

**Date: February 23, 2021**

**To**

**BSE Limited**

25<sup>th</sup> Floor, Phiroze Jeejeeboy Towers,  
Dalal Street, Mumbai – 400001

**BSE Scrip Code: 538772**

Dear Sir/Madam,

**Sub: Earnings Call Transcript – Q3FY21**

With reference to our letter dated February 7, 2021, and pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Earnings Call Transcript pertaining to Q3FY21 Financial Results of the Company.

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*  
  
**Neha Agarwal**  
**Company Secretary & Compliance Officer**  
**ACS 41425**

**Encl: a/a**

D:\NFL\ Compliance\ Stock Exchange Compliances\ 2020-21\ Reg 30- Earnings Call Transcript Q3FY21\ 07.02.2021

**Niyogin Fintech Limited**

(CIN L65910TN1988PLC131102)

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“Niyogin Fintech Limited Q3 FY-21 Earnings Conference  
Call”

**February 11, 2021**



**MANAGEMENT: MR. TASHWINDER SINGH – CEO.  
MR. RUMIT DUGAR – CFO.**

**Moderator:** Ladies and gentlemen, good day and welcome to Niyogin Fintech Limited, Q3 FY21 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Diwakar Pingle. Thank you and over to you sir.

**Diwakar Pingle:** Thanks Stanford. Good evening friends, and good morning based on the geography you are in. I welcome to Niyogin Fintech Limited Earning Call of Q3 FY21 Earnings Call. To discuss this quarter’s business performance and future outlook, we have Tashwinder Singh – CEO and Runit Dugar – CFO.

Before we proceed with the call, a disclaimer during the course of interaction in our materials, we may make some forward-looking statements and they must be viewed in conjunction with the risk the company faces. And these may not be updated from time-to-time. More details are provided with the investor material and other filings that can be found on our website at [www.niyogin.com](http://www.niyogin.com). With that said, I’d like to hand over the call to Tash to take us through the company’s vision and strategies. Over to you Tash.

**Tashwinder Singh:** Thank you Diwakar. And Good evening, everyone. I welcome you to Niyogin Fintech’s earnings call of Q3 FY21. Let me start by wishing everyone a very happy and a prosperous New Year. I hope you and your families are safe and healthy. I will quickly run you through what Niyogin does and our vision for the company. Niyogin Fintech caters to India’s underserved MSME by valuing customer centricity over product centricity, using technology as a main driver to bring through a diverse product offerings in credit, wealth payments and business services.

Our model is to create a cost efficient market access through unique partnership driven digital model comprising of financial intermediaries in urban India and small retailers in rural India. This allows us to leverage on the relationships and the local community connect that these partners bring in. On the other hand, we don’t need to then recreate distribution, as this opens up various product segment opportunities that are under penetrated due to high customer acquisition cost. This unique market access approach allows us to then put through multiple products on the platform and provide income augmentation to these partners and retailers.

At Niyogin our retail channel continues, our creative channel bill continues to build well as we close the quarter with close to 3600 odd partners. Through this year, we added third party product partner led mortgage offering through this platform, as well as a SaaS based wealth offering allowing these partners to build their own wealth businesses. We have seen encouraging adoption rates for these offerings and the team focus is now to start scaling these. In our wealth vertical for example, we are reaching out to customers through our wealth tech platform money front which we acquired in 2019. The product offerings on this platform are a B2C platform, a SaaS based B2B platform, and analytics. Through the B2C platform money front assists individuals in their financial planets. Through its SaaS based wealth platform, it has been

assisting its partners by providing them technology and intelligence to monetize their customer relationships, cross sell wealth and build a wealth practice of their own. The analytics activity is a customized enterprise solution for large enterprises having wealth businesses that offer services into advisory portfolio analysis and ownership analysis of customers. In our rural inclusion and payments vertical, we are pleased to announce that we have completed the acquisition of iServeU, our rural payments and inclusion platform.

iServeU, is a Fintech platform that enables rural and neighborhood retail stores, to offer financial services like payments, cash and domestic remittances, and other financial products via Aadhar based biometric authentication. Its products include AEPS, micro ATMs, domestic money transfers and micro insurance. And we have new products in the pipeline. iServeU has a large customer base of over 100,000 retailers and a wide stack of product offerings. Coupled with Niyogin's vast distribution network and best in class technology solutions, it will act as a catalyst for a company of achieving its vision of financial inclusion. With this acquisition in place, we have further adopted a transaction driven approach wherein using the transaction history of customers, we are now cross selling our various products, which would ultimately drive our credit business as well.

And finally on the business services vertical, Niyogin is planning to come out with business build - a platform that will provide a unified solution to take a brick-and-mortar businesses online through easy to use business toolkits that will not only help SMEs in creating e-commerce sites, provide payments and invoice solutions but also help them in treasury management and give access to short term working capital. With this, I would like to hand over the conversation to Runit, who is our CFO. He can update you about the financial of this quarter, post which we can be questions.

