niyogin

Date: May 22, 2024

To
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort
Mumbai -400001
BSE Scrip Code: 538772

Dear Sir/Ma'am,

Subject: **Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') - Transcript of the proceedings of the Earnings Call held on May 15, 2024 for the quarter and year ended March 31, 2024**

Pursuant to Regulation 30(6) read with Part A of Schedule III of the SEBI Listing Regulations, please find enclosed herewith the transcript of the proceedings of the Earnings Call held on May 15, 2024 in respect of the Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended March 31, 2024.

The aforesaid information is also being made available on the website of the Company i.e. www.niyogin.com

Kindly take the same on record.

Thanking You,

Yours faithfully,
For Niyogin Fintech Limited

NEHA KSHITIJ DARUKA
Digitally signed by NEHA KSHITIJ DARUKA
Date: 2024.05.22 18:30:11 +05'30'

Neha Daruka
Company Secretary & Compliance Officer

Encl: a/a

"Niyogin Fintech Limited

Q4 & FY24 Earnings Conference Call"

May 15, 2024

MANAGEMENT: MR. TASHWINDER SINGH – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – NIYOGIN FINTECH LIMITED
MR. ABHISHEK THAKKAR - CHIEF FINANCIAL OFFICER – NIYOGIN FINTECH LIMITED
MS. TRIVENIKA AVASTHI - INVESTOR RELATIONS OFFICER – NIYOGIN FINTECH LIMITED

MODERATOR: MR. RAVI UDESHI – ERNST & YOUNG

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '24 Earnings Conference Call of Niyogin Fintech Limited. As a reminder, all participants' lines will be in 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Udeshi from Ernst & Young. Thank you and over to you, sir.

Ravi Udeshi: Thank you, Sejal. Good evening, everyone. On behalf of Niyogin Fintech Limited, I welcome all of you to the company's Q4 and FY 24 Earnings Conference Call.

You would already have received the quarter results and the investor presentation which is also available on our filings with the exchange. To discuss the company's business performance, we have with us today Mr. Tashwinder Singh, the CEO and Managing Director, Mr. Abhishek Thakkar, the Chief Financial Officer, and Ms. Trivenika Avasthi, the Investor Relations Officer of Niyogin Fintech. Before we proceed with this call, a disclaimer.

Please do note that anything said on this call during the course of the interaction and in our collaterals which reflects the outlook towards the future or which should be construed as a certain forward-looking statement must be viewed in conjunction with the risks the company faces and may not be updated from time to time. More details are provided at the end of the investor presentation and other filings that can be found on our website www.niyogin.com. Should you have any queries or need any further information at the end of this call you can reach out to us at the email addresses mentioned in the company collaterals.

With that said, I would now like to hand over the call to Mr. Tashwinder Singh. Thank you and over to you, Tash.

Tashwinder Singh: Thank you, Ravi. Good evening, everyone. Let me start by thanking all of you for joining us this evening. I welcome you to the Niyogin Fintech Earnings Call for Q4 and FY 24 results.

As always, for the people who have dialled in for the first time, I would like to start by giving you a little brief about our company. Niyogin Fintech operates on a tech-centric platform-based model offering Banking as a Service (BaaS) through our subsidiary. iServeU and we also offer credit solutions to both rural and urban areas in India.

We employ a partnership-led strategy collaborating with local enterprise partners that possess extensive distribution networks. These partnerships allow us to leverage the partner's infrastructure for cost-effective outreach to our targeted customers, primarily micro, small and medium enterprises, the MSMEs. Once we onboard a partner, iServeU’s Banking as a Service (BaaS) platforms are integrated into the partners’ customer-facing touchpoints.

This integration enables these touchpoints to offer banking, payment, and financial services to their local clientele. By adopting this partner-led approach, the company can effectively extend its services to a large number of MSMEs and SMEs through each partner it engages with. The revenue model primarily revolves around transaction fees or commission earned on every transaction processed through our platform.

As an NBFC, Niyogin extends its services to MSMEs by providing credit. They facilitate lead generation and provide digital access to credit and other financial services for MSMEs through our distribution platform, NiyoBlu, and also by our other several FinTech partnerships. Niyogin employs various lending models and generates revenue through either interest income or fees associated with the loan lead generation and distribution.

Let me now get into the developments that are more recent. I am pleased to report that we have concluded FY '24 on a strong note with two key developments. Number one, we broke even at the adjusted EBITDA level, which is ex-ESOP in Q4- FY 24, an important milestone in our journey.

This was driven by improving economics of the lending and the distribution business. Additionally, I am pleased to announce that to our board approval, we have signed the definitive documents to acquire ‘SuperScan’ developed by Orbo.ai. SuperScan is an AI-enabled toolkit that utilizes OCR, optical recognition technology, for conversion of unstructured data to structured input. SuperScan leverages advanced technologies such as artificial intelligence, computer vision, and natural language processing (NLP) to help BFSI companies streamline their workflows, enhance the customer service, drive down operational costs, and mitigate risks effectively.

The differentiated ability that SuperScan has, allows users to reduce their manual input costs by up to 80%, improving their risk management activities and secure their data. Its ability to work with limited connectivity will allow its users to expand their financial access to underserved, low or no connectivity regions of India. The toolkit is of strategic importance for Niyogin as it will allow us to provide value-added services to BFSI customers by reducing their KYC costs, empower us to streamline our FinTech customers' credit infrastructure costs, and build financially inclusive platforms.

Niyogin plans to consume and monetize the solution within its own partner network. SuperScan comes to us with some marquee BFSI clients with immense potential across them. We are optimistic about the potential of this technology and its ability to drive value for the dynamic needs of India's BFSI sector.

Coming to the deal details, we plan to house this toolkit in our recently incorporated subsidiary, Niyogin AI Private Limited. This will aid in greater transparency and simplicity in our financial reporting. An initial amount of INR 8 crores will be paid as cash and a maximum amount of another INR 8 crores will be paid as deferred consideration depending on the performance of the company and basis some pre-agreed milestones.

As part of this deal, we will be acquiring the SuperScan AI toolkit, its existing contracts, and more importantly, the high-quality team that comes along with it. We have incorporated various clauses for disincentivizing and reward mechanism to safeguard against the attrition of critical resources.

We believe that the structure adequately incentivizes for performance-driven outcomes. I will now talk a little bit about the year gone by. The year has been a mixed bag with some challenges marring the scale-up of one of our more promising payment offerings which slowed our stride. However, we were able to innovatively solve for these challenges, demonstrating our commitment to building a resilient business. In terms of the quarter on the lending side, we saw the AUM increase by 13% Q-o-Q to close at INR 179 crores.

