

1<sup>st</sup> June, 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 the Conference Call for Analysts and Investors on the Audited Financial Results (Standalone & Consolidated) for the quarter and financial year ended 31<sup>st</sup> March, 2022.**

**Ref: Our letters dated 19<sup>th</sup> May, 2022, 25<sup>th</sup> May, 2022 and 28<sup>th</sup> May, 2022.**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in continuation of our above-referred letters, we are enclosing herewith the transcript of the Conference Call for Analysts and Investors on the Audited Financial Results (Standalone & Consolidated) for the quarter and financial year ended 31<sup>st</sup> March, 2022, held on Friday, 27<sup>th</sup> May, 2022 at 4.00 P.M. (16.00 hrs. IST). The aforesaid transcript is also available on the website of the Company, i.e., [www.inditrade.com](http://www.inditrade.com).

You are requested to take the same on your records.

Thanking you,

Yours faithfully,

For Inditrade Capital Limited



Maya Menon  
Company Secretary & Compliance Officer



Encl: as above



“Inditrade Capital Limited  
Q4 FY 2021-2022 Earnings Conference Call”

**Friday, May 27, 2022, 16.00 IST**



**MANAGEMENT: MR. SUDIP BANDYOPADHYAY – GROUP CHAIRMAN  
AND DIRECTOR.  
MRS. JHUMA GUHA – VICE CHAIRPERSON AND  
DIRECTOR.  
MR. NAVEEN KUMAR JAIN – CHIEF FINANCIAL  
OFFICER.  
MS. MAYA MENON – COMPANY SECRETARY AND  
COMPLIANCE OFFICER.**

**Moderator:** Ladies and Gentlemen, Good Afternoon and welcome to the Inditrade Capital Limited Q4 FY 2021-2022 Earnings Conference Call. As a reminder, all participants' 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 this conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this call 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. Thank you for joining this call today on a busy weekday. Very briefly I will talk about the performance of the Company during the last fiscal, which we just ended. I will put out some facts and figures, which also have been put up in the BSE site and then I'll happy to take questions.

The key business update which we have put up, if you look at the disbursement last year, we disbursed about Rs. 17 Crore in Q1 which moved up to Rs. 137 Crore in Q2. It moved to Rs. 193 Crore, almost Rs. 194 (Crore) in Q3 and Rs. 162 Crore in Q4. This pretty much mirrors the COVID phases of the country. First quarter there was hardly any business, second quarter we gradually picked up, third quarter was excellent, fourth quarter again the Omicron scare made us tone down the business.

Similarly, we had raised about Rs. 6 Crore in the first quarter which is hardly anything, Rs. 111 Crore in Q2, Rs. 112 Crore in Q3 and Rs. 136 Crore in Q4. The AUM which was Rs. 333 Crore end of June-2021, went up to Rs. 538 Crore end of March-2022. Collection efficiency progressively increased from 74% to 100% during the last quarter of the last fiscal. The rate of lending by and large blended rate has been around 20-22% and we started the year with 22.11% end the year with 22.28%.

Our cost of funds has come down marginally from 12% to 11.35%. Interesting is regular portfolio outstanding which on June (2021) was only 56 % have moved to 94% of the total portfolio. So, out of that Rs. 538 Crore portfolio which we had on 31<sup>st</sup> March (2022), 94% was paying us on time. In other words, we had PAR zero....greater than zero, which is Portfolio At Risk greater than zero, 6%. In other words, even if there is a one day's delay in repayment we consider the entire outstanding from that client as PAR (Portfolio At Risk). So, PAR was 6% on 31<sup>st</sup> March (2022) and absolutely bang on time collection was 94% of the portfolio.

Our net worth moved from Rs. 200 Crore at end of June-2021 to Rs. 214.4 Crore 31<sup>st</sup> March, 2022. Branches, we've maintained the branches 173, we toned down a bit and it's a 165. The number of employees came down from 1,098 to 1,077. This is the key business update. As far as disbursements are concerned, again, we have given a breakup between microfinance and non-microfinance, MSME in particular. And as you will see this mirrors the COVID progress in India. April was Rs. 3 Crore and Rs. 0.66 Lakhs, May - nothing because we were at height of phase-2 of COVID. June - (Microfinance) Rs. 1.88 (Crore) and (MSME) Rs. 0.12 (Crore). This

way we moved to November was Rs. 64 Crore in Microfinance and Rs. 10 Crore in MSME. December again started coming down because Omicron came. February onwards we started ramping up, February Microfinance disbursement was Rs. 26 Crore, MSME was Rs. 13 (Crore). March Microfinance was Rs. 37 (Crore), MSME was Rs. 14 Crore.

