

# Inditrade Capital Limited



Investor Presentation FY 19-20

**indi**trade  
F i n a n c i n g P r o g r e s s



# Disclaimer

Certain statements in this document that are not historical facts are forward looking statements. Such forward looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Inditrade Capital Limited will not be in any way be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

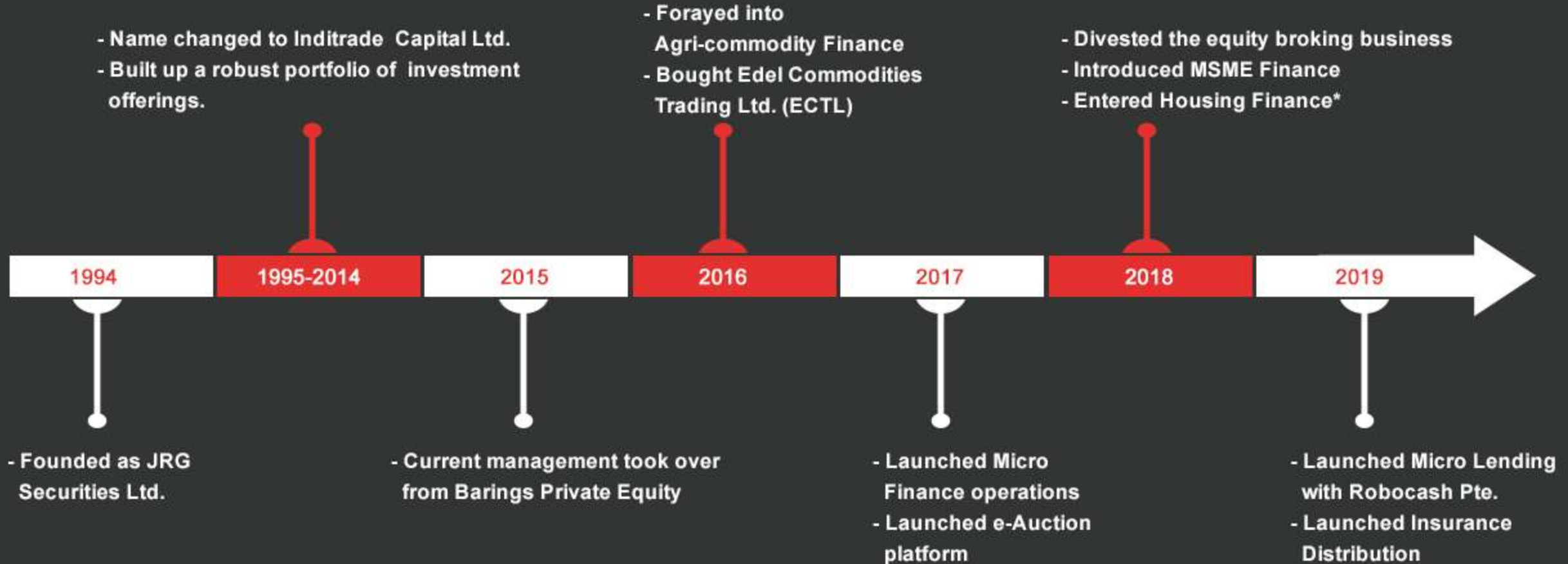


# Contents

- **Company Overview**
- **Performance Update – FY 19-20**
- **Business Verticals Update**
- **Covid Impact**

# COMPANY OVERVIEW

# Our Milestones



# Products Snapshot

## MSME Finance

- Business Loans
- Upto INR 50 lakh
- Processed within 72 hours
- Credit underwriting through alternate means

## Micro Finance

- Micro business loans
- Upto INR 10,000 to 60,000
- Joint liability group based lending
- Diversified product range to suit all requirements

## Micro Lending

- Individual Loan
- Upto INR 25,000
- Processed within 15 minutes
- Completely online process
- Credit underwriting through alternate means