**Runit Dugar:**

Thanks Tash. Before we dive into the financials, I want to lay out how we think about operating our business. And that should put our financials and operating performance in context. We have a unique business model as Tash has articulated and given the size of the opportunity across our businesses, the focus is on building scale across the platform. That said, as we look to scale the businesses, we pick our investments carefully. As we remain cognizant of limiting the cash burn, the focus is on minimizing the cash burn across the board. Except for our wealth tech platform, both our rural inclusion payments business, as well as Niyogin are not burning cash. On the unsecured credit business, we are more circumspect and the same is reflected in our disbursements for the quarter, the approach to credit is to bundle the same with proprietary transaction data that we are generating across our platforms. We have an active ESOP program as we look to attract and retain talent, create employee participation and drive leadership alignment. This ESOP charge is embedded in our employee cost, we report the ESOP charge and the non-GAAP profits separately to provide a like-for-like metric that reflects our core business performance.

With that, I'll move to the financial highlights for the quarter ended Q3 FY21. Our consolidated revenue for the current quarter stood at Rs.164 million against Rs.68.3 million in the

corresponding quarter a growth of 140%. EBITDA for the current quarter was at Rs.13.6 million against a negative EBITDA of Rs.72.5 million in Q3 FY20. The reported non-gap stood at Rs.3.4 million in Q3 FY21, against a negative non-gap PAT of Rs. 74.8 million in the last corresponding quarter. ESOP charge was Rs.2.7 million in this quarter against Rs.9.1 million in the previous quarter. In our credit business, our loan book for the current quarter was at Rs. 909 million against Rs. 1.56 billion in the corresponding quarter last year. Disbursements stood at Rs. 51 million against Rs. 1 billion in the corresponding quarter last year. There is no P&L impairment charge in this quarter, and we are adequately provisioned on the balance sheet. We remain a zero debt and a net cash balance sheet.

Our platform metrics have been performing well as our Niyogin partners increased by over 140% and stood at 3658, retail channel activation rate for the quarter was at 18%. And this is without any balance sheet on balance sheet loan product offerings. This quarter we reached an important milestone in our wealth tech platform as we cross Rs.10 billion in AUM recording a 31% growth year-on-year. Our platform users increased by over 100% like-for-like as we included iServeU retailers this quarter. And it stood at 1,25,928 in the quarter ended December 31st, against 55,035 users in Q3 FY20. The payments business gross transaction value stood at Rs.13.4 billion in the current quarter a growth of 20% Y-o-Y. With that, I would like to hand over the call to the operator. Operator, we can open the floor now for Q&A.

**Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Bhavik Mehta from Roots Ventures. Please go ahead.

**Bhavik Mehta:** Good evening. I had two questions not more on the numbers but more on strategy. First one, last time it was very clearly mentioned that going-forward lending as a business would not be our primary factor or primary core driver. We would be very selective choosing whom do we lend and that is also very clear on the run down on the book that is seen in the current quarter. So going forward, isn't that the iServeU platform becomes the key and everything else is around that, that is my first question. And my question number two is that, the wealth AUM given, the given market scenario in the overall management happy with the AUM growth, and what part of the AUM growth is from fresh business versus passive incremental rise?

**Tashwinder Singh:** So, I will take the first part of the question on the iSU platform, this iSU platform is a pretty significant milestone for our company. The point you mentioned, is correct, we have de-prioritized lending as a standalone product offering, where we were providing capital to MSMEs across the country without necessarily having a real insight into their operations or transaction data, our lending proposition so lending proposition will continue to stay, but the proposition will be more directed towards those partners through which we can get more transactionable data and therefore improve the quality of underwriting. So if you look at the iSU, acquisition, it gives us the opportunity obviously for enhancing the payments business, and then make revenue through that. But if you look at the 100,000 odd retailers, and call it the 300, 400 odd partners that iSU deals directly with it, and they are increased with the retailers, there is a significant opportunity there to figure out what is the requirement of capital by that segment. That segment

is a segment that we are working with, we are having payments going through them. And these are things that we are evaluating as we speak right now, on what is the right way to make sure that we are able to maximize our cross sell of all the product propositions that we have across this new segment that is now opened up to us.

**Rumit Dugar:**

So, to the first point on the wealth business, if you look at the wealth AUM on the December, this is on the December-to-December, right. So, obviously the market performance and the base effect really came in in the March month of FY20, so 30% performance, you have to see in context of where the markets were in Q3 of last year. That is one, second is really the way we track wealth business is in terms of the AUM growth coming both from the partner side, which is the SaaS based value platform that we have put in the retail channel. And if you see the adoption numbers of that platform in the retail channels, which was launched in May of FY 2020, we've seen the adoption rate grow to almost 43%. So, when we look at the flow, both on the B2C side, as well as what is coming from the SaaS based offering, the flow and the adoption rates are pretty good. The second thing that we continue to do on the wealth side is continue to add products stack, there has been a lot of product innovation and product stack addition that we're continuously focused on as we are expanding our market access, there is a lot of fixed income centric products, digital FDs, etc. that are getting on to the platform, which the impact of all of that you are going to see in the following quarters.

