

‘We are catalysing retail green financing in the country’



Ecofy is positioned as a green-only focused non-banking financial company (NBFC) and it is the only one of its kind in India. It finances electric vehicles, rooftop solar, and small and medium enterprises which are into green sectors. **Rajashree Nambiar**, cofounder and chief executive officer of Ecofy, spoke with **Raghu Mohan** over the phone. Edited excerpts:

Why did you decide to set up a boutique NBFC for green financing?

■ The Green Growth Equity Fund (GGEF) has birthed several climate businesses in India. They were looking for a climate-financing business. Now, how does it help the path to zero emission? What we realised is that there is a huge market opportunity; and the fact that there are a lot of government SOPs (standard operating procedures) and interventions coming along the way. On the climate-financing side, if you had to make this happen, the biggest requirement would be in mobility and energy sectors.

But as you look around the industry, you will find that most of the work that's happening in climate financing is at the wholesale end. It's into large, utility-scale project funding. There isn't anything happening at the retail end. If you want to build this movement from the ground up, you will have to catalyse this green choice — tackle and solve the challenges which stop people from adopting it. Let's look at the two- and three-wheelers to begin with; and on

the energy side, at distributed solar rooftop. Let's now tackle what are the challenges an individual or a small business will have in adopting the green choice. We started on this journey two and a half years ago and think we are building India's largest green-only technology-led retail NBFC at scale. To drive this movement from the ground up loan-by-loan at a retail level, I believe makes us India's one-of-a-kind NBFC.

How do you get customers; and can you touch upon your co-lending approach?

■ We have a three-tier go-to-market strategy. First, our green-only lending approach ensures we stay true to our mission by targeting customers who are actively choosing sustainable options. Second, our top-down, partnership-led model helps us build strong relationships with original equipment manufacturers (OEMs) and dealers, enabling deeper integration and faster scale. Third, our proprietary technology tools and rule-based engines power smarter underwriting and better risk deci-



sions. Together, these three pillars help us identify, assess, and serve the right customers more efficiently.

In co-lending, we have built strong partnerships on both ends — with capital providers on the demand side and with demand originators on the supply side. This approach gives us the flexibility to innovate while increasing our reach and affordability for green customers.

What will be your average loan ticket size?

■ It may be up to ₹1 crore, but if you

look at the business that we've built, our average ticket size is less than ₹2 lakh because we are talking about two-wheeler electric vehicles, which would cost approximately ₹1 lakh. If it is a three-wheeler, it will be at an average of ₹3 lakh. Roof-top residential solar panels will come at ₹one-and-a-half to ₹2 lakh (typically it is three kilowatts to five kilowatts). And if we look at small businesses, on an average, it will range between ₹20 lakh and ₹30 lakh.

Can you give us a sense of how big this market is going to be over the

next decade?

■ The climate-financing gap over the next five years is about \$40 billion; it is growing roughly at a CAGR (compounded annual growth rate) of about 20 per cent. And when I say climate financing, it includes mobility, energy, water management, waste management and similar green sectors.

How does your funding and balance sheet size stand now?

■ We started with an initial investment of about ₹400 crore in equity from the GGEF. We also have credit lines from private banks and drawn funding from international development finance institutions (DFIs). And because we are generating retail green assets, we see a lot of interest from both debt and equity players — that is, from DFIs (both international and domestic) plus banks. We have already serviced 80,000 customers. We have already disbursed more than ₹1,500 crore, but after running down everything, our AUM today is over ₹1,000 crore. And this must be seen in the context of our average ticket size which is very small; it has been a granular retail book build up. We are present in 25 states and about 500 cities with more than 120 tie-ups with OEMs, which account for more than 80 per cent of the demand origination for these green assets.