

10<sup>th</sup> November, 2022

The Manager,  
Department of Corporate Services  
BSE Limited,  
1<sup>st</sup> Floor, Dept. of Corporate Services,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001.

Scrip Code: 532745

Dear Sir/Madam,

**Sub: Transcript of Investor Conference Call on the Presentation on the unaudited financial results for the quarter and half-year ended 30<sup>th</sup> September, 2022 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**Ref: Our letters dated 28<sup>th</sup> October, 2022, 4<sup>th</sup> November, 2022 and 5<sup>th</sup> November, 2022.**

In compliance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to the references cited above, we are enclosing herewith the Transcript of the Investor Conference Call held on Friday, 4<sup>th</sup> November, 2022 at 4.00 P.M. (16.00 hrs. IST). The same will also be uploaded on the website of the Company, i.e., [www.inditrade.com](http://www.inditrade.com).

You are requested to take the same on your record.

Thanking you.

Yours faithfully,

For Inditrade Capital Limited

MAYA  
MENON

Digitally signed by MAYA MENON  
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Maya Menon  
Company Secretary & Compliance Officer

Encl: As above.



“Inditrade Capital Limited  
Q2 FY 2022–2023 Earnings Conference Call”

Friday, November 04, 2022, 16.00 hrs (IST)



**MANAGEMENT: MR. SUDIP BANDYOPADHYAY– GROUP CHAIRMAN  
AND DIRECTOR  
MRS. JHUMA GUHA – VICE CHAIRPERSON AND  
DIRECTOR  
MR. NAVEEN KUMAR JAIN - GROUP CHIEF OF RISK  
& STRATEGY  
MR. RAVI JAIN – CHIEF FINANCIAL OFFICER OF  
INDITRADE FINCORP LIMITED  
MS. MAYA MENON – COMPANY SECRETARY AND  
COMPLIANCE OFFICER.**

**Moderator:** Ladies and gentlemen, good day and welcome to Inditrade Capital Limited Q2 FY2022-2023 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. Sudip Bandyopadhyay – Group Chairman Inditrade. Thank you and over to you, Sir!

**Sudip Bandyopadhyay:** Good afternoon, everybody and thank you very much for joining the call today. I have with me my colleagues, Mrs. Jhuma Guha, Director in the company, Mr. Naveen Jain, Chief of Risk and Strategy at Inditrade Capital group and Mr. Ravi Jain, CFO of Inditrade Fincorp. We also have Maya Menon, the Company Secretary of Inditrade Capital on the call. The results have been published yesterday and I am sure most of you would have seen the results at the BSE site and otherwise. I will quickly run through few key parameters and few events which happened during the quarter under reference and then open the floor for Q&A.

We did a disbursement of Rs.140 Crores during this quarter, this went up from Rs.113 Crores done during the last quarter. AUM at the end of September stands at Rs.585 Crores, collection efficiency on a consolidated level was 99.05%. Our lending rate weighted average is 24.11, cost of fund weighted average is 11.49, regular portfolio is 95.28%; this represents the portfolio on which there is not a single day's outstanding. Portfolio where there are outstanding, obviously this is a residual which is 4.72%, they are in multiple brackets, dues maybe between 1 and 30, 30 to 60, 60 to 90 and others. The networth on a consolidated basis stands at Rs.218.4 Crores. The profit before tax for the quarter was Rs.3.7 Crores. This is against Rs.2.4 Crores which we registered during the last quarter. Our number of branches overall continues to remain same 165, number of employees has slightly moved up to 1,099. The disbursement broken into Microfinance and MSME; Microfinance business did disbursement in July Rs.21.84 Crores, August Rs.15.78 Crores and September Rs.25.70 Crores, whereas MSME did disbursal of Rs.16.28 Crores, Rs.19.71 Crores and Rs.15.39 Crores respectively, in the last three months.

Consolidated profit and loss account - I have already talked about the PBT. There is nothing much else to talk about. Interest income has moved up, sale and service of goods have moved up, so has other income which includes commission and other elements which our other businesses which is Boonbox - Inditrade Rural Marketing as well as Inditrade Scalerator brings.