**Bhavik Mehta:**

Sure. So, could we have a breakup of debt and equity, as far as the wealth AUM goes?

**Rumit Dugar:**

See, at this point we're not breaking that up.

**Bhavik Mehta:**

Sure. And so my other question in-line with the lending part is that, even in the current quarter, there was a disbursement of around 51 million. So that was through the old method that we used or it was through a renewed strategy that we are adopting and trying to not lend to what we initially used to, if we could just give some understanding on that. And going-forward, what should we expect as disbursement rate or the amounts if you have any in mind in the coming quarters?

**Tashwinder Singh:**

So, as far as the disbursement rate and what is going to happen in the coming quarters, like I said we are on the drawing board right now trying to figure out the real opportunity from a process standpoint, I don't think I can give you a number as to what we would disclose in the coming quarter. And like I said there are multiple levers that we're working on and credit is just one of them. Number one, as far as the disbursement for this quarter that you mentioned about 5 odd crores, that was again around the iSU model itself, it was not based on the old model. It was again us trying to figure out that what's the best way for us to recreate a new course.

**Bhavik Mehta:**

Okay. So, even these would be unsecured and what rate would be these at?

**Rumit Dugar:**

So, these are very short tenor working capital kind of loans. So the tenor ranges between three months or six months, but it's really small, right so you kind of look at it more like a small pilot like we are trying out.

- Bhavik Mehta:** Sure. So, what would be the lending rate if I may ask on that?
- Tashwinder Singh:** So, I don't want to give you any hope or expectations on what we did at the pilot, we will have more clarity of this as we close our entire discussion around what the opportunity is, but clearly, we will be competitive in the market, as we figure this out. And like I said, this is not the only thing that we're talking about there are multiple other products, that are out there.
- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.
- VP Rajesh:** Thanks for the opportunity. So Tash, I was looking through the presentation and on slide #3, you gave some of the examples in the various businesses that you are aspiring to be. So the question is, how do you scale up these different businesses and if there is a priority as to which one you will you first focus on?
- Tashwinder Singh:** So, that's a good question, you're referring to slide number #3, where we have our entire proposition, where we have payments, we have wealth tech, we have business services, and in the middle we have credit, right. So the whole point is that we have different teams that are focusing on each of these businesses, everyone's got their targets to achieve. The iSU team is focused on building their business from a payment standpoint, the moneyfront team is focused on building the wealth tech platform, we have a team which is looking at making sure that there are synergies that are being looked at from each of these businesses, because we don't want everyone to be doing everything, people have to be focused into doing their day jobs. And there is a core team which makes sure that there are synergies that are being created across all of this. Credit to us is a tool that's available, but provided we can get more by providing that credit, it's not loan for the sake of loan alone, we want to make sure that we get much more than just providing, a transaction or a load to people or to customers. So we're doing that and services, there has been a pilot that we've done and we are in the midst of developing our business builder proposition that we spoke off. We are obviously M&A open. So we've been acquisitive in the past. I don't think we are going to shy away if we find something which is interesting that comes along the way. So there are multiple levers available to scale.
- VP Rajesh:** So let's say you're trying to grow everything together and build a bigger platform. That's the sort of takeaway, right?
- Tashwinder Singh:** So what I'm saying is that, we've got teams that are focused on each of these parts individually, and they have to build their pieces. So we have special responsibilities been given to individuals in the company, who are building each of these pieces together, and the scale-up of the business has to happen across all levels, this is not a sequential growth that we are expecting, we are expecting each of our businesses to deliver against the targets that we set for themselves for ourselves on a quarter-on-quarter basis.

**VP Rajesh:** Right. And aside from credit, everything is based on the transaction model, if that assumption is correct, then who spend a fee is it the end customer or is it your partners like banks or is it the guys who are your partners in the small villages and towns. So if you could just give a little more color as to who is ultimately paying the fees for the transactions that are going through your system?

**Tashwinder Singh:** So are you referring to fees as in transactions going through our payments or you are referring to lending, I didn't catch that?

**VP Rajesh:** No, so I am saying, yes so remove the lending side because that's very clear. But let's say in the wealth side or in the payment side or any other transactions or any other services that you're providing, who in the customer ultimately for Niyogin whether it is your partner like a bank or partner like the person in the bank who is providing the Kirana store guy, so just trying to understand how the revenue model works?