On a consolidated basis for the year if you see the profitability, our interest income came down on a consolidated basis. March-2021 versus March-2022, Rs. 149 (Crore) versus Rs. 73 (Crore). We had earlier calls mentioned that we have moved out of micro-lending and that resulted in drop in overall interest income. Whereas sale of services went up because this is our Inditrade Rural Marketing - Boonbox went up from Rs. 12 Crore to Rs. 57 (Crore). Commission fee went up from Rs. 6.4 (Crore) to Rs. 14.1 (Crore). This is predominantly Scalerator and Boonbox.

Other income similarly went up from Rs. 14 (Crore) to Rs. 56 (Crore); so gross total income went up from Rs. 183 Crore to Rs. 201 (Crore). Finance cost went up marginally, net total income Rs. 154 Crore last year vis-à-vis Rs. 168 Crore this year. Net of employee benefit, depreciation and other expenses, impairment of financial assets, we ended up the year with a Rs. 7 Crore PBT vis-à-vis Rs. 12 Crore last year.

Now, I will pause a bit here and just take you through our profitability on a consolidated basis year-on-year, adjusted for non-cash items. If you see last year reported profit was Rs. 12.39 (Crore) vis-à-vis this year Rs. 6.86 (Crore). On top of that if you add-back the ESOPs which is a notional charge provision of, additional provision rather, of Rs. 3 Crore this year we made vis-à-vis Rs. 8 Crore last year, Loss on sale of investment of Rs. 1.16 Crore vis-à-vis nil last year, Depreciation, non-cash item again, Rs. 4.72 Crore, Our adjusted cash profit before tax vis-à-vis last year Rs. 25 Crores is Rs. 16.5 Crore this year. We are just providing this sheet so that investors are clear as to what is our cash profitability, in spite of taking impairment charges, maximum provision and coming out of the micro-lending business.

The balance sheet, I will not read item wise, but on a consolidated level the balance sheet size went up to Rs. 656 Crore. Our consolidated net worth went up to Rs. 214.4 Crore. Portfolio performance - Microfinance, where we started the quarter with Rs. 273 Crore and we ended portfolio as on 31<sup>st</sup> March (2022) after all adjustments, Rs. 310 Crore. MSME we started with Rs. 95 (Crore), we ended with Rs. 121 Crores. Micro-loan, as I have said we have exited pretty much the entire book, only a small portfolio of Rs. 1.63 Crore which is pretty much current is left. Agri-Commodity (Finance) and others we started Rs. 77.65 (Crore) ended the year with Rs. 106 Crores.

Total our portfolio was Rs. 448 (Crore) in the beginning of the quarter which we ended at Rs. 538 Crores. I will come straight to the cost of borrowing. Segment wise Micro finance it was 11.13 (%), MSME was 12.04(%), Agri-Commodity (Finance) was 7.65(%). As far as provision from portfolio is concerned, MSME where a gross NPA (Non-Performing Asset) of 10.09 (%) and Net NPA of 6.32%. Micro finance Gross NPA of 1.6(%) net zero. Agri (Commodity Finance)) gross-net, both zero. Portfolio and debt details we gave just to make you aware of the

leverage we are carrying in the books. The debt-equity ratio on March-2022 is 1.74...1:1.74. In other words, our leverage is less than two times and our solvency ratio is including DA(*Direct Assignment*)/ PTC (*Pass Through Certificate*)/ Partnership is 86.83% and excluding DA/PTC/(*partnership*) is 83.06% at end of March (2022).

As far as the portfolios are concerned our Microfinance portfolio share is 57%; Non-microfinance is about 43%. Very briefly this is what I wanted to leave with all of you. I now leave the floor for questions, maybe I will request the moderator to take it over from here and facilitate the Q&A.

