

January 31, 2025

To

BSE Limited

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai -400001

BSE Scrip Code: 538772

Subject: CEO's Letter to Investors: Q3FY25

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

Dear Sir/ Ma'am,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Investors' Update for Q3FY25.

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

Yours truly,

For Niyogin Fintech Limited

Neha Daruka

Company Secretary

Encl: a/a

Niyogin Fintech Limited

(CIN L65910TN1988PLC131102)

Regd. office: M.I.G 944, Ground Floor, TNHB Colony, 1st Main road, Velachery, Chennai, Tamil Nadu – 600042

Corporate office: Neelkanth Corporate IT Park, 311/312, 3rd Floor, Kirol Road, Vidyavihar (w), Mumbai – 400086

Chennai Tel: 044 47210437 | Mumbai Tel: 022 62514646 | email: info@niyogin.in | Website: www.niyogin.com



Powering Ambitions, Powering Growth

CEO Letter to Investors Q3FY25

Dear Shareholders,

I am excited to announce that the Board has approved the proposal for the composite scheme of arrangement and amalgamation among Niyogin Fintech Limited (NFL), Niyogin Finserv Limited (newly incorporated 100% subsidiary) and its 51% subsidiary, iServeU (iSU). As a result, both the NBFC business (and associated companies) and iSU will be individually listed. This decision reflects our commitment to creating two distinct, agile, and high-performing entities that can independently focus on their strengths, pursue growth opportunities, and deliver enhanced value to our stakeholders. Let me outline the two resulting businesses:

Post-demerger, Niyogin Finserv Ltd. will house the operations of the scaling NBFC business (and associated companies), with an expanded emphasis on growing its book, driven by fintech partnerships. The partnership model has provided us with advantages, such as differentiated data for superior underwriting, a low customer acquisition cost (CAC), and an extended reach to underserved customer segments. We will continue to capitalize on these benefits and build a high-margin, scalable lending book powered by data-driven decision-making.

Additionally, the company's recently acquired AI capabilities vertical has already achieved early success in the insurance space. We aim to scale and monetize this vertical as a standalone business, further enhancing shareholder value.

iServeU, will chart its own path, concentrating on its core business areas with autonomy and agility. The iSU business is transitioning to a 'SaaS' based revenue model that minimizes 'pass-through' revenue sharing with partners. This model affords us key growth drivers that are increasingly under our control, providing a stable and predictable growth path as iSU deepens established relationships and introduces new product lines.

Turning to this quarter's performance, it has been subdued. DMT (Domestic Money Transfer) transaction volumes were impacted industry-wide due to the implementation of tighter KYC norms by the regulator. This weakness was partially offset by strong performance in the 'SaaS' vertical, where device deployment held steady in line with guidance, maintaining a run rate of ~50,000 devices per quarter. This performance highlights the growing importance of the 'SaaS' revenue stream to the overall business, reinforcing its strategic value moving forward. Today, we are one of the leading providers of sandbox & POS solutions in India serving marquee clients such as Bank of Baroda, Axis Bank, Canara Bank, SBI Payments, J&K Grameen Bank, and more.

In the Lending and Distribution business, growth has been muted as we calibrated our expansion plans in response to widespread stress observed in asset quality within unsecured lending. As asset quality concerns stabilize, we expect a significant acceleration in coming quarters. This is driven by the upcoming liquidity boost from warrant subscription and on the back of new partnerships.

We have also strengthened the management with the addition of our new Chief Operating Officer – Aakash Sethi. Aakash will focus on streamlining operations and driving efficiencies across the business, positioning us for stronger performance moving forward.

Our AUM^{*} increased by 2% QoQ to Rs. 241.8 Crores. Our Adj. Total Income^{**} for Q3FY25 was Rs. 60.2 Crores, a sequential decrease of 17%.

