
Registered Office: Second Floor, M E S Building, Kaloor, Kochi, Ernakulam, Kerala, India - 682017
Tel: 0484 6714800, **Fax:** 0484 6714820, **Email:** inditrade@inditrade.com
CIN: L67120KL1994PLC008265

August 12, 2021

The Manager,
Department of Corporate Services
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400001

Scrip Code: 532745

Dear Sirs,

Sub: Transcript of Investor Conference Call on the Financial Results for the Quarter ended June 30, 2021

Ref: Our letters dated 2nd August 2021 and 6th August 2021.

Further to the reference cited above, we are enclosing herewith the transcript of the Conference Call held on 9th August 2021. The same will be uploaded on the website of the Company, www.inditrade.com as well.

You are requested to take the same on your records.

Thanking You,

Yours Faithfully,

For Inditrade Capital Limited

Naveen Kumar Jain
Chief Financial Officer

Encl:A/a



“Inditrade Capital Limited
Q1 FY22 Earnings Conference Call”

August 09, 2021



Management: **Mr. Sudip Bandyopadhyay – Promoter & Director**
 Mrs. Jhuma Guha – Director
 Mr. Naveen Kumar Jain – Chief Financial Officer
 Ms. Maya Menon – Deputy Company Secretary

Moderator: Good day, Ladies and Gentlemen and a very warm welcome to the Earnings Conference Call of Inditrade Capital to discuss the Q1 FY22 Results of the Company. 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 ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sudip Bandyopadhyay – Promoter of the Group. Thank you and over to you, sir.

Sudip Bandyopadhyay: Good afternoon and thank you. Good afternoon all investors who have joined this call now. Thank you for taking time out of your busy schedule and joining us today here. I will very briefly talk about Q1, the presentation has already been uploaded in the BSE site and I am sure many of you have already accessed this.

As you are aware our main lending businesses... principal lending businesses are Agri-commodity lending, MSME finance, Microfinance and micro-lending... Digital micro-lending. We also have smaller businesses, insurance broking as well as Scalerator and Boonbox. Investors attending the call on a regular basis are familiar with almost all the businesses. We today have footprint in 13 states and we are growing. Our lending partners are State Bank of India, PNB, HDFC Bank, IndusInd Bank, Axis Bank, Jana Commercial Bank, IDFC First Bank, Dhanlaxmi Bank and amongst the large institutions are NABARD and SIDBI. Out of the non-bank lenders, Oikocredit, Aarohan, Mas, Habitat, and others, we have done securitization DA or PTC transactions with Poonawalla Finance, Belstar and Mas.

Before I dive into the Q1 update I would just like to briefly take you through the scenario which was unfolding during Q1 in India:

I will divide this into background consequences, results, challenges in our agri business which was unique and the way forward. As far as the background is concerned different states started imposing strict lockdowns restricting amongst others movement of people from early April-21. By the end of April-21 almost all states where we operate were under strict lockdowns which included restriction of movement of people. In fact, our microfinance NBFC and insurance business, though they came under essential services category since movement of our staff and customer meetings were almost impossible from mid-April till mid-June 21 the businesses did suffer. Restriction started getting gradually lifted from mid-June, even now there are remnants of restrictions in few states where we operate including Kerala, Maharashtra and Orissa.

Now consequences of all these restrictions on movement of people resulted in almost complete stoppage of collection in microfinance business. All of you will remember that in microfinance the collections happen when our representatives meet our borrowers on a fortnightly basis. It also resulted in inability to deliver goods to customers in case of Boonbox which is into rural e-Commerce and our inability to hold customer meetings and carry out customer interactions in our insurance segments. You all maybe aware that our focus is on venue-based insurance

selling, where we invite customers to our offices, we meet them, we explain them and we do financial planning and after that their insurance requirements are identified. The lockdown prevented this customer meetings from happening.

Overall collapse of business and economic activities led to stoppage of all disbursements from almost all lenders this affected our business of Inditrade Scalerator, which essentially is a customer focused organization which arranges financial products and services for customers. Uncertainties and the ferocity of the second wave also made us take a step back and become risk averse and in fact even we stopped all fresh lending since mid-April in our multiple business segments MSME, Robocash, Microfinance and Agri-finance. Now all this resulted in almost no business in Boonbox and Scalerator during the last quarter, extremely inadequate collections in Microfinance and consequent upon no disbursements, significantly depleted book size in our all-lending segments.

Now these were expected, however what happened in Agri-commodity was kind of unexpected even in a pandemic scenario. While the entire economy was reeling under influence of second wave, Agri-commodity prices shot through the roof and reached almost 10 year high. Now at such elevated price levels, we took a conscious call of not increasing any exposure in our agri book. You will obviously realize that, we did not want to take risk at such a high valuation of financing against commodities. Afterwards suddenly, the government-imposed stock limits on various commodities, obviously with the intention to control speculation which led to massive disruption in the market and made us exit our position in some cases.