**Moderator:** Thank you Sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question, may press '\*' and '1' on their touchtone cellphone. If you wish to remove yourself from the 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.

Our first question is from the line of Rajesh Kumar, an investor. Please go-ahead Sir.

**Rajesh Kumar:** Hello Sir. Thanks for the opportunity. First of all, congratulations to getting back to profitable on the quarterly basis, and the second thing I will like to appreciate is that as far as the shareholding I think now all the shares are unpledged, and that is also a good achievement for the quarter.

**Sudip Bandyopadhyay:** Yeah. Thank you.

**Rajesh Kumar:** Sir my question is regarding Scalerator, first question. How many states we are at present and what is the future plan for the Scalerator?

**Sudip Bandyopadhyay:** Thank you for the question Rajesh. I think Scalerator is doing very well. We are absolutely bullish on the business, in fact we are expanding the team and the locations; I think I had mentioned earlier, Scalerator has been profitable on a month-on-month basis and a cumulative basis as well last year. Expectations are that this year also they should do very well. Just for recollection, Scalerator operates in the four southern states of Tamil Nadu, Karnataka, Telangana and Andhra. We are going deeper into the state. In Tamil Nadu we had Chennai and Coimbatore as our physical branch locations. Now we are expanding to couple of other locations in Tamil Nadu. Similarly in Andhra, Telangana we had one-one offices, now we are expanding. Karnataka, apart from Bangalore now we are expanding to other locations as well. New teams are being hired. We will probably end up doubling the manpower during the current fiscal for this business and we are very hopeful that entire growth will be very profitable as well.

**Rajesh Kumar:** Okay, that's great to know that. Sir, can we get to know the quarterly number exclusive for Scalerator that is turnover and PBT?

- Sudip Bandyopadhyay:** I will ask my colleague, Naveen to answer that.
- Naveen Kumar Jain:** Yes, total PBT for the year was Rs. 76 Lakhs for Scalerator.
- Rajesh Kumar:** Yes this is for the quarter, Quarter-4 turnover and PBT, do you have separate?
- Naveen Kumar Jain:** The total turnover and PBT?
- Rajesh Kumar:** Yes, because that will give the growth trajectory.
- Naveen Kumar Jain:** So, total revenue was Rs. 9.33 Crore and total expense was Rs. 8.57 Crore. The total PBT for the year was Rs. 76 Lakhs.
- Rajesh Kumar:** Inclusive of Scalerator, can we get the same figure - turnover and PBT?
- Sudip Bandyopadhyay:** We couldn't hear you. Can you be a little clearer?
- Rajesh Kumar:** For the quarter-4, turnover Profit Before Tax?
- Naveen Kumar Jain:** Total revenue was Rs. 2.68 Crore and total expenses were Rs. 2.56 Crore. We have made a profit of Rs. 12 Lakhs.
- Rajesh Kumar:** Okay. Thanks. So, any improvement in the loan mix for the Scalerator for the quarter gone by; because last quarter, I think 90% was business loans and we were planning to increase the product mix?
- Sudip Bandyopadhyay:** As far as we are concerned, business loan is the main product. We will continue to remain focused on the business loan segment. However, the other segments like a gold loan, personal loan, credit card, insurance, those are also growing, but in spite of that I must say that business loan will continue to remain the dominant product in the mix. I just wanted to add a bit to what Naveen said as for Q4. I must tell you that Q4 was a subdued quarter for them because they were lot of restructuring we did and for streamlining operations for better. So, Q4 may not be the indicator of the trend. We hope this will be much better in the coming quarters.
- Rajesh Kumar:** Yes, exactly because in the Q3 we have around 24% PBT margin.
- Sudip Bandyopadhyay:** That's right, that's why I just clarified that. Q4 may not be the indicative.
- Rajesh Kumar:** Okay, Sir. Thank you for the clarification. And Sir, the next question is with respect to Boonbox. The business viability of the Boonbox looks challenging because I think all, even Amazon operate on a wafer thin margin. So, can we scale up because now we might be doing around Rs. 100 Crore gross merchant value for the year? So, I don't think if you don't scale up at this way 10 times we will get to the reasonable profitability on this business, if I am correct.