As far as the balance sheet is concerned, it is pretty much apparent what we have. Segment-wise, the portfolio as on 30<sup>th</sup> September, Microfinance is Rs.263.5 Crores, MSME Rs.173.18 Crores, Agri commodity is Rs.147.34 Crores and small amount of others making it a total of

Rs.585 Crores. The cost of borrowings as I had already told on weighted average consolidated basis, but segment-wise Microfinance cost of borrowing was 11.46%, MSME it was 11.52% and Agri commodity was 8.28%.

Provisions on portfolio, as far as MSME is concerned, Gross NPA has been 3.57%, whereas Net NPA is 2.2%, Microfinance Gross NPA 3.05%, Net NPA zero, Agri commodity both Gross and Net NPA are zero. We give the portfolio break-up and we show the leverage as you would see the leverage sheet the net owned fund is Rs.218.4 Crores and our debt-equity ratio is 1.35 times, solvency ratio including DAPTC is 78.26% and solvency ratio excluding DAPTC partnership is 69.26%. I had already talked about the portfolio break-up, but to break-up the portfolio between own book and managed, the own book portfolio is Rs.408.5 Crores, managed is Rs.176.16 Crores, but remember the managed portfolio is entirely sourced by us, credit assessment is done by us, collection is done by us and the risk also is on us. So, we count it under our overall AUM and that is the industry practice.

Portfolio share, Microfinance continues to dominate with 45.1% of the overall portfolio and others including MSME is 54.9% which comprises basically MSME and Agri commodities. I will quickly move to few other salient features, which I think pretty much was mentioned some of you are already aware. On 7<sup>th</sup> of October (2022), the board of our subsidiary Inditrade Microfinance announced consolidation of another Microfinance company with itself, Janakalyan Microfinance. The merger is on a share swap basis; for every 100 shares of Janakalyan we will be issuing 82 shares of Inditrade Microfinance. We expect the merger to get completed on or before 31<sup>st</sup> March, 2023, i.e., within this fiscal. However, this will be subject to the requisite approvals, RBI approvals we have already sought and the respective NCLT at Kolkata and Mumbai. I think some of you are aware, Janakalyan brings absolutely complementary geographies in the mix. They have 56% of their portfolio in West Bengal and 34% of the portfolio in Bihar. We were not present at all in West Bengal and negligible presence in Bihar. So, with this consolidation we will be present across the country, basically thirteen states and union territory with a much larger portfolio and placed ideally for future growth. Portfolio also will be very well balanced with West Bengal having about 18.5% of the total book, Kerala 15.6%, Bihar 14.9%, Tamil Nadu 14.6%, Karnataka 11.7% and so on and so forth. So it is a very balanced book which is geographically very well spread. As I said there is no overlap; as far as the business is concerned, the employees are concerned there should not be any destabilization whatsoever. The erstwhile Managing Director of Janakalyan is in the process of taking over as MD of the consolidated business, he has already been inducted in the board of Inditrade Microfinance. I also must mention that the appointed date for merger is 1<sup>st</sup> July, 2022. However, we will start disclosing consolidated numbers only after the requisite legal approvals are received. I will repeat that there has been no cash consideration during this transaction, it is a complete share swap. The businesses which we acquired during the lockdown, which is Inditrade Scalerator and Inditrade Rural Marketing

have also started performing well. Boonbox which is Inditrade Rural Marketing has performed very well on all operating parameters and we expect the business to do very well during the current fiscal. As far as Scalerator is concerned, the opportunity is significant and they are working very hard to seize the opportunities in multiple areas, which the current market is offering them. Some of you will remember, this is into distribution of financial products and services. They are probably one of the largest players, as far as business loans are concerned in southern part of India. They predominantly operate in Tamil Nadu, Karnataka, Andhra, and Telangana region.