Now all this is about the Q1. We are in the midst of Q2 now and I think I will briefly touch upon the way forward as far as the way we see it. Since mid-June 21 the economy has been opening up gradually with progressive reduction in restrictions and movement of goods and people, except Kerala and to an extent Maharashtra and Orissa things have almost come back to normal. With opening of the economy, all our businesses are limping back to normalcy. We have restarted lending in all segments. All leading banks, NBFCs and institutions have also started disbursements making availability of funds relatively easier. On ground collections are improving and physical meetings with customers are happening in our multiple business segments like Microfinance, Boonbox, Insurance.

Agri-commodities prices are stabilizing and with fresh Kharif arrival round the corner, relaxation of earlier imposed stock limits also happening, things should improve. We expect fresh funding opportunities to emerge in the near future in agri segment when the Kharif arrivals come...start in a full swing. We also did exercise and right sizing our organization as far as Microfinance business is concerned during Q1, to bring down cost and the way things are subject to no further waves hitting the country we are optimistic about business performance during Q2 and rest of the year.

Briefly the financial performance, our AUM stands at 333.27 crore as on 30th June 21. The balance sheet size as on 30th June is 467 crores, gross total income in Q1 was 32 crores, profit before tax stands at 1.2 crore, as far as vis-a-vis last year if we compare last year we ended with a PBT of 12.5 crores for the full year, balance sheet I have already talked about. As far as portfolio performance is concerned, as I mentioned we did very little lending during the quarter and at the end of the quarter we ended up with a 333 crores of AUM, PBT I mentioned 1.2 crore, our gross total income was 32.9. The segment wise average cost of borrowing which I think is of some interest to all of you.

In Microfinance it is 12.36, MSME is 11.25 and Agri is 8.32. Its coming down and we are hopeful of bringing down the cost of borrowing even further as we go ahead, unless the interest rate start moving up in the economy very soon. On the provisions and portfolio as far as MSME is concerned, the gross NPA end of quarter was 4.65 and net NPA was 1.23%. I must mention the absolute numbers just to ensure that everybody has a grip on the figures. As far as MSME is concerned, the net NPA absolute number was 0.65 crore, Microfinance gross NPA was 1.89, net NPA was 0, Microloan where we had significantly reduced the book the gross NPA was 21.99%, net NPA was 11.01%, but I must mention the absolute amount again here. The absolute amount of NPA...net NPA was 2.86 crores, Agri-commodity as usual we do not have neither gross nor net NPA. We have provided the details of the portfolio and debt.

On the consolidated balance sheet our portfolio as I mentioned is 333.27 crore, total term loan stands at 137 crore, Tier-2 7 year debt is 48 crore, total debt is 185 crore, DA PTC book stands at 57.83 crore, our debt-equity ratio on 30th June is 0.92. I have repeated time and again that we follow an extremely risk averse conservative policy and we didn't leverage at all during the current quarter and we have been extremely cautious about leverage for the last almost more than a year now. The breakup of portfolio in Microfinance is 158.32 crores of own portfolio and 29.33 crore of managed portfolio, making it a total of 187.65 crore. MSME-own portfolio is 24.82 and managed 28.50, making a total of 53.32 crores, Microloan the portfolio stands at 25.97 crore, there is nothing managed here. Agri and other loan stands at 66.33 crores, there is nothing managed here. The ratio between Microfinance and others - Microfinance 56% of the overall lending book and others is 44%.

We have also given this business vertical wise breakup of multiple parameters. I will not waste time talking about those. Our Scalerator and Boonbox both the businesses as I mentioned were affected during the lockdowns, but they are picking up rapidly and Scalerator has already once again broken-even and started making money in the month of July itself, August also is looking good. As far as Boonbox is concerned the movement of goods became normalized in August and they are also expecting good business from August onwards. I will with all your permission complete my monologue and will wait for questions and will be happy to address them to the best of our capability. Thank You.

Moderator:

Thank you very much. Ladies and gentlemen we will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on their touchtone phone,

if you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking your question. Ladies and gentlemen we will wait for a moment while the question queue assembles.

A reminder to participants, anyone who wishes to ask a question may please press '*' and '1' at this time.

The first question is from the line of Kapil Bhatt an Individual Investor. Please go ahead.

Kapil Bhatt:

Yeah...Thank you, thanks for the opportunity. Yeah, Hi Sudip...so... My first question is on microloan so we have reduced the book on the microloan, so what is the guidance for this year 22? Are we going to start disbursing in microloans or are we going to wait for the RBI guidelines?

