank You.

Amit Rajpal
Non-Executive Chairman and Co-founder
Niyogin Fintech Limited

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 are not guarantees of 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.