That is very briefly what happened during the last quarter. One unfortunate development which I must also mention, some of you will have some queries on that, happy to answer. We were doing micro-lending which is digital loans way back in the financial year 2019-2020 and part of 2020-2021. We had discontinued this business completely during December, 2020 – January, 2021, this business was discontinued. As permitted by RBI, we had also started working with some Fintechs in this business, unfortunately this got into lot of regulatory pressures and I am sure most of you are aware, the cyber-crime department of multiple states started investigating and the Enforcement Directorate also in some cases got involved. The allegation was, as far as cyber-crime is concerned is that some of these Fintech partners used abusive language while conducting recovery. That is a cyber-crime under the relevant law and that led to freezing of 29 bank accounts of Inditrade Fincorp, one of our subsidiaries during the period of April, 2021. The amount involved was Rs.24.74 Crores. After multiple representation and approaching the Telangana High Court which instructed the authorities to complete the investigation in the time bound manner, the cyber-crime Hyderabad has released Rs.18.51 Crores; 22 accounts already freeze order has been removed. So, only 7 accounts remains under freeze which has Rs.6.23 Crores, we are actively pursuing for the release of the same. As a matter of process, we understand that cyber-crime, all these alleged activities are referred by them to the Enforcement Directorate as well. The Enforcement Directorate had requested us to provide all information, which was duly provided by our Principle Officer who personally met and clarified in June, 2021. We have not heard anything from them further, however in August, 2022 there was a provisional attachment order by ED on six or seven of our accounts which had Rs.5.5 Crores in total. We have again unfortunately moved to the Telangana High Court. The Honorable Telangana High Court has admitted our petition and we are hoping for some quick relief there as well. The legal opinions, the considered views of all experts is, we are a registered NBFC, we have not accepted any deposits from anybody, we have used our own funds for these digital lending and those activities have been discontinued almost two years back. So, there is absolutely no case against us and we strongly believe that and I am sure we will soon get relief for these matters as well. The total amount frozen as on date is about Rs.11.73 Crores which is these two Rs.86.23 and Rs.5.5 Crores, which I have already explained, that is where we are. The Company also has announced a Rights Issue for its equity shareholders, so for every 13 (Thirteen) equity shares held, the

shareholders will be offered 5 (Five) fresh equity shares at the rate of Rs.45 per share. I must remind all of you here that the Net Asset Value, book value of shares is Rs.90 plus, as far as Inditrade Capital is concerned. So, we believe the shareholders would benefit by subscribing or opting for the rights. In due course record date and other details will be notified, we are working with the Merchant Bankers appointed for this purpose for expeditiously completing the process. Thank you very much. I think I will be happy to take questions. My colleague Mr. Naveen Jain, Mrs. Jhuma Guha, Mr. Ravi Jain all of us are here, happy to answer questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “\*” and “1” on their touch-tone telephone. If you wish to remove yourself from question-queue, you may press “\*” and “2”. Participants are requested to use handsets while asking a question. Ladies and Gentlemen, we will wait for a moment, while the question-queue assembles. We have our first question from the line of Hitesh Shah from IDFC First Bank. Please go ahead.

**Hitesh Shah:** Good evening, Sir. I had two specific questions with respect to the enforcement agencies’ actionable that are going on with the subsidiary of the Company. Wanted some update on what are the kind of questioning done to the Company by the ED and what charges have been levied against Inditrade Fincorp, wherein these accounts have got frozen?

**Sudip Bandyopadhyay:** Actually, there is no charge against Inditrade Fincorp. Unfortunately, they have all these matters there are some 70-80 companies including, I suppose, Paytm, Razorpay everybody. I think there are 74 or 78, I do not remember the exact figure....you are from IDFC bank so you can link-up with us separately, we can share with you the document also informally. So, there are 74 or 78 people, there is no specific charge. Enforcement Directorate always probes money laundering, now money laundering can only happen in different cases, in our case it is our money, we have given loan, we have received back or we have not received back. In our case there is no question of money laundering arises, that is what the court has taken cognizance of that in one matter and the other matter we have now moved because that was on 2<sup>nd</sup> August. So, there is no specific, in most of the cases there has no FIR against us also. The FIR was against the Fintech guys; and some the guys who understand criminal law, criminal liability cannot be transferred, civil liability can be transferred. You are employing an agent he does something bad you are liable under civil law, if you are the principle. But in the criminal act, you are not liable, that is the law. I am not saying we have done either, that’s law it is. Nobody understands what the issue is, the issue what we understand from newspaper reports is, there is some geopolitical concern about Chinese companies and Chinese thing, so whatever that is I do not know, we do not want to comment on that.

**Hitesh Shah:** Would it be right to assume that maybe then this attachment or freezing of balances are on account of the money which Inditrade Fincorp is supposed to pay to this Fintech and against whom the FIR were there?

**Sudip Bandyopadhyay:** We have nothing to pay to the Fintech so the question does not arise. It is our money which is lying in the bank account and which has nothing to do with these businesses. In fact since you are from the bank you can check with your colleagues who manage our accounts, that money was being used for our MSME business. So, that was nothing to do with, anything to do with Fintech, digital lending, nothing like that. You guys are at the best position to answer those questions rather than me.