Sudip Bandyopadhyay:

Kapil...hi, thanks for joining. If you recollect Kapil, since I think December quarter investor call I have been saying...see we have this in two markets. One is partnerships, which is the Fintech partners and the second one is the Robocash. We categorically mention that we will exit the partnerships and focus completely on our own which is Robocash, which is what we have started doing from Jan-quarter and after that in March call we mentioned that we will progressively reduce the book, which is exactly what we did. As far as the future is concerned, the way we are looking at it, of course we had actually started lending, we were lending up to I think 17th, 18th, 19th of April then we stopped from the Robocash which is our own platform and we have restarted in a very calibrated manner in select geographies lending. There are two reasons I would say one is as you rightly said we are waiting for the RBI guidelines to come and second also the economies and the things to stabilize in a post COVID world. As we all know there is lot of noise regarding delta, third wave and all that and we want to be little careful here, so that is pretty much what it is. So, very honestly extremely difficult to...for me to give you a guidance on how the year will go, again honestly it will depend on how the COVID behaves and how the economy...you know...kind of reacts. Assuming there is no COVID, assuming there is no disruption due to some RBI guideline which completely disrupts the business, I think we will continue normal pace of disbursal and ...you know...which is about 5 - 6 crores per month, let us put it this way which initially and which will go up to 10 - 12 crore per month. But this is subject to so many things, because we are in a really really uncertain state as of now.

Kapil Bhatt:

Yeah...that's okay...I think that makes sense. My next question is on Boonbox, so I think you said from August onwards we are making good business in Boonbox...so, I hope...you know...that momentum will continue ...you know...I can understand, provided we do not have the severe COVID, so if things are normal say for next of the year are we planning to expand into other geographies with the Boonbox or are you going to hire more people...you know...on board more partners and so?

Sudip Bandyopadhyay: Kapil you are right and I think I will not unnecessarily waste time saying subject to COVID to this and that is I think understood by all. As things stand today Boonbox is working in source to its primarily it is working in Karnataka, Tamil Naidu, Bihar and Kerala. We will probably also start doing business in Chhattisgarh. Now if you recollect in this business, we work with partners. Yes, there is a significant effort to increase the number of partners at this stage and we will continue to focus, unless there is a compelling reason we would not like to expand beyond these states. Now remember these three-four states are also very big states for Microfinance and in Boonbox piggybacks on microfinance partners for the e-Commerce...rural e-Commerce. So, we are very comfortable and we believe their significant volume and business ramp up can happen from these four-five states and our existing partners or the potential partners, who we are talking to are also very strong and dominant in these states. So, as things stand today I do not see any reason to expand beyond the existing states and only maybe Chhattisgarh which is contiguous in a way to our existing geographies. As far as hiring, it will not be a massive hiring I think we are cautious in all our business and going to be so for the rest of the current fiscal, but yes,...you know...if there is critical gaps, let us say in Chhattisgarh we are going maybe few hiring there and remember this business doesn't require too many people in the state level, because again you piggyback on the Microfinance partners, you need few guys to coordinate and few guys to work as relationship manager in the local geography where we are working, so that is about it, not a massive hiring.

Kapil Bhatt: Ok..I have one more question, if you can answer that- I want to understand the business model insurance broking, so how do we generally work in this segment, do we only target the corporate plans or I think I saw somewhere in the presentation that we are also going to now reach to the retail customers, so how...you know...that currently works and what are the plans for insurance broking?

Sudip Bandyopadhyay: The insurance broking- Kapil- is growing, ...you know...forget what happened during COVID when there is a lockdown, but otherwise I was trying to explain that. So, the retail business operates through venue and point of sale. This is a IRDA approved structure. So, venue is where we invite people to visit our branches and they are presented with the need for insurance as a financial planning done and subsequently they are suggested buying of insurance of this and that, the entire conversation everything gets recorded so there is not misselling or anything. So, this retail insurance selling is happening as we speak, we have launched it sometime back, it's showing good signs of progress, leave aside the COVID months. POS is where you appoint subagents, it is called Point of Sale as a insurance broker...licensed insurance broker you are allowed to appoint subagents, which is called not subagents, but Point of Sale and you procure business through them, you share revenues with them. So, these are the two channels we are working on retail insurance. We also have received the IRDA approval for online insurance platform and our platform is getting ready, not that we will not splash or do a big spending for popularizing back we will not do that, but we will use it as a tool to facilitate our partners and businesses through this. Also, some of our...a lot of business do come through the corporate channel which is the corporate part of the business, that also is

there, but these two are separate one is a corporate vertical the other is the retail vertical. We are very hopeful of growing both the verticals; let's see; the business is profitable on a consolidated basis the retails and corporate we make the small amount of money, hopefully we will start making more money going forward.

Kapil Bhatt: Right...And I think at the moment we are only present in Delhi and Cochin?