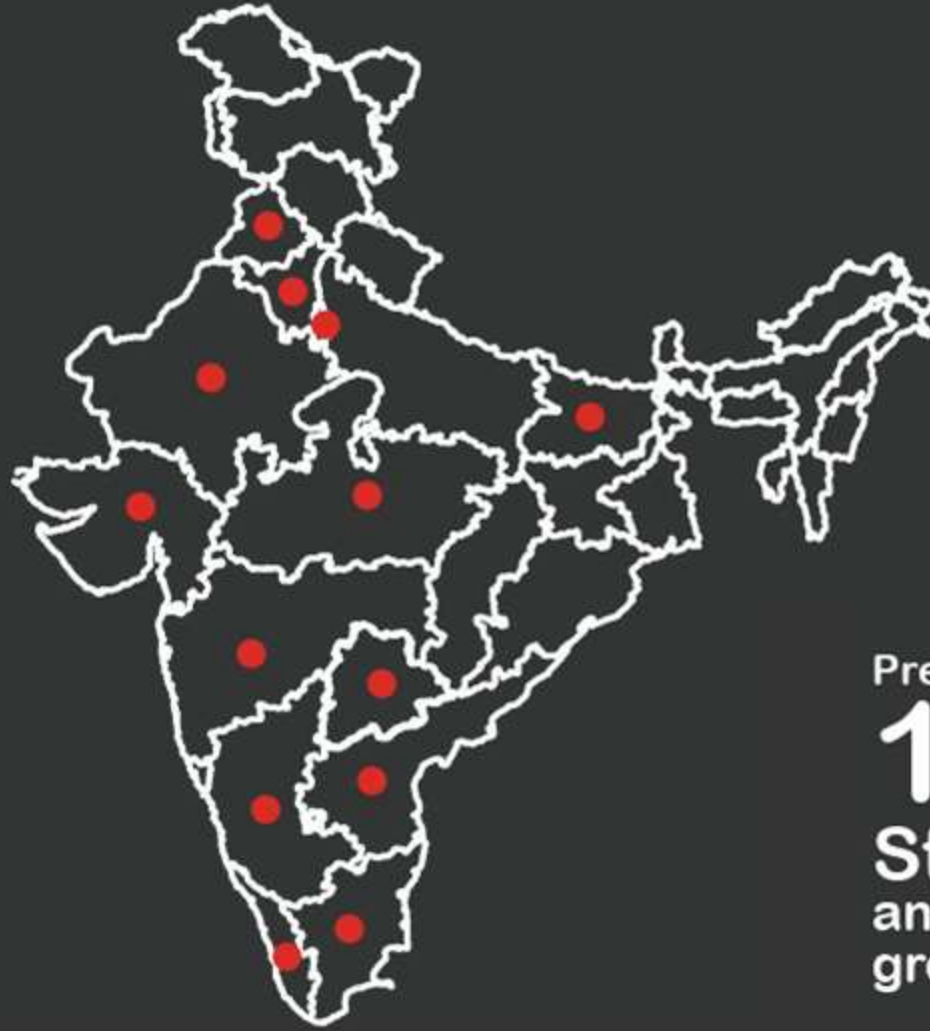
## Agri-commodity Finance

- Loan against non-essential commodities
- Upto INR 5 crore
- Evaluation through exchange accredited warehouses
- Price hedged in exchange

Phygital Approach



Our Footprint  
Today



Present in  
**13**  
States  
and  
growing

# Lending Partners

<p>Bank Borrowings</p>	        <p>We understand your world</p>
<p>Non - Bank Borrowings</p>	          
<p>Securitization/ DA/ BC Partner</p>	        <p>Belstar</p>



# Financial Performance update FY 2019-20

# FY 2019-20 Financial Performance Highlights

**Total AUM increased to INR 455 Cr - 28% increase in FY20**

**Total Disbursement for FY20 stood at INR 734 Cr**

**Balance Sheet Size as on March 2020 is INR 462 Cr**

**Gross Total Income for FY20 is INR 138 Cr (74% increase YOY)**

**Profit before Tax and exceptional items stands at INR 20.8 Cr (39 % increase YOY)**

# FY 2020 – Consolidated Profit & Loss Statement

As per Ind AS  
Amt. Rs. in Cr

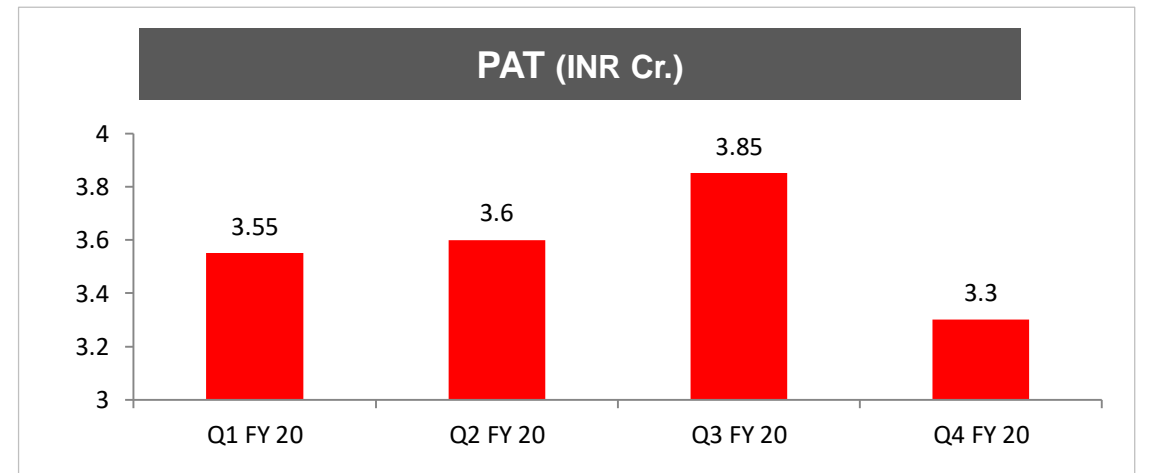