**Hitesh Shah:** Sure, thank you Sir.

**Moderator:** Thank you. We have our next question from the line of Kapil Bhat, an Individual Investor. Please go ahead.

**Kapil Bhat:** Thanks Sudip. My question on the Rights Issues. Now, I want to understand the purpose of the capital raise through the Rights Issue. Where are you going to invest this money, into new business or existing business, what is the purpose?

**Sudip Bandyopadhyay:** Not really, in fact as you guys understand, Microfinance we are consolidating and we are very bullish. I cannot make a forward-looking statement, but the idea is, eventually Microfinance will need capital, so we will definitely look at that. Inditrade Rural Marketing they also will need to expand, because that is a great business, you understand Kapil that business really well. So, these are the two businesses which will need capital and the scope is huge, and the holding company is Inditrade Capital, so that is the reason.

**Kapil Bhat:** Right, so we will be looking to expand these businesses by investing into them, right?

**Sudip Bandyopadhyay:** That is right. I should clarify here we used to hold 90% plus of Inditrade Microfinance. Now post-merger, Inditrade Microfinance shareholders will hold about 74% of the consolidated company and we will hold 90% of that 74%, so our shareholding is coming down in the consolidated company. So, it would be good for us and Inditrade Capital and all of us to increase that shareholding.

**Kapil Bhat:** Exactly, that is what even I had thought. On the Janakalyan Financial Services Company, can you give more details about how many branches they have, how many employees they have and you said that this merger will happen by end of March. But now are we already doing the business together, is it already been merged, how it is going right now?

**Sudip Bandyopadhyay:** See legally, Kapil...it is not merged, so businesses are separate, companies are separate. We had our board meeting day before yesterday for Microfinance, they are having their board meeting on 11<sup>th</sup>, but we are working together in tandem. Mr. Alok Biswas who was the MD there has joined the board. Mr. S. K. Mitra who was the Chairman of that company has joined the board as well of Inditrade Microfinance, but business has not merged obviously. That requires NCLT approval and all that, that process is on.

**Kapil Bhat:** Right and post the merger how many branches we will have pan India in all the thirteen states. Now, I think we have around 165 branches.

**Sudip Bandyopadhyay:** Around 200 branches we will be having.

**Kapil Bhat:** They only have 35 branches at the moment?

**Sudip Bandyopadhyay:** That is right, they do not have too many branches.

**Kapil Bhat:** Okay, and how many employees are we absorbing?

**Sudip Bandyopadhyay:** We are absorbing all the employees because, Kapil as you know they are in West Bengal and Bihar, there is not a single overlap. So, there is absolutely no need for removing some employees and all that, that is not necessary.

**Kapil Bhat:** Okay, that is fine and going forward I think Microfinance will be kind of a main business looking at the merger and the presence into thirteen states, are you also going to expand the MSME into the other cities than the four or five cities we are currently present into?

**Sudip Bandyopadhyay:** Absolutely, MSME also has been doing very well Kapil, we have already moved to Chandigarh and Chennai during the last quarter. We now are in west, we are in Mumbai, Pune, in North we are in Delhi, Chandigarh, in South we are in Hyderabad, Bengaluru and Chennai.

**Kapil Bhat:** Okay, right. I think that is it for now. If I have any questions then I will come in the queue.

**Sudip Bandyopadhyay:** Thank you Kapil. Thank you for joining.

**Moderator:** Thank you. Ladies and Gentlemen, to ask a question, please press “\*” and “1” on your phone now.

As there are no further questions, I would now like to hand the conference over to Mr. Sudip Bandyopadhyay for closing comments. Over to you, Sir!





Inditrade Capital Limited  
*November 04, 2022*

**Sudip Bandyopadhyay:** Thank you everybody for joining and sparing your time today afternoon. I think, the Company has gone through, pretty much the entire country and the industry has through trying times during last two years due to COVID. I think, we are looking forward to a great time of growth and opportunities. That is the reason we are increasing our capital and allowing the shareholders to participate at a significant discount to book value, so that we all benefit together when the growth comes. I will look forward to your continued support and participation in the quarters to come and years to come. Thank you very much. Thank everybody for joining today.

**Moderator:** Thank you. On behalf of Inditrade Capital Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.