Sudip Bandyopadhyay: That is for the corporate and Bangalore also. Delhi, Cochin and Bangalore for corporate and retail has offices in above 10 locations.

Kapil Bhatt: Okay...thanks Sudip. That's it from me.

Moderator: Thank you. A reminder to the participants, anyone who wishes to ask a question may please press '*' and '1' at this time.

(Reminders cum requests were made by the Moderator to participants that- participants who wishes to ask a question may please press '' and '1'.)*

We have got a question from the line of Kapil Bhatt an Individual Investor. Please go ahead.

Kapil Bhatt: Yeah...thanks...So, Sudip...just one follow up question, in the last quarter we did the provisions of I think around 33 crores, so are there recoveries happening now, are we getting the money back?

Sudip Bandyopadhyay: Well Kapil...First quarter everything was lockdown, I mean...you know...so see the recovery or whatever will happen from this quarter when things are open ,if you recollect April 6th we closed in Bombay and this entire quarter has gone in lockdown and these things. So, recovering the existing installment itself was next to impossible...so...past dues recoveries and all that is. See there is a big difference, I think you all are aware, we may classify GNPA, NNPA this that and all, but actually this quarter whatever has happened is not a default it is actually a delay...it's a delay...so we have to, for accounting and for RBI and other purposes we will classify what they want us to classify us, but I do not think there is any challenge...fresh challenge let us see what happens, of course time will tell.

Kapil Bhatt: I think that is why even I was holding myself back so...you know...asking this question I think Quarter 2 will be very interesting and the things will be watched in Quarter 2?

Sudip Bandyopadhyay: Yeah...God willing Quarter 2 and then 3 and 4. I mean that is what will be important. We have taken a huge significant provision in write-off in last quarter, which is Q4 of last year, and...but for this round of COVID we were kind of okay, we didn't anticipate anything anymore, but now this COVID round has come so we will have to wait and watch, but things in August are looking much better. July itself was significantly better Microfinance collected

93-94% of demand in July, MSME collected about 96% of demand in July. So, trends were good in July. August, till now has been even better now let us keep fingers crossed and watch.

Kapil Bhatt: Right...I think understand the presentation I have seen that somewhere in the Microfinance we have reduced the headcount can't find it now, but I think was there any case?

Sudip Bandyopadhyay: Yeah...if you recollect I mentioned also we did right sizing. See what we saw is Microfinance book has come down. Now the manpower has to be in proportion to the book size and also the potential book size, because if you really see last 18 months we are suffering from this COVID, we did make some disbursements during October, November, December ...you know...little bit...little bit and then Jan, Feb we did good disbursal then March onwards again we slowed down. Now again we have started last month we did about 18 crore disbursal, this month hopefully, we will do about 50 crore. So, it is there are very truncated kind of a business. So, we had reduced numbers, but God willing as and when things pickup if necessary we will increase numbers again, but there is no point carrying cost at creating a dent in P&L. So, it is always for everybody if we can manage cost.

Kapil Bhatt: And is MSME also picking up now and I think we changed the strategy from retail to wholesale, so is that benefitting?

Sudip Bandyopadhyay: Yeah...absolutely, in a big way. See this is what I mentioned that, in spite of this COVID, 96% recovery last month July and...you know...the month before also they were at 86%. So, MSME collections have relatively been insulated, because first COVID wave we decided to move out of retail. So, we are predominantly lending to wholesale and manufacturing and other sectors which for the best of our knowledge and info should not get hit by this COVID induced lockdowns.

Kapil Bhatt: So, now we have completely stopped lending to Kirana shops and those grocery shops?

Sudip Bandyopadhyay: Yeah...for the time being Kapil unfortunate, but that is what it is. YES we are lending to medical shops see you will understand the things which remain open inspite of lockdown, provisions, groceries, medical these are where we are lending, wholesale we are lending, manufacturing we are lending, healthcare we are lending.

Kapil Bhatt: Okay..yeah..that's a good strategy. And thanks for answering my questions and we hope we see good recovery and good business in Quarter 2 and in Quarter 3 as well. Stay well...you know...take care of your health and our staff and the Company.

Sudip Bandyopadhyay: Thank you Kapil, thank you.

Moderator: *(Reminders cum requests were made by the Moderator to participants that- participants who wishes to ask a question may please press '*' and 'I'.)* Thank you. As there are no further

questions in queue, I hand the conference back to Mr. Sudip Bandyopadhyay for closing remarks.

Sudip Bandyopadhyay: Thank you. Thank you everybody for joining this conference call. I hope you all are safe and I request all of you to remain safe and secure. We are trying our best under the circumstances and I am sure you will join us in future to understand our business and our progress. Thank you all once again for joining us today. All the best.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Inditrade Capital, that concludes this conference call for today. Thank you for joining us and you may now disconnect your lines.