The business continues to experience steady growth. We welcome the recent clarification from the regulator on FLDG guidelines which apart from providing the clarity for the industry also creates a significant opportunity for a tech-first NBFC like us. We expect it to have a positive impact on both our lending as well as our distribution franchise.

Our partnership model and digital-first approach has started yielding favorable results. I am happy to report that the fintech channel now contributes nearly 45% of our AUM mix up from 20% since its launch in October 2023. We remain confident in our ability to capitalize on the credit opportunity in the MSMEs and remain driven by unit economics.

Also, along with SuperScan acquisition, we have entered into what I call the acquisitive phase in our business where we are actively evaluating complementary bolt-on acquisitions which are now available to us at potentially attractive valuations. We are looking at capabilities which can help us expand our product portfolio, expedite go-to-market duration and expand our geographical presence. This quarter was a milestone quarter for our subsidiary which saw several positive developments as well.

Our (BaaS) Banking as a Service business solidified marquee long-term contracts with some prominent financial institutions this quarter. We have backed a contract for providing a soundbox platform supporting nearly 500,000 soundboxes for a leading PSU bank. We expect to execute this contract Q1 FY 25 onwards.

We have secured a device management program to deliver devices loaded with our technology for another leading bank. As guided earlier, we would continue to bid for selective contracts like this which have lucrative economics. Also, our prepaid card stack has made significant headway in terms of deployment and integration and we anticipate volumes to start kicking in Q2 FY 25.

As we guided last quarter, the provisioning issue in iServeU is largely behind us with strong visibilities of recoveries against these provisions. I am happy to report that iServeU has seen some recoveries amounting to INR1.2 crores to this effect for Q4 FY 24. Going forward, we expect to see this trend to continue.

iServeU on a stand-alone basis, I am happy to report, has also turned EBITDA positive this quarter. Despite the sequential contraction in the top line, we were able to capitalize on internal efficiencies and strong recoveries to end the quarter on a positive note. During the quarter, revenue ex. of device sales stood at INR47.6 crores. It was down about 13% Q-o-Q as GTV growth remained subdued and take rates also remained muted owing to the subdued UPI volumes till mid-Feb 24. Device sales saw significant uptake this quarter as mentioned earlier and increased to about INR3.7 crores. We processed nearly 30 million transactions.

The normalization of UPI product economics is expected to have a positive impact on take rates in the coming quarters. I am going to hand over to Abhishek, our CFO, to take us through the details of Q4 and FY 24, post which we can take up questions and address all your queries. Thank you and over to you Abhishek.

Abhishek Thakkar: Thank you, Tash. Good evening, everyone. So as usual, before I take you through financials, let me give you some update about our operational metrics. The gross transaction value that is GTV, including payouts, stood at approximately INR11,034 crores in Q4 of FY24, a marginal decrease of 2% quarter-on-quarter and up 90% year-on-year.

Our transaction volumes stood at nearly 30 million compared to 42 million in Q3 FY24 which resulted in expansion of average transaction size of INR3,678 in Q4 of FY24 versus INR2,664 in Q3 of FY24. Gross take rates decreased sequentially from 34 bps to 29 bps in Q4 of FY24, while net take rate decreased from 6 bps to 5 bps as the contribution from payout product increased. Payout has one of the lowest product economics, thus dragging the take rate.

Our finance professional network increased by 13% year-on-year and stood at 5,884 as of 31st March 2024. We further processed 48,089 loans through our network in Q4 of FY24 and reported an increase of 822% year-on-year and 93% quarter-on-quarter.

Moving on to the consolidated financials for the quarter. Our revenue ex. of device sales grew to INR47.6 crores in Q4 of FY24, up 45% year-on-year and down 13% quarter-on-quarter. Total income stood at INR 51.3 crores, up 41% year-on-year and down 5% quarter-on-quarter.

The adjusted EBITDA, excluding ESOP, in Q4 of FY24 is positive compared to loss of INR2.3 crores in Q3 of FY24 and loss of INR0.6 crores in Q4 of FY23 due to improving economics in the lending and distribution business. ESOP charge for the current quarter was INR0.7 crores versus INR0.3 crores in the previous quarter. The non-GAAP PBT stood at negative INR2.3 crores in Q4 of this year as against the non-GAAP PBT of INR 4.5 crores negative in the previous quarter.

Talking about FY24 full year, our revenue ex. of device sales grew to INR194.3 crores, up 79% year-on-year. The total income was INR198 crores, an increase of 69% led by transaction in both lending and BaaS business. Adjusted EBITDA ex-ESOP, loss consolidated in FY24 is INR 14.8 crores down from INR 17.2 crores in FY23. ESOP charge for the year is INR 3 crores, lower by 38% compared to INR 4.8 crores in FY23.

The AUM, including FLDG given up for book exposure, stands at INR 179 crores, up 95% year-on-year due to growth on the back of partnership-led approach and addition of new partners. The gross transaction value (GTV) including payout was INR 43,754.1 crores in FY24, up by 192% year-on-year. Our consolidated cash and cash equivalent stood at INR 131.5 crores as on 31st March 2024.

So with that, we can now open the floor for questions. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Yash Modi from Ashika Group. Please go ahead.

Yash Modi: Congratulations on your first EBITDA breakeven quarter. So my first question was with respect to this soundbox platform, the contract that you won for the PSU bank. So if you could just elaborate, because 5 lakhs is a decent number, are we looking at similar contracts, are we looking at some cross-sell and how is it different from the device management program that we speak about in the press release?

Tashwinder Singh: I think material differences, right, as you know in the financial inclusion business, we have products like Micro-ATM, Aadhaar-enabled payment systems, etcetera, all those require the device primarily for authentication purposes. So Micro-ATM is used to authenticate the card, the AePS device which is a biometric device is used to authenticate the biometric data which is typically a fingerprint. So those are devices that have strong footprint across markets that don't have significant access to ATMs or banking networks. The soundbox is a completely different proposition because the soundbox again, the box by itself is a lesser part of the entire proposition.

The technology that works along with the soundbox to be able to convert a UPI payment into a confirmed statement that the money has been received has to be done in split second as all of us must have experienced. But it requires the tech to capture the transaction, send it to NPCI, get the validation done through the switching capability and then reverse back to the same soundbox to voice out that the transaction has been done.

So we built that technology and there are players like Paytm, etcetera, that had this technology as well. But the Paytm model was to go and deal with the merchants directly as they were deploying this platform. What we are doing is we are supporting large financial institutions who now want to deploy this quite materially given their significant opportunities.

So it's linked to the UPI transactions in some sense, but the technology helps develop this. Obviously, we will also land up providing the devices because we have contractual agreements with suppliers of those devices. So you give that as a complete proposition and these devices are becoming extremely prevalent.

We have more than five or six incremental contracts that we are talking to various banks on. So this is just the tip of the iceberg from my point of view. This is also the advent of what I would call a SaaS business in some sense, because what we are really getting paid for is the tech that we are providing along with the box.

The box will just get reimbursed. But the technology becomes like a monthly annuity kind of technology construct. Payment becomes like that and then we move away from GTV-based revenues but create a separate line of what we call a SaaS revenues where there is absolutely no sharing with anyone and our gross margins could be quite significant.

Yash Modi: Got it. So this will not actually help in increasing the UPI volumes for us or will that also improve in terms of the GTV portion of it, would that also increase because of the soundbox platform?

Tashwinder Singh: No. I think what happens is that we are providing the UPI proposition we were doing. We were doing acquiring on the UPI side. Now here we are serving existing banks who anyway are people who have the acquiring capability. So it will not increase the UPI volumes per se but it creates a separate income for us. UPI anyway works with us with smaller merchants, etcetera, where we are going and giving them a handle in any case separately, but may or may not criss-cross accounts with this proposition.

Trivenika Avasthi: So the nature of transaction, Yash, was actually really different when you have a soundbox-based platform, it's a proximity payment whereas the original UPI volumes that we had were related to people who came to the webpage to make payments.

Tashwinder Singh: Yes. This are physical merchants that require a soundbox to be kept in the merchant's store, where the transaction is voiced over after the transaction is consummated. So very different propositions. Hopefully both will scale and both will give us money.

Yash Modi: Got it. Second question on the SuperScan acquisition that we had. So I was just looking at the disclosure that came half an hour back. So the current revenue is being shown as INR 33 lakhs obviously because the technology has been developed probably. But in terms of say number of clients, what would be the number because you've mentioned that good clients are there and enough cross-sell opportunities exist. So what would be typically number of clients that are using SuperScan currently?

Tashwinder Singh: Yes, so I think we've already got about seven contracts that have been signed. And this is all with majority large, large clients. The capability of SuperScan is very interesting. The technology was created by this company Orbo. We approached them first as a client to see if we can use the technology for our own utilization in our own platform as we are doing on the lending side. As you know, obviously there's enough KYC work that happens. There is enough scanning of documents, picking up the information, masking of Aadhaar, etcetera.

There's a fair bit of work that happens. So the thought process was to start with an efficiency-related approach on becoming a client. And as we spent more time understanding the technology, we figured out that this itself is a toolkit that could be deployed across multiple BFSI segments. And therefore, we felt that owning it is much better than just being a customer for this platform. That's number one.

In the course of the journey, while we were doing our diligence evaluation, etcetera, the Orbo team that runs this business was anyway trying to pitch to multiple people. Obviously, we gave them a few introductions, etcetera, on going and speaking to people who had similar requirements as us that we knew of. And frankly, they've had a hit rate of almost 100%. Every customer they've gone and met, they've been able to convert, which I think is quite stellar. I won't guide you to expect the same from us in the future, but a significant level of adoption is good. And with every client, the contracts are not nominal contracts like a INR 20 lakhs-INR 30 lakhs.

These contracts could be anywhere from INR 50 lakhs to INR 1.5 crores, INR 2 crores, INR 3 crores. So we feel very excited about what can be done. We are getting in with about almost seven existing contracts, in four contracts the work has started. That means revenues have started kicking in. The balance are still in integration phase. So it's a pretty good state to be in. And if I look at the ecosystem that we have, if I just start deploying this platform in the ecosystem that we have, not only for our own usage between iServeU and Niyogin, but if I look at the partners iServeU has or the FinTech partners Niyogin works with for all the loan origination that we do, or the 5,500 CA partners we have which help us with loan origination, I think the ecosystem is quite substantial.

Now, how do we monetize that ecosystem with this tech that we have? It remains to be seen. And I guess we'll have this conversation every quarter. I also want to make a point here that we're also getting eight engineers who are completely AI trained. To me, that was a very, very big part of the whole proposition. It wasn't about just buying some IP or some patent and just getting the source code of a tech.

I'm also getting the guys who build the tech. And what we can do with these guys, and they're all very smart people, right? We've obviously spent a fair bit of time meeting them, talking to them, making sure that they are committed to what our vision is. Getting those people in can, I think, materially change a lot of things that we could do. So I think we are right now sitting with a great product, with a great team, and a whiteboard, right? And we're trying to think through on the whiteboard, what are the things that we can get this team to develop for us?

Yash Modi: Got it. The third question is to do with our AUM growth and the GTV growth. Obviously, GTV, as you've mentioned, the last three quarters has remained flattish because of various reasons that you've already mentioned. But going forward, obviously, for FY 25, like when we had given our vision, our FY 25 goal was to reach INR 1 lakh crores GTV. And AUM also, like in previous calls, we were discussing around INR 480 crores, INR 500 crores of AUM by FY 25. So now that we've ended the year at INR 179 crores, INR 180 crores, how do you look at the AUM growth going forward and the GTV number?

Tashwinder Singh: Yes, no, I think it's a very good question. So I think, let's break it up. There are drivers and there are things that we need the drivers for, right? Let me talk about the AUM growth first. I think the AUM growth, given the partnerships that we have created and built, I think the INR 400 crores, INR 450 crores, INR 475 crores number, I think is not a pipe dream. We will probably end up achieving this.

And you will see this growth happening every quarter from now on, because all the partnerships that we've created, right, whether it is a partnership like Khatabook or Capital Trust, I think each of these partnerships in the last quarter have started scaling up materially. We've actually done the entire round with all our partnerships over the last quarter and made plans on how much we can do with them this quarter. And the good thing is that we now have decent history, right, anywhere between 6 to 12 months with each of our partners.

So we have our credit comforts coming in because the credit losses, etcetera, or 90 plus, etcetera, is extremely low with this entire portfolio. So that is now giving us a comfort. The problem when you start working is that, lending is not a business that you can just come in and start scaling, right?

You need to basically get some comfort with the quality of portfolio that we are generating. Today, we feel immensely confident with the quality of portfolio that we generated with a lot of the partners we are talking about, 90 plus is sub 1% with most of these guys. And with most of these guys, we are sitting on a 5% FLDG.

So effectively, our credit costs are actually zero with the new partnerships that we've done over the last one year, which I think is very, very heartening. Now, I think is the point for us to start scaling. The partners are anyway having enough and more footprint to scale. We were being a little more conservative in the way we were trying to scale up because both our credit team and our business team wanted to make sure that we have historical data in terms of, credit losses, etcetera that allow us the flexibility to scale up.

So we feel very confident of being able to achieve that number. I think the GTV number of INR1 lakh crores, which is the second point you mentioned, I would argue there would be two caveats to that. One caveat would be that the GTV drives into what is called the net revenue, right? What we had said to the street that we will solve for a INR500 crores gross revenue, right?

What does the INR500 crores gross revenue translate to is about between INR 70 crores to INR 90 crores of net revenue, right? Depending on whether the take rate is 7 bps or 9 bps, right? I think what we're doing is we're trying to make sure that we solve for the net revenue in any case, right? The GTV number will come at what place it will come primarily because of all the headwinds we've seen with UPI, etcetera, which are now partly behind us, but the scale-up is taking a bit of time, right? So the scale-up will happen. It will come back.

New customers are coming in. But I would actually start tracking the business on net revenues. And I would start saying, what are the net revenues that we are delivering and are we on track to deliver the 7 bps to 10 bps on the net revenue basis? All cumulatively put together with the GTV revenues and the non-GTV revenues.

My expectation, Yash, if I look at the next two to three years, right, moving ahead, is that our non-GTV revenues can potentially become quite significant, right, in the overall scheme of things. Which, by the way, from my point of view is a good thing because it gets us to become more profitable faster because our gross margins are significantly higher.

In the GTV business, obviously that business is great. It provides us with the footprint, right? There's a lot of work, but there's a lot of boiling of the ocean we'll end up doing, right? There's a lot of work that happens. So I want both these engines to keep scaling and I want both these engines to provide the level of net revenues that we want so we are able to then demonstrate the EBITDA numbers, etcetera, that you expect of us.

Yash Modi: Got it. So basically, net-net, what you're trying to say is maybe the GTV will be little here or there depending on how the situation pans out, but the overall guidance of 10% EBITDA on INR 500 crores gross margins, which is like INR 45 crores, INR 50 crores of EBITDA, that stays put as it is?

Tashwinder Singh: That's exactly what we are targeting here.

Moderator: Thank you. The next question is from the line of Apoorva Bandi from White Stone Financial Advisory. Please go ahead.

Apoorva Bandi: Hi, sir. Thanks for the opportunity. So I have one question regarding that in iServeU subsidiary, we are technology service providers to banks, right? So what exactly technology service do we provide to banks?

Tashwinder Singh: So, Apoorva, there are multiple things that we are providing, I think the one solution that has actually become quite successful and the banks love us for that is what we call the agency banking solution, right? So we have deployed that across multiple banks, India Post Payments Bank, Kotak Bank, NSDL Payment Bank, etcetera, multiple customers, multiple banks use our technology. What we do basically is that we've been focused on the BC network of banks, and banks have to integrate the BCs to their core banking solution.

And it becomes difficult for banks to open up their kimono to every banking correspondent they want to integrate. So what we do is we provide a wrap around the core banking solution of the bank, right, and every BC then basically gets integrated to our platform. And we are the only ones who are, deeply having a core integration with the bank's platform, right?

So that's the agency banking solution, which is actually the core to our proposition. And that proposition came in, as a byproduct of what we are doing for the BC network, that we were providing the execution capability to the BCs, whether they could do an agency banking solution, they could do a micro-ATM or an AePS or any of the other transactions, right?

Along with that, what we are also providing is the switching capability, because as transactions have to be routed to NPCI, to eventually route to a bank, we have actually created the entire switching capability for all kinds of, rails that the India stack has, whether it's the AePS rails, the IMPS rails, solving for the micro-ATM solution, BBPS rails, we provided the switching capability for all of that. So that's number two.

And number three now is what I spoke to you about is what we're doing on the soundbox side, where you've got the technology to be able to provide again, to the banks, the capability of deploying their soundboxes into the network of merchants that they want to power. And then they use our technology to capture the transaction, our UPI switch to get the transaction authenticated through NPCI, and then to also do a reverse transaction, or to be able to do that, right.

So all these three things are three examples. We are also a TSP to NPCI, we are a technology service provider to NPCI. So a lot of development work that NPCI does, we get some, you know, inroads into what's happening out there.

Apoorva Bandi: So then what's the revenue model for this, for example, when we say, we provide switches, right? So then in that, is it based on the transaction basis? Or like, how do we charge for it?

Tashwinder Singh: Yes, we are a transaction-based business, right? Anything and everything we do, we try and make sure that our revenue streams are linked to the number of transactions or the value of transactions, right? Even in the soundboxes, the technology is going to be like, either it'll be on a per transaction basis, or it could be on a monthly, software cost that they have to pay us on a per device basis.

So the number of devices into what we charge per month on device is how we will think about the revenue model with the current banks we're talking to. So everything is built on creating sustainable annuity revenues.

Apoorva Bandi: Okay. And so my last question is regarding soundbox only. So like, I didn't get exactly like, who would be the end users for the soundbox?

Tashwinder Singh: It could be any small merchant, it could be a grocery store that has the UPI capability, right? It could be a small vendor, selling, mangoes on the street, but also along with a QR code, also have a soundbox link to that, then you make the payment. So the guy doesn't need to look at his cell phone to try and see whether the money has come or not, right? He doesn't need to be seen a ticked UPI, screen, right? He just, you make the payment, you walk away, and then he just gets to hear the fact that payment has been made and as does the customer.

Apoorva Bandi: Okay, so basically, it is the same which with the Paytm has done it, right?

Tashwinder Singh: Exactly, exactly. In all fairness, they were the pioneers, right? I mean, to be fair to Paytm, they were the pioneers of the soundbox process, but they were dealing directly with the merchants. What is happening is that now the banks are getting big time into the space, and the banks don't have the technology. So we are providing the technology to banks.

So and I don't know of too many other people who are doing this in the market. I'm not saying there's nobody else doing in the market. I don't know there's maybe one or two other players who have the capability. So we went in and we executed against developing this capability early on. And therefore, looks exciting right now.

Moderator: Thank you. The next question is from the line of Narendra from Robo capital. Please go ahead.

Narendra: So my first question would be, it's good that we have broken even at the EBITDA level. So what is the next step in terms of EBITDA as well as revenue? So what is our target for the same?

Tashwinder Singh: So I think, I don't think we've given quarterly targets to the street. So I don't want to, I don't want to hazard a quarterly number to you. Also, given that we are almost, 45 days into the quarter as we speak. So I can't, I can't tell you that. But I think broadly, we had articulated a three-year strategy about two years ago. 2023 was the year of build for us, where we had said that we would sit, put our heads down and build all the missing pieces as far as the tech is concerned.

2024 was the year of scale for us, where we had said that we would bring proof of concept and acquire as many customers as we can, right through the pipes that we would build. And then 2025 was the year of profitability for us or the year of monetization, whichever way you want to call it, right. So we are in the year of monetization. And this is the year where we need to start demonstrating sustainable, profitable outcomes for our business, right? It's not been a very long journey, because all this has only started post pandemic, right? The business has really started post pandemic.

So for a fintech business, to be aspiring to become profitable within three, four years of its existence, right, even though the company is obviously been longer, I think was a tall target we kept for ourselves. But I think we are at the cusp of being able to achieve that.

Narendra: Sorry, if I miscommunicated my question. So my question was more of a long term thing. So say, for example, if you are given a INR 500 crores revenue and INR 50 crores EBITDA guidance, so when are we expecting to reach that number? I was looking for that.

Tashwinder Singh: Yes, so I think EBITDA guidance, I think the plan is that this year, we should be able to get to that level, right in the ballpark, I would say, that was the plan, I think we are working towards that construct, as we speak. The top line in our company's case, as you look at our business, is driven by, a lot of money that is to be paid off as commissions to our partners, right. So you look at our, out of the INR 500 crores top line that we were talking about, right, almost about INR 80-100 crores are supposed to come from the lending business, which I think will anyway happen that that's not in question.

INR 400 crores, give or take was supposed to come from our iServeU business, that's what we had articulated. Out of the INR 400 crores that we were talking about, seven to eight basis points was the net take rate. And about, INR 400 crores, about 40 basis points was supposed to be the gross take rate.

Now, as we moved our businesses, where we are not really focused on the gross take rate, that number will obviously be lower, right, but the net take rate number we will achieve. So if we were to achieve seven to eight basis points on a INR 400 crores, on a INR1 lakh crores GTV, you're talking about a INR 70 to INR 80 crores top line in terms of net revenue, right, which is net of commissions, right, after you paid all the commissions to the merchants, etc. I think that's the number that matters to us, because that's the number that we take home with us, right.

And that is the money that we use to then spend whatever we spend in terms of premises, people, product development, etc. So we want to protect that number, which we give to the street. And the revenue will come wherever the revenue will come, depending on the mix between customers who are using us and paying us just our net take rate versus customers who are paying us both the gross take rate.

And as we move towards more enterprise customers, which I guided the street also over the last couple of quarters that we are repositioning by talking directly to enterprise customers of the likes of, India Post, etc, we get the net take rates. So that I think, positioning will continue. And now we are adding this incremental SaaS opportunity, which again, has come to us when we have more than 11 contracts that we are sitting on, on the SaaS side, right.

So all of these need to be executed this year. So there's a lot of work to be done. The FII, which is the financial inclusion opportunity will continue to scale because I think we have reasonably matured in that space, right, the integrations don't take time, the customers come on board, onboarding customers is pretty straightforward. So that's really where we are.

Narendra: Understood. Great. My second question is the INR 50 crores EBITDA, right? So that does not include the EBITDA from the soundbox contracts that we have, right? Because I assume that most of the money on these things would directly go into our pockets, right? Would that be a fair guess?

Tashwinder Singh: Yes, absolutely.

Narendra: Okay, so and these are, these are like annuity payments, right?

Tashwinder Singh: Yes, these businesses, if you see the last three years, right, the business is only scaled, right? So every year we add new customers, we are adding new product capability, we are adding new ways to make money from these customers, right? So yes, these are all annuity businesses, we've at the risk of sounding immodest.

We also don't have a track record of customers leaving us, which I think is important, but I hope that space, which also talks about two things. One, I think most of our products have a sense of deep integration, which means that there is quite expensive for a customer to walk away, right? It doesn't mean that we can, just rest on the laurels that we want to contract.

We have to work hard to make sure that customer service is great. But we know that there is a significant cost to a customer walking away, which then allows, and as the customer keeps scaling, the model that we have by making money on every transaction that gets routed through our platform, right, our revenues will keep scaling up.

Narendra: Okay, one more clarification on this soundbox system. So is it that which - so how is the revenue model? Is it per soundbox or is it per transaction-based system?

Tashwinder Singh: Like I said, there are multiple contracts you're bidding for, right? Every bank has a different way to look at life. Some banks want to buy the soundboxes themselves, just want the technology, wherein they can either pay us on per transaction or they can pay us on a per soundbox per month basis, right?

So it varies, right? So, and we are flexible. The good thing about our organization is that we are not straitjacketed at this only model we have. We are very happy to engage with all different kind of banks. PSU banks have a different way of looking at life. The private sector banks have a different way of looking at lives.

Some banks want a rental model where they don't want to pay for the soundbox at all. They just want somebody to own the, soundbox and just give them an EMI-based structure. And those options are also available and the beauty of Niyogin being an NBFC in the picture to be able to provide the financing, to be able to provide that construct also then works well.

So that creates a synergy between Niyogin and iServeU. So there are all kinds of discussions that are happening right now. I can't really pen down and tell you what percentage will be what kind, but maybe in a couple of quarters we'll have that data for you.

Moderator: Thank you. The next question is from the line of Sumit Bhalotia from MK Ventures. Please go ahead.

Sumit Bhalotia: Congratulations for breaking even in this quarter. So I have a few questions. Firstly, on iServeU, if you can share how the business is evolving in terms of the products like your DMT and AePS and what's your merchant addition been?

So basically, last couple of quarters our GTV has not grown and I think in the last call you mentioned that there were some issues which have been resolved largely. So hopefully we'll be seeing the growth next quarter. So if you can throw some light on what was happening, what was the issue and is there any regulatory intervention in that part of the business?

Tashwinder Singh: Yes, I think what happened which I told I think in Q3 of last year, we had a problem with the UPI revenues, right? Because we were scaling up quite materially with UPI and UPI, as you know, is one of the most profitable products we have given we are on the acquiring side. And I think come November, December is when we had a little bit of a challenge where some of the banks took an interpretation where we needed to have certain licensing for them to be able to behave like a nodal account for our settlements, right?

All these financial transactions eventually need to be settled in a bank. So that led to some level of disruption which we had told the street at that point in time. However, by about Feb, we were able to find a solution whereby we were able to work out with the bank on because it was it was not a regulatory issue per se.

And we were able to work with the bank for the bank to become the final settlement entity directly with the merchants. Our economics were protected and the merchant would directly settle with the bank and we created that construct with a couple of banks. And therefore, Feb 15th, Feb 18th, close to Feb end is when we started the UPI business again.

Obviously, the business will take time to scale back up from where we were. So this quarter as we talked about the numbers that we are speaking, we were really in the midst of the UPI issue that we had. Right now obviously this quarter that we are in right now that issue has probably been resolved. Of course, the scale up will take a bit of time. So that's happening. That was one.

The second issue is the product evolution is quite interesting. Sumit, I don't know whether you heard the first part of the call that we had one stream of income when you looked at us and we spoke to you about what was the financial inclusion stack. We had the full financial inclusion stack which could translate between UPI, micro-ATM, AePS, domestic money transfers, bill payments, account opening, etc.

And then we had increased that to include the prepaid at the credit card stack. That's how the transaction volumes were built as you would remember last time when we had spoken a few months ago. That stack is pretty much alive and kicking and doing well.

Of course, like I said there were headwinds that came in on the UPI side. AePS again the whole market has contracted a little bit because there have been instances of some frauds that have happened on people misusing Aadhaar data and fingerprints of customers by cloning those and drawing money, not with us, but this is an industry level thing that happened because of which RBI also came back quite strongly. You would have seen lots of ads on Aadhaar related payments on education of customers.

So that volume just naturally came down a little, but I mean it still stays in my view the most impressive innovation that this country has done through the India stack allowing someone to be able to access their bank account by just using their Aadhaar number and the biometric data still remains in my view one of the best innovations that we've got.

And then what we've done on top of that is given the capabilities and the positive energies we've created with a bunch of banks we were able to identify incremental opportunities with banks where we are now looking to become TSPs with a multiple set of banks and this is both with private sector banks and PSU banks we've had a large contract with one PSU bank which has asked us to deliver the whole Soundbox technology for them as they are deploying more than 500,000 devices across their network of merchants that they want to power.

We will actually be managing that entire network for them which then creates more TSP, SaaS-based revenues where we are not sharing any income and our gross margins are quite significant. So this is a new line of business that we've created. We think the financial inclusion and the TSP business both will go hand in hand.

They are very, very closely connected because in both cases there are banks that are required, there is switching capability that is required. So there are commonalities between the two, but one business focuses on the merchants or the aggregate of merchants, the other business focuses on banks and large financial institutions.

As far as the iServeU businesses, these two are the two entities that we've done that. Now, if I dovetail the SuperScan acquisition which again focuses on large BFSI institutions, I think it could make a very interesting combination for us as we get into what I call the year of our monetization. So that's really where we are.

Sumit Bhalotia: So one part so this Soundbox business will be completely housed in the subsidiary iServeU and not in the parent?

Tashwinder Singh: Yes, absolutely. It's an iServeU. It's a tech business, it's completely tech-enabled and tech-related.

Sumit Bhalotia: Okay, so when you were given the guidance for the next few years, so as of now, this non-GTV business was virtually non-existent or pretty small. So in the next 3 years, 4 years, what's is the mindset here? How big this non-GTV as a percentage of overall revenue for the iServeU business can become because as of now it’s not there?

Tashwinder Singh: My expectation is that the non-GTV business should be almost as big, if not bigger than the GTV business. Because the GTV business and I'm talking not purely from a revenue standpoint I'm talking from contribution standpoint because that's what really matters. I mean what does that business contribute to us at the bottom line or at the EBITDA level?

I think the contribution of this business will be quite substantial. Firstly, because sitting here today we seem to have a, I would call it unfair advantage, but a first mover advantage on some of these things given what’s happening in the market. And secondly, the margins are, are quite interesting in this space.

Gross margins are very interesting and the beauty is, Sumit, I don't need to materially add on incremental people or costs for getting this done. So it's the same team that is now deploying this tech.

So, it becomes a very interesting way for us to make sure that we are able to leverage the capabilities that we've built without necessarily adding significant level of cost. Yes, I mean, we will probably need to add a few marketing people, we need to add a few more sales guys because we have to do a little bit more of enterprise sales etc, but it's not materially changing the game for us, but it just opens up a completely new revenue opportunity which in my view potentially can be bigger than the GTV revenue, GTV EBITDA.

Sumit Bhalotia: Thank you. This is the last question on the NBFC business. So till the current year we have been mostly using our own balance sheet and network for the lending purpose and the guidance that you're giving for the current for FY25 obviously, we have to go for a reasonable borrowing and leverage. So can you share what are the developments on the liability side and how are we planning to build on that and secondly are we going forward we would be focusing on lending or we'd also...

Tashwinder Singh: Sorry Sumit I missed the last question going we'll be focusing on lending or?

Sumit Bhalotia: And lending through off balance sheet expansion like co-lending models or a shutdown those kind of models?

Tashwinder Singh: So maybe let me take the second question first and then Abhishek who's our CFO can come in and tell you where we are on the leverage discussions. Is that okay?

Sumit Bhalotia: Yes.

Tashwinder Singh: So, on the NBFC side we've never really spoken in too much detail about the lending side and the distribution side. We actually run two businesses. We have the lending business which is your core lending business, old school lending, but completely with a new way of doing things.

And I'll probably give you a little color on what that means and then we have the distribution business which is a significantly large footprint of people we have where we are originating loans. And we have basically integrated with more than 30 lenders in the country where we are creating a marketplace for people to be able to provide loans to MSMEs .

We're not a direct customer entity yet. The way we approach the market was that we have about five and a half thousand Charted Accountants that actually log into our platform, which is called NiyoBlu. You might recall that we've been talking about NiyoBlu over the last couple of quarters.

Very briefly, we've been talking about it, but we haven't really gotten to the depth of it, but this year onwards you will start hearing us talk a lot more about it. The NiyoBlu platform has the capability of originating any Charted Accountant can log in, can load any case that they want to load on which is largely unsecured business loan.

And it tells you the eligibility in the course of a few minutes and that transaction can be completely digitally sent to us which we then are able to send it digitally to any of the partners that we operate in. We understand the lending norms of all these 25 partners, 30 partners that we have so we know where this loan will get done.

And we get paid a healthy commission of between three to 3% to 3.5% for doing that which we then obviously share with our partners which are the CA partners. Now, that business is beginning to scale up quite materially. So we started last year, we were doing maybe INR3 crores, INR4 crores, INR5 crores a month.

Today, we are going in excess of INR 30 crores, INR 40 crores a month. I think we'll get to 100 crores a month pretty soon in the next few months. So that again not physically enabled, digitally enabled is the reason why it has taken us a little bit of time because we need to change behaviour of both our partners and internally ourselves on how we consume some of these loans.

Now, a small portion of this which we think are appropriate from a credit standpoint, we will end up holding on our books as well. If I have a customer with a high credit score, high quality customer that we like so one could assume that 8% to 10% of this I could hold very easily on my books as well. Potentially it could be higher as well, but conservative 8% to 10% is what we will end up here as well.

So that's point number one. We will from next quarter onwards also start sharing some metrics around how the distribution business is scaling up on NiyoBlu. So that will also give you a little color on the value of that business. The lending business per se is also at a very interesting juncture. What we did last year Sumit is again we didn't speak too much about it, but I think I feel confident to talk about it right now. We are a lending first, we are an API first lending institution.

We have the ability today to provide the lending capability to any entity that has a large network and needs to find a way to monetize that network. And what we've done is the integration to our platform is also completely automated. We put our APIs on our website. The development team of an entity like, call it a Khata book or what have you, could just directly integrate to our platform without us having to spend a penny on that integration.

Obviously, we need to work through commercials in terms of documentation, etc. All that aside, the tech part has been fully enabled, that's been done. Right now, when you look at entities like a Karma Life, KhataBook, Fatakpay, Capital Trust, these are all new age companies that have created footprint, selling something or the other into the network that they've got.

Khata Book has more than 5 million retail outlets that are using their platform. Their way of monetizing and making money is to lend to that platform. We are one of their primary lending partners, where they are able to help us with the origination, the loan is Niyogin's loan.

They work through the heavy lifting on the origination and on the collection side, we do the heavy lifting on the underwriting side and the holding of the loan side. So that partnership is actually quite an interesting partnership and what we've done over the last one year is our experiments with them and with a couple of other partners, today we have enough data to see what the loss norms are looking like on these platforms. And I'm very confident to tell you that the loss norms have all been below sub 1%.

And sub 1% loss norms, when we are sitting on a 5% FLDG as allowed by RBI, which is also the reason I made the comment earlier on that the RBI's clarification on FLDG guidelines has just opened up this market in a big time to us. There was a lot of unclear environment about what one could do and what could not do, the FAQs have just made it super clear. And to me, and we spent the last one year building experience, capability, track record and data on what the loss norms are looking like for us to be able to price this appropriately and to then scale it up appropriately.

So I feel confident that we'll now jump from here in, of course subject to your first question, where do we get the money from? So that's the question I'm coming to right now, which I'm going to ask Abhishek to answer. But I hope this gives you an answer about how this business also is going to look very interesting in the course of the next few quarters.

Sumit Bhalotia: Yes, thanks, very helpful.

Abhishek Thakkar: Yes, Abhishek here. So as you are aware, during the FY24, we raised total of INR 60 crores from three lenders. Bank and two NBFCs. So and the plan for FY25, as Tash mentioned, is like somewhere between INR 400 crores to INR 450 crores to reach. So another INR 200 crores rupees we are planning to raise in the current year. Out of that, these three lenders have lent us INR 60 crores. So we definitely feel that because of the good track record and relationship with the three lenders, out of the INR 200 crores incremental, we are expecting about INR 100 crores from these three lenders only.

For remaining INR 100 crores, we are in talks with a few bankers, few NBFCs, we are looking out some different types of funding also, some creative funding also. But however, we need to understand as slowly, gradually, as you know, we increase our book, we will go to that because we will, there should be, we should be borrowing just in time, there should not be any situation wherein we have a significant drag, because we are not able to utilize the funds. To sum up your answer, out of INR 200 crores, INR 100 crores from the existing lenders, and another INR 100 crores from new lenders, or through NCDs or something like that. We have a clear plan in place and as slowly, gradually, quarter by quarter, we raise more money, we would be sharing the details with you.

Tashwinder Singh: I think, Sumit, the fact that we invested in getting rated early on even though we were a small NBFC and you may call us foolish, but we went to Crisil because we think that provided the maximum level of credibility for a platform like ours, right, to get investment grade early on in our evolution was important to us. So we have actually tried to always be at the forefront of trying to do it the right way. And I think that was recognized by at least one bank and two NBFCs who came and appreciated the work we are doing and we were able to get some leverage.

I think we are confident getting INR 100 crores, INR 150 crores, INR 200 crores of leverage, we should be able to be able to garner that, as long as our portfolio holds up. I mean, the heart of the problem is that the book has to perform. And if the book is performing, there'll be people who will, who will support us. So the credit infrastructure, by the way, we also invested in making sure that we have a much stronger credit team. As you know, we hired a new CRO last year, who's actually now scaled up. He's a fantastic partner, Hitesh, on the team.

I must also say that we've now got a great business guy on the team, this guy called Sanket, who's an ex-founder of a fintech startup, Minko which he has sold and he has now joined us. Really dynamic guy obviously, I will get him to come and speak in future calls. But yes, I think the team is in a pretty good place. Both mentally charged up and this quarter breaking even was, I think, an important milestone for a lot of us. So let's see where we go from here.

Moderator: Thank you. The next question is from the line of Pranav Gupta from Aionios Alpha Investment Advisors. Please go ahead.

Tashwinder Singh: Hey, Pranav.

Pranav Gupta: Hi, hi, Tash and team. Sorry, there was some connection issue. I think the first question is on the, on the SuperScan in a sense. Maybe if you could explain in a bit more detail in the thought process and how you think you can build adjacencies to your current business and how you can monetize these toolkits. It sounds quite interesting, but I'm not sure how this can be monetized. So if you can help understand that.

Tashwinder Singh: Sorry, Pranav, your voice was muffled. I'm sorry, I couldn't get the question. Could you just summarize it again? Apologies for asking you to do this.

Pranav Gupta: Yes, so I was just checking with you on the SuperScan acquisition. If you can help us understand a little better as to how we can monetize this. The technology is quite interesting, but monetization part, just to get a better sense on that.

Tashwinder Singh: Yes, no, absolutely. So, SuperScan, we’re obviously all very excited about it. I think the product is a ready, product which is being used by existing players. And when I talk about existing players, I'm talking about one bank among the top three banks, two insurance companies among the top three insurance companies in the country. That's the kind of clientele that we've got on day one. And in each of these places, we're talking about one or two programs that you're doing for one or two departments in these institutions.

One of the things that we've always seen in the BFSI sector is that you want to deal with the big daddies. You need to get proof of concept and get into the system. And once you have a technology or the capability, I think expanding within those ecosystems becomes quite easy. So, point number one, obviously, we are going to try and see if we can I wouldn't say climb away, but you know, cringe away into more departments into each of these institutions, because they're all large institutions. And we now have a proven, accepted technology, which part of that institution is currently using. So that's point number one.

Point number two is that we have access to a fairly large ecosystem within iServeU and Niyogin. Where this is a use case that people need quite importantly. And prior to doing the acquisition, we've actually gone around our ecosystem and trying to figure out whether this would be a solution that customers would like to use or not. So, I'm talking about all the partners who are helping us, the FinTech partners who are helping us originate loans. I'm talking about on the iServeU side, the entities that are getting the MSMEs, the KYC required for MSMEs, etc. You know, I'm talking about all of that.

All of these guys could see utility in using this platform. The way the platform works is that the platform has significantly and these are numbers you will see in the next quarter, has significantly high operating margins. Because there is no real sharing out here. The technology costs have all been built in. So, it has pretty high margins that we end up operating in. And the potential to scale up is material because some of the use cases that we are solving for, and I think in our presentations you will see the use cases have been explained.

A simple product like Aadhaar masking which is one of the mandates that RBI has given to every institution that you cannot store the Aadhaar number of a customer, but the customer still needs to give you an Aadhaar for validation, but the storage cannot be. So, take the Aadhaar data and then store it with an Aadhaar masking. It has to be done digitally, it has to be done with a technology that can identify where are the numbers on that Aadhaar scanned paper and then mask it.

So, there are multiple things. So scale up, I think we don't have any significant scale up costs other than a few marketing things that we will need to do. In most cases, the deployment is an on-prem deployment, which means I don't need to invest in significant infrastructure for on-prem deployment because large BFSI customers are very sensitive about where the deployment happens.

So, we think all these things allow for pretty significant uptake for us, right, and, the numbers will be what they will be they will come out to you. We're not, we're really starting from scratch, right. I mean, the number of INR 33 lakhs for the year in terms of revenue is a meaningless number, but we know that the ARR, which is how this business should be analysed, is significantly higher.

So, we'll start sharing those numbers as we conclude this transaction and these numbers start flowing into our numbers. Also, what we've done is because we think this is a new technology stack and we're getting what I think is a high-quality team to come along with the stack, we're also going to see what are the other ways we can use the intellectual capacity that's coming into our system and deploy them for using this.

Number three, I would say, things like Aadhaar masking, while I keep talking about BFSI, reality is the use cases on validation is way more than BFSI, right. You want to go get a new gas connection, you need to give your Aadhaar card. They can't store your Aadhaar number either.

You want to, pay electricity bills or get a new electricity collection, you need to get the Aadhaar card. You want to work with cell phone companies, get a new SIM card, you need the Aadhaar card validation, right. And in all of those, you also need Aadhaar masking to be required. Everything requires some level of scanning and, OCR technology.

So I think the use cases are quite tremendous. It's for us to see which are the low-hanging fruits that we want to fight, right, because we're never going to be able to do everything. But whenever we think that the economics could be more interesting for us, that's going to be our primary place to attack the deployment. I don't know, Pranav, if this solves your problem, solves your question or not, but very happy, discuss this in more detail.

Pranav Gupta: Well, sure. I mean, at least it gives us a basic understanding of how you're looking at things. Maybe we can take it in detail offline. Just a second question on the soundbox deal that we just signed. Is it fair to assume that in this deal and any deal that we sign in the future, it would probably be a mix of some upfront revenue where we do that, where we get that from the device sales, and then an annuity revenue, either based on transaction or a monthly rental. How should one think about this business incrementally with the other clients that we onboard?

Tashwinder Singh: Yes. So I think you break up the market into two different sets of customers, right? They are the PSU banks. I hate putting things into straitjackets, but that's how the behaviour is, because I've seen at least four or five RFPs issued by different PSU banks, and they are just very similar. So I don't know if there is a common, format that they use, but they're very similar. And then in the private sector banks, obviously, it is different for different institutions.

I think most people are not willing to give you, in a large infrastructure contract, they give you something called a mobilization advance, etc. This is not that, right? This is a technology that's been tested. We have the deployment of technology, they're going to pay us for technology. The deployment costs are not significant, again, here. But there is capital required if we are going to also supply the devices.

And then we have to manage the logistics of doing that or and that again, doesn't become large if we are just, supplying devices, because we get paid the short term money, a working capital requirement. But if you're going to keep these devices on our books, because people want a rental model, then we need to think through a different financing structure, which is where the NBFC can be of use.If you want to deploy that, there are all kinds of models out there, all kinds of RFP, the good thing is we are getting called for every RFP that is worth its solved today in the market.

And I think that to me is very interesting. We're also getting called for various kinds of RFPs, which are just talking about development of new, platforms that banks want to do, which, we may or may not have the capability to do. But the fact that we are getting called for all of that, I think gives me a lot of confidence in the way our teams are, developing stuff and working with our clients.

So you will not have upfront revenue significantly, but you will have annuity income that will keep coming in. And we will see a significant scale up in the first, month, if we deploy 30,000 devices, the next quarter, we'll deploy another 50,000 devices. That's how the scale up will happen.

Pranav Gupta: And just a clarification on this, assuming that most of these transactions will be UPI transactions, would those transactions also flow through our pipes and would we also own and take it on those? Is that off the payment?

Tashwinder Singh: No, they may not flow through our pipes because all the banks are also in the acquiring business as far as issuing and acquiring business of the UPI. Potentially they could, they could not. I don't want to give you the impression that we don't bundle things. One of our basic philosophy in life is that we provide everything we do as a micro service.

We let the client choose what he thinks they need from us, right? So we're not in the bundling business and they could use our switch because end of the day, the UPI business is all about acquiring and then sending it to the right switch for authentication and moving to the bank side. Here what's happening is that the customer who uses the transaction, uses the UPI code, may be using the issuing, he may be an HDFC bank customer. HDFC bank may have issued him a UPI code. And therefore then this bank becomes the acquiring entity.

Now with a couple of banks we are talking about creating the full acquiring infrastructure for them as well, especially some of the small finance banks. But the larger banks already have the infrastructure. So they will not just move everything to us if they have the infrastructure.

Moderator: We will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Tashwinder Singh: Okay, I think quickly I just want to thank everyone to join this call this evening today. I think it's been an interesting year for us. 2024, we've been able to deal with a few challenges that came our way. I think we've come out tops on all those challenges that we faced, but that's the reality of doing business.

Also, significant opportunities have opened up for us, both on the lending side and on the iServeU side which we feel very excited about. 2025 is going to be the year on how we take full charge of those opportunities and deliver to all of you, our partners, our investors, our supporters, a good set of numbers that demonstrate profitability for the firm. Thank you very much. And I hope to see you again soon, a quarter later, hopefully with the good news. Thank you.

Moderator: On behalf of Niyogin Fintech Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.