*Including FLDG given for off book exposure of Rs. 21.0 Crores, FLDG commenced in Q4FY24

**Adjusted Total income - Consol. Total Income adjusted for inventory trading costs in MF

Some key highlights for the quarter are as follows:

- 1. Approval of Composite Scheme:** The Board has announced a proposal, subject to requisite approvals, for the transfer of the existing business of NFL, comprising the lending and distribution business in the parent entity, along with its subsidiaries Niyogin AI and Moneyfront, into the newly incorporated 100% subsidiary, Niyogin Finserv Limited. We expect the process to be concluded in 15-18 months. As a result, both the NBFC business and iSU will be individually listed.
- 2. iSU:** We saw strong traction in our contract pipeline, which has now grown to approximately ~ 7 lakh devices. We recorded key wins in the 'SaaS' vertical with new contracts from Bank of Baroda, Axis Bank and Suryoday SFB to name a few.
- 3. Lending and Distribution:** Partnerships and alliances remain our dominant sourcing channel, contributing 85% of the overall AUM (including co-lending and ecosystem channels). This quarter, we added OkCredit as a sourcing partner and the financial partner strength stood at 6,307 partners. Our borrowings increased 9% sequentially to Rs. 67.4 Crores.

We are confident that our new strategic initiatives, coupled with the strength of our team, will continue to drive success and help us meet our targets.

Thank you for your continued support and confidence.

Key Highlights of Q3 FY25

- AUM stands at Rs. 241.8 Crores^{*}, up 2% QoQ
- Total Income grew to Rs. 113.2 Crores in Q3FY25, up 110% YoY and up 55% QoQ
- Adj. Total income[^] stood at Rs. 60.2 Crores in Q3FY25, up 12% YoY and down 17% QoQ
- Adjusted EBITDA (Ex-ESOP) loss consolidated in Q3FY25 was Rs. 2.0 Crores compared to Rs. 0.5 Crores loss in Q2FY25 and Rs. 1.4 Crores loss in Q3FY24
- Non-GAAP PBT loss was Rs. 4.6 Crores in Q3FY25, compared to Rs. 3.4 Crores loss in Q2FY25 and Rs. 4.5 Crores loss in Q3FY24

*Including FLDG given for off book exposure of Rs. 21.0 Crores, FLDG commenced in Q4FY24

Financial Highlights

Our consolidated total income for Q3 FY25 was Rs. 113.2 Crores, compared to Rs. 72.9 Crores in Q2 FY25 and Rs. 53.8 Crores in Q3FY24. Our non-GAAP PBT was negative Rs. 4.6 Crores in Q3 FY25, compared to negative Rs. 3.4 Crores in Q2FY25 and negative Rs. 4.5 Crores in Q3FY24.

Consolidated (in Rs. Crores)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)
Total Income	113.2	53.8	110%	72.9	55%
Adjusted Total Income [^]	60.2	53.8	12%	72.9	(17)%
Revenue (ex-device sales) [^]	49.9	54.6	(10)%	62.8	(20)%
Expenses [^]	65.4	55.4	18%	76.9	(15)%
Adjusted EBITDA (ex-ESOP)	(2.0)	(1.4)	NM	(0.5)	NM
Reported Pre-Tax Profit/(Loss) (A)	(5.2)	(4.8)	NM	(4.0)	NM
Depreciation and Amortization	2.4	2.1	16%	2.6	(6)%
ESOP (B)	0.7	0.3	129%	0.7	(2)%
Non-GAAP PBT (C) = (A) + (B)	(4.6)	(4.5)	NM	(3.4)	NM

[^]Consol Total income, adjusted for the trading cost of inventory in MoneyFront

www.niyogin.com

FOR FURTHER DETAILS, PLEASE FEEL FREE TO CONTACT

Investor Relations Niyogin Fintech Limited	Investor Relations Partners
<p>Trivenika Avasthi Niyogin Fintech Limited P: +91 22 6251 4646 E: trivenika.avasthi@niyogin.in</p>	<p>Ravi Udeshi/Sukhin Naphade Ernst & Young LLP E: Ravi.udeshi@in.ey.com Sukhin.S.Naphade@in.ey.com</p>

Registered Office	Corporate Office
<p>MIG 944, Ground Floor TNHB Colony, 1st Main Road, Velachery Chennai, Tamil Nadu: 600042 Telephone: 044- 61512151</p>	<p>Neelkanth Corporate IT Park 311/312, 3rd Floor Kiro Road Vidyavihar West Mumbai, Maharashtra: 400086 Email: niyogin.compliance@niyogin.in</p>