**Tashwinder Singh:** So iServeU, is also a BC, a banking correspondent right. So in the role of banking correspondent, you get your (fees) as per whatever the regulations and all you get paid. The different products allow you to get paid differently. If you do micro insurance, obviously you are selling insurance to the end customer there are approved commission programs that exist. On payment side again, if you are a VC to a bank, if you're providing services to a bank, the bank pays you. On the lending side, obviously the borrower finally pays you because he's the one who's using your capital. So there are a multitude of different people who pay you depending on who's using your service and who you're providing your service to.

**Moderator:** Thank you. The next question is from the line of Subroto Sarkar from Mahindra Finance. Please go ahead.

**Subroto Sarkar:** Sir, to be very honest, I'm very new to your company. So just on a holistic manner, can you help me understand our entire model is based only on transaction platform where we will be getting, like transaction fees for using this our platform and in that case, like if is so like, what is on a broader but like prospective, what is our model to monitor our platform in that respect. So if you give a top level, top down view so it will help us to help me to understand it?

**Tashwinder Singh:** That's, a good question and let me sort of take things back a little right. If you look at the way we are approaching the market we are customer centric organization. Technology is important, it's an enabler to us, but what we are doing really is we are solving problems related to the MSME segment in the country. And there are multiple issues to solve, there is at one level there is a need for capital at the MSME segment. At the other level, there is a need for providing wealth solutions for management of surplus liquidity, whether it is short term or long term, or as a third level, there is opportunity for us to help get some MSMEs increase income by becoming partners, like the small retailers which can become partners with a domestic money transfer proposition, right and therefore solves their own customers problems, so that becomes a B2B, B2C kind of a solution. So there are multiple solutions that we are solving for, but all of



them are geared towards our clients. And what we're doing through that is we are trying to think through a product propositions, which are helping us deepen our wallet with the MSME segments. We are very clear in our vision, we provide solutions to the MSME segments. And all our products are geared around providing solutions to the customer. So, think of it as a customer centric organization, which has chosen the MSME as the client said that we want to go after, end of the day at last count people will give you numbers like 65 million MSMEs, it's a very, very large market. And we think that there are multiple things that we can do with this segment. Financial inclusion is an important part which you are again going to achieve through the rural model that we have. So we are achieving multiple goals through that.

**Moderator:** Thank you. The next question is from the line of Vishrut Bubna from BimaPe. Please go ahead.

**Vishrut Bubna:** Hi everyone. Thanks for your time. So just two questions. First, I'm just curious to understand what exactly is the strategy towards inorganic growth in the future towards going into a new vertical or enhancing the current verticals and building deeper into them. And along with that, I'm just curious what Niyogin's approach towards partnerships, because partnerships something I'm noticing is really interesting in the Fintech space, especially with lending, embedded lending almost renting out your NBFC license is something that becomes really interesting and a lot of companies are doing it so just curious?

**Tashwinder Singh:** So, on the M&A side, our approach is to look at three broad factors. One is market access and as you can see, what we've done throughout the evolution of this company have tried to focus on market access, whether you look at a retail channel with the financial intermediaries, the idea is to get market access to the MSMEs. The second is product compositions obviously, we've added a, the wealth business was added as the acquisition, the payments business got added as an acquisition. So, at the product level, if you think there is an incremental product that can be of use to us for the client segment that we've defined as our target area, then we would be open to acquisitions to look at product propositions and the third idea which obviously will continue to remain is for consolidation. So even in the areas of business that we have, if we can acquire someone that can help us grow faster or consolidate a part of market, we would do that. So M&A is going to be driven in my mind by these three clear agendas market access, product capability and consolidation. What was the second?

**Vishrut Bubna:** Yes. The second was just to sort of understand whether partnerships with other Fintech, so other people in the ecosystem are looking to same leverage and NBFC license is an approach looked at say from the lending side?

**Tashwinder Singh:** There are different models that are evolving right now and partnership model is one way to think about life, our approach is a little, at least my approach is a little different. Like I said, we are not doing lending for the sake of lending. In a partnership model, what happens and I'm not saying that's how it should be, or that's how everyone does it, but in the limited knowledge that I have, as you pointed out you're renting out your NBFC license, because the partner does not have an NBFC license or is providing you access to the client base. If it is only for the lending

purposes, then I don't know if I would be too excited about doing that. If we think that, that gives us client access and allows us to then process all the other products that we have, and therefore create a customer acquisition strategy for us, then I would do that. I don't want to lend, and just make money on the lending without necessarily owning the customer. So customer ownership, is a very important part for our journey. But we are open to partnerships provided we can achieve the goals that we set for ourselves, which means that we are able to get more than just lending revenues, and are allowed to cross sell our products whatever they may be through the entire channel, then we will be happy to open up to such conversations.

**Moderator:** Thank you. The next question is from the line of Bhavik Mehta from Root Ventures. Please go ahead.

**Bhavik Mehta:** Yes. So, I had two, three questions, I'll go one by one. So first part I just wanted to understand that what exactly would entail the business services piece, because over the past 4-5 quarters as we all are aware that there are a lot of moving pieces then I can understand that, things have changed since then. But in the last couple of presentation you had mentioned about how invoicing or how an SME would use you for their day-to-day business or other things. So first part is that what exactly is business services, and second part is that, when you have mentioned iServeU revenue, so how do we actually visualize this revenue building up, would it be a percentage of the transaction that is processed and if you understand where does iServeU, where exactly is iServeU between a merchant and an issuer. What services is it offering and do that how do we imagine it's revenue growing further?

**Tashwinder Singh:** Right, so let me take the first, services question first and Runit maybe you can talk about the iServeU model in more detail. So on the business services model, this again goes back to the whole idea of owning the customer and we are looking at solutions, we are looking at multiple solutions to help our customers. Now, if you look at the entire chain, the value chain that we have right on the retail side what we're doing is we talk to financial intermediary, which could be chartered accountants, who in turn are dealing with between 200, 300 MSMEs. So business services could be solutions that you could provide to the end customer, which is the MSME, which is the product that you refer to with your business builder or you would provide a solution to the intermediary, which is the financial intermediary like a chartered accountant, which could be a workflow mechanism. So, I'm giving you example of ideas that we are working on, one idea is, if there a workflow solution that can be provided to the chartered accountants, which can make their life more efficient. And therefore it is like a, for what is a better word in ERP solution for chartered accountants, which doesn't exist in the market today. Is that something one could think of, as a business services solution for the channel that we operate in.

The second proposition that was spoken of earlier also was the business builder proposition wherein we are talking about trying to see for the MSME, which is probably operating part manually - is there a way for us to help him automate his business processes, and therefore us becoming more closer to him, so provide a SaaS based solution, whereby he is able to automate his entire processes now, whether it means he puts up his entire business on a website, and

therefore he is able to access customers through that, or it just means that we help him with a proper invoicing solution or we help him with a proper payment solution where he can collect payments and sell products appropriately or we help him with a technology solution, ties up with a logistics solution, which can help him sell his goods or ship his goods out, all this comes under the purview of business services. So we're thinking through what are the right ways as we own what we think is a customer channel. We think there is more to do with that customer channel and we have a team which is singularly, tasked to look at what are the opportunities that exists in the client side that we have, where we can make life more easy and efficient for our clients and therefore make some money in the bargain.

**Bhavik Mehta:** So what would be the monetization gestation for this, so for now this is not chargeable to the SME. So how far do we think we are in actually going ahead and charging for these services or these would never be chargeable to the SME?

**Tashwinder Singh:** See the money is made in multiple ways right, one is obviously the license fee you can charge on annual basis for providing them the software solution. The second is, as the adoption of the platform becomes more important they start using the tools available inside the platform, for example, the payments can be done through our platform, or shipment can be done through whatever, shipment solutions we provided to them. Each of those has a revenue implication for us. Once we get incremental data on how the business is performing, we could provide credit to the customer, because we have in-house knowledge about how the customer's transactions are going on. And therefore with that differentiated knowledge, we could provide credit that could be another way to monetize. So, monetization opportunities are a lot, what is important is to look at adoption of the solutions. Once the adoptions come through, there are ways and means that you will find to monetize.

**Bhavik Mehta:** Sure.

**Rumit Dugar:** On your question, on iServeU composition of revenue, if I have to look at it on the payment side, it is largely as a percentage of the GTV that is getting transacted. So that's one source of revenue. The second source of revenue is the cross sell. So for example, a micro insurance is not included in the GTV numbers that we give you. So micro insurance, throughputs obviously have a commission, the third segment of revenue comes from the devices. So, in one of our products, for example the micro ATM there is a device which needs to be certified, software needs to be put in which is licensed, etc. we have IP for that. And there is a device revenue that comes in. So these are the primarily the three revenue streams, which are there today. Obviously as we continue to push and there are some one time license fees, onboarding cost, etc. that we charge to these partners who onboard on to the iServeU platform. So it's a combination of fees, commission, device and the transaction.

**Tashwinder Singh:** So, the number of customers, the volume of business processed all of them contribute to the overall revenue stream that we make.

**Bhavik Mehta:** Sure. So, as far as the services goes, how do we imagine iSU to be like, pine labs for the micro retailer, or it's something different that we are trying to do as between merchant and the issuer ?

**Rumit Dugar:** So, the way to think about this is most of the typical POS solutions that you see or the products they are all efficiency product for the merchant, where he is able to accept a payment so customer walks in into the retail stores to buy a product or a service and that is a payment mechanism. Now our product offering is an income oriented offering, it's not an efficiency offering, it's an income offering. Where a retailer is actually selling using our platform to sell this as a service. So if a customer, now if I take remittance business, the domestic remittance business which participates in our cash to digital journey, on the payment side, the customer walks in, deposits the money and the retailer is able to offer him the service and he makes obviously a commission by offering this product or service so it's an income augmentation product, it's not an efficiency product. Now, obviously this allows us once we have the penetration of the micro ATM, etc. going then obviously these devices can double up as efficiency products. Particularly in the market segment that we operate in there is obviously Aadhar pay, that has come in which is again sort of payments product for the rural market, so where the card penetration, etc. is not there. It allows a merchant to accept a payment for a product or a good that he's selling with a thumb impression. So, primary offering is income augmentation and then obviously we can obviously, we are building efficiency products within that.

**Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

**VP Rajesh:** My other question was just, if you think about three to five years ahead. What the business will look like, if you can just give a split of revenue across these three, four products and give us a sense of what kind of profit margin you expect to have on this?

**Tashwinder Singh:** We are a work-in-progress company where we are working through multiple ways of expanding our revenue stream. And I mentioned earlier, we're also open to M&A activity, right and we've done that in the past, you've seen us acquired two companies hopefully, you will see us acquire more in the future. Idea is to keep building both organic and inorganic. So, I want to do a crystal ball gazing and tell you what it will look like five years from now. I don't think I know myself to give you an answer to that, on what it would be five years from now, our vision is to look at the segment that we think requires support, we're going to continue remaining focus on that segment. And we are going to build our investments around that, hopefully be a one stop solution for providing all the services that we need, which are finance related and non-finance related. So business services are one end of the spectrum, income augmentation at the other end of the spectrum, providing credit at the other end of the spectrum, basically finding ways and means of trying to find solutions to the issues that the MSMEs face in doing their day-to-day jobs. So that's what we are focusing on, I don't think I can hazard a guess on what our percentages of revenue feel for localize on which business five years from now very, very difficult to focus.

- VP Rajesh:** Okay. And in one of your slides you talk about slide number #13, you talk about your 15 year 21 targets, can you just share one of the targets for fiscal 22?
- Rumit Dugar:** For fiscal 22 we will be giving the targets in the March quarter. So when we report the full year numbers is when we will give you the targets for next year.
- Moderator:** Thank you. The next question is from the line of Aksh Vora from Raj Financial. Please go ahead.
- Aksh Vora:** I'm fairly new to the company just wanted to know these partners what we have and we've seen the incremental growth are these exclusive partners of Niyogin or how does it play?
- Rumit Dugar:** So these are not exclusive partners. So these are financial intermediaries who are already working with these MSMEs and we go to them with a more comprehensive product offering that can drive or that can help them monetize their existing relationship, expand their product and services stack that they have and obviously, is an income augmentation platform for them.
- Aksh Vora:** So, in terms of revenue, does it work per partners revenues, why is a segment or is it you would be recording it as a revenue per platform user basis per se?
- Rumit Dugar:** No, see from partners perspective the revenue monetization will be product centric, right depending on the type of product or the service that he's offering to the to the customer. The revenue metrics could be different from our perspective, it is at a product level. So obviously we track at a partner level internally, but from a recognition perspective it is at a product level correct.
- Aksh Vora:** And what are the growth drivers for partner inclusion in last one year and what are the growth drivers going forward for partner inclusion?
- Tashwinder Singh:** There are multiple growth drivers right so as you see with the number shown, the number of partners by itself has been growing pretty stupendously for us, we will probably close at about 4000 partners by end of the year, across the board. The question is two parts, one focus has been to keep expanding the partner network and the second focus has been to keep making sure that there is more product we can sell through this partner network to the eventual customer. So when you look at wealth, we are selling wealth through this partner network, the eventual customer, the partner can invest for his own sake, or he can get a white label solution, where we provide a SaaS based solution which he then shows to his customers, which could be 200 300, SMEs, or MSMEs, that he deals with so there are both solutions available, which again allow for further activation of the partners engagement with us. Again, the point being that through this, the partner himself becomes effectively gets a portal or for wealth, investment directly without any doing too much and therefore opens up a new line of business for himself. Of course, the money gets routed through our channels and our platform, but the customer gets the feeling and impression that he is dealing with the with the partners portal. That's number one, right.

Similarly, there are other product propositions, as the partners come to us and tell us what they need. And we do we have a continuous dialogue mechanism, whereby products that the partners want us to sort of distribute, for example double insurance or for that example, originating unsecured business loans or secured business loans. Where we could originate, and we could provide them without using our own balance sheet, everything is available to us, it's a large distribution channel that we've created. Question is how can you monetize a distribution channel by putting in the right and the appropriate products through the distribution channel.

Now the same channel will also be useful to us, as we try and sell our SaaS based solutions. The web platform is one SaaS based solution that we spoke of, business builder could be the second SaaS based solution that we could potentially look at, and there could be a third invoicing payments solution that we could think of. So that's the way the monetization of this network will happen over a period of time.

**Aksh Vora:** That's quite helpful also just wanted to know if these are particularly MSME based partners or targeted partners or in different segments varied?

**Rumit Dugar:** So we have a pretty specific criteria of who can become a partner. So there has to be a certain kind of customer base, certain mix of customer, certain tenor in terms of the engagement that they have had with their customers. So there is a process of partner onboarding, there are reference checks, etc. that we do so. So while the platform is open, where people can come in and request but the acceptance is basis our specific criteria's.

**Aksh Vora:** And lastly, I just wanted to know do we make these products on customized basis or they are pretty standardized, like how many products would each division be having say, wealth division or iServeU?

**Rumit Dugar:** So on the iServeU platform, if you look at the presentation we have given the data, so we have four products. Now to your point, they are standardized products on the iServeU, the mortgage partnership that we have again, is a fairly standardized product. On the customized bit, the only customized product that we have is on the wealth analytics side, which is customized to the enterprise. So the wealth analytics, enterprise business is the custom business, other products are all standard products.

**Moderator:** Thank you. The next question is from the line of Rohit Prakash from Marshmallow Capital. Please go ahead.

**Rohit Prakash:** Thank you for the opportunity. So as you mentioned sir that the business is still evolving, and it's a work in progress and it's difficult to say how it will evolve over the next four, five years. So just curious to know from the board and management point of view, what you see how do you measure progress in this business are there any qualitative or quantitative factors that you would look at to basically measure your progress in general?

**Tashwinder Singh:** So, the two parameters that are important for businesses are size. The way I think about it is number one scale, that we are able to get scale in our business in all the lines that we decide to get in, because these businesses frankly remaining subscale beyond a point in time frankly, is not worth being in that business. So scale is important for us in everything that we do and number two, which is important is adoption, adoption of our platform, adoption of our solutions, again is very, very important so these two are drivers, the revenue and profitability is an outcome. I don't think we are running businesses with only with profitably as outcome, we also want our scale, our impact and our adoption to be the drivers for a business. And the revenue and the profitability is the outcome because people accept our proposition in the market. So we track this very, very tightly we have a weekly sort of tracking mechanism where we track what has been our adoption rates for our platform. And what do we need to do to tweak our solutions to make sure that they are being more acceptable to the market. At this point in time these are the two large parameters on which I would gauge the success of this platform.

**Rohit Prakash:** So, that is helpful sir, but just to follow up, when you say scale is it the number of transactions, is it the number of partners, is it what metrics or what factors within scale you are having, so primarily focused on today?

**Tashwinder Singh:** So obviously, distribution is an important point. So number of partners is important, but number of partners who are signing up on our platform, number of partners who are engaging with us, it's just a guy signing up and not doing anything with us, frankly, is of no use to me. The person who signs up has to be engage with us and has to then allow us to either pump in transaction or allow us to do something with them, or do something with us either way, whichever way you think about it. So like I said, both scale and adoption, one way to think about scale is the number of people touch points we have for customers, and adoption is the activation rate at which we are able to enhance our acceptability of our product propositions.

**Rohit Prakash:** Great. So, my next question so it's my broad understanding that what we're trying to do is to create a platform that will make life easy for MSME. So in that context, so I understand given the background of the management and the boards the financial products that you refer to make an order since that payment part, what makes us think we have the IP or the intellectual property within the company to design something like logistic solutions or something of that sort for MSME, because that is not easily monetizable - so just curious to know so basically the broader question is, you have given a good idea of what you would do, but what are the things that you will not do within the context of these strategies that we have.

**Tashwinder Singh:** So, what we will do, I have told you and actually the solutions that we are thinking to also are all related to helping the MSME conduct it's business activities in a more efficient manner. So fortunately, unfortunately it's linked to some level of engagement with a payment activity, because an MSME we're not sitting and doing a payroll processing for example, we're not getting involved in a payroll processing shop, to give an example of something we will not do, that's not in our things, or plans to do right now. But invoicing, GST payments for example, helping him and logistics even we will not do, we will just tie up with someone to provide a

holistic solution. I'm not trading a logistics shop, we're not doing that but we will tie up and provide the front end to through our cash based solution where that can tie in to solve this this logistical issues as well. This is what our business product already does to some extent. I don't know if that answers your question or Rumi if you have other clarity, you want to give.

**Rohit Prakash:** We take the question from the line of Jay Daniel from Entropy Advisors. Please go ahead.

**Jay Daniel:** Yes, sir. How big is acquisition in your scheme of things and the new change in tax law, will it have on goodwill, regarding goodwill will it have an impact on your decision in this area?

**Rumi Dugar:** So, see M&A, as we had articulated, M&A is an important part of our broader strategy. You've already seen us execute a couple of M&As. So wherever we see a right fit again, from a market access perspective, or a product access, or our ability to scale and consolidate the specific market areas that we are already in, right. So the acquisition will be driven by the three vectors. See in terms of taxation, goodwill, etc. that will come in when obviously some of these assets get tested for impairment. So far we have not had any impairments.

**Jay Daniel:** Okay. And you're doing something new, so what is the addressable market opportunity that you see in each line, if you could just put a number to that, figure to that?

**Rumi Dugar:** If I look at the rural payments, or the rural inclusion business just the AEPS, which is one single product stack that has about 72 million monthly transactions at the market size, about Rs.200 billion on a monthly GTV. So on an annualized basis is almost a \$20 - \$30 billion in terms of transaction size, which is grown at about 300% CAGR in the last four years. The domestic remittance business this is our estimate is about again a \$15 billion opportunity. So, if you just look at iServeU, the current product stack that we have the addressable market is \$45 billion, with the current product stack. And then obviously, we will have insurance and credit and credit, you guys know the numbers, it's over \$100 billion, the MSME under penetrated opportunity. So these two put together itself is a very, very large market set that we are addressing.

**Jay Daniel:** Okay. And as regards competition any other company doing a similar business as yours, as a similar profile as what you all are doing or any names that you could provide?

**Rumi Dugar:** See it is very hard for us to put like for like competitor, our approach to market access is extremely unique for most of the startups that you see there is a lot of cash burn, because there is there is a massive customer acquisition cost in recreating distribution. So the way we are approaching the market access by not recreating distribution and leveraging the partner led model allows us to one scale very rapidly. Second is to keep the customer acquisition cost under check. Now, there may be some segments specific competition, but really at an aggregate level. I'm not sure if there is any like.

**Tashwinder Singh:** I don't know anyone, at least in my limited knowledge of someone who's doing all of the above. But individually level obviously there will be competition, people focused on one specific. Like,



for example there are enough and more people who are providing digital solutions on wealth. So you will find competition at individual level, but no one has cumulatively put all of this together and that's what we think.

**Jay Daniel:** Okay, and lastly what would you define as a core entry barrier, which will be very hard for, so if tomorrow I decide to get through this business, it's hard for me to replicate and what makes it really difficult to create another?

**Tashwinder Singh:** Rumit alluded to that and people don't give enough value, to this point. A lot of businesses right struggle with their cost of client acquisition and that to my mind is a make or break kind of situation because people burn out before they can go acquire clients, we are well in the curve on that count, having credit the distribution pretty nicely both at our end with our financial intermediaries and with the iServeU and with 400,000 retailers, last count was a 125,000 give or take. It's not easy to replicate that, there is a huge cost that will go to replicate a distribution. So someone who wants to come into this business needs to be ready to spend because this can't be built overnight it will take time and you can throw money at it, but even if you throw money, at it will take time to build this, it won't happen overnight. So to me, that is our biggest value driver and that is also the reason why we are deeply passionate about scaling our business further, because we think scale by itself is providing the entry barriers for others to come in, because we become big so that's why it's very, very important for us to continuously keep focusing on scale and adoption, which are the two points that I mentioned, which are critical for us from a success point of view.

**Moderator:** Thank you. The next question is from Aksh Vora from Raj Financial. Please go ahead.

**Aksh Vora:** Can we give a segmental revenue break up between payments, wealth, credit, business service?

**Rumit Dugar:** See at this point in time, we are not breaking it up.

**Aksh Vora:** Okay, no issues. Also, we could see how the big growth opportunity can be for our various segments. But say, what would be the break barrier or break or the risks that might envision along with such opportunity?

**Tashwinder Singh:** The biggest risk these businesses to my mind is the execution capability, how one executes against the opportunity, the opportunity is there we see the opportunity there are a bunch of other people who also see this opportunity, just like you guys alluded. But, how and when the execution gets done is going to be the reason for someone to have a right to succeed in this market. And hence we are very, very focused on the way we are executing, well I think in a sensible manner, time will tell but that to me, is the single biggest risk that keeps me up at night. Is our execution keeping pace with our aspirations.

- Aksh Vora:** That's fair. Lastly, sir, we mentioned we might be going for an inorganic growth going forward. So is there any particular money allocated to that or is there some big size acquisition, we might take on debt or any plans on that?
- Rumit Dugar:** No, nothing specific on the horizon to comment.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.
- Tashwinder Singh:** I just want to take a minute to thank all of you for taking your time out and listening to our story. We hope to see you again next quarter once the year ends. And we will obviously give you some perspective on how we're thinking the following year will hopefully turn out for us. So thank you again for joining in and I look forward to talking to all of you again in about three months.
- Moderator:** Thank you very much sir. Ladies and gentlemen, on behalf of Niyogin Fintech, that concludes this conference. We thank you all for joining us and you may now disconnect your lines.