**Sudip Bandyopadhyay:** It's a different business Rajesh. I don't think I will like to compare or compete Amazon or somebody like that. We meet a different need. We bring finance and products together. Amazon doesn't provide finance that way at a doorstep. So, we work with microfinance companies and other relevant ecosystem players to provide the finance and product to their customers. So, the finance is being provided by the microfinance player or a bank directly to a microfinance customer and this is how we are facilitating their buying of the products which we take to them. So, Amazon is in a different space, we are in a different space. Yes, as far as turnover is concerned we need to grow, but we should be profitable for a month-on-month basis; I think during the last few months they have been profitable and I expect them to continue that journey during the current fiscal as well.

**Rajesh Kumar:** Okay. That's good to know that. The next question is from the MSME segment; the NPA of this segment will continue to be high, so can we expect to get normalized in the coming quarters?

**Sudip Bandyopadhyay:** Yeah absolutely, they are doing fantastic as far as collections are concerned and pretty much their book. Post-pandemic phase-1, first phase of the pandemic, when first time it hit us and of course it was a huge surprise for the whole world including all of us but whatever portfolio they have created post-pandemic, the NPA levels is less than 1% there. So, it is commendable, I would say. Whatever little problem which is why you see a NPA of slightly elevated levels not compared to industry, not compared to others, but at our mind it's slightly higher, because of pre-pandemic portfolio where we had to do a bit of a restructuring, that's where the challenges remain. Post-pandemic it has been fantastic.

**Rajesh Kumar:** Okay, and in the last quarter there was talk of starting this collateral based lending and so in the MSME segment, I think property loans...we had any progress on that?

**Sudip Bandyopadhyay:** Yes, we are expected to start some time later this current quarter or maybe the next quarter which is end of Q1 or beginning Q2, we will start that. We are already tying up co-lending limits with relevant players.

**Rajesh Kumar:** Okay, so we had a terrible experience with respect to micro-lending in the past so we are completely exiting it or we'll start in the future with extra caution or something like that?

**Sudip Bandyopadhyay:** We have; See, I would say a couple of things yes we had a bad experience. Predominantly on the back of the fact that the regulations were a bit fluid and we understand the central bank is working on a new set of regulation, some draft has come. Let the new regulations come and I think I mentioned earlier, only when the new regulations come will examine it and decide whether we want to be there in that segment or not. As far as our exit is concerned we are pretty much exited. You saw our book is Rs. 1.63 (Crore) and there is absolutely no delay or default anything in the portfolio, whatever problem we have written-off every single thing there. This small portfolio continues to remain because we continue to experiment with our systems software everything so that assuming the policies and the regulations which come are appropriate and we like it we may enter it. But at this stage we are away from that segment.

- Rajesh Kumar:** Okay. My last question is regarding the stock valuation. I go to like normally the most stockscreener.in. In fact, you might be aware the most followed stock valuation and balance sheet study for the companies in India and as per that site, Inditrade intrinsic value Rs. 104 as on today and the stock is trading at 70% discount. So, why not consider a buyback, at least to enhance the shareholder value. Because, I don't see any red flag with this company that this company should trade at such a big discount. At least to the point that promoter shareholding goes to 75%.
- Sudip Bandyopadhyay:** So, I don't want to comment on the market and market prices in this call. You're absolutely right the intrinsic value is significantly higher compared to where it is being traded at. Promoter holding is already at 73% plus. Increasing the holding by 1% 1.5% I don't think will move the needle, unnecessarily it will reduce the liquidity further. So, yes what you say is a matter of concern for the shareholders, including the promoters and we will hope the market to do better justice to this scrip in the near future.
- Participant:** Okay Sir, so let's hope for the best and good luck for the future. Thanks.
- Sudip Bandyopadhyay:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen as there are no further questions. I would now like to hand the conference over to Mr. Sudip Bandyopadhyay for closing comments.
- Sudip Bandyopadhyay:** Okay. Thank you very much. Thank you everybody for joining this call. If there are no questions then we will conclude and wish you all the very best. Hoping to see you again next quarter. Thank you.
- Moderator:** Thank you. On behalf of Inditrade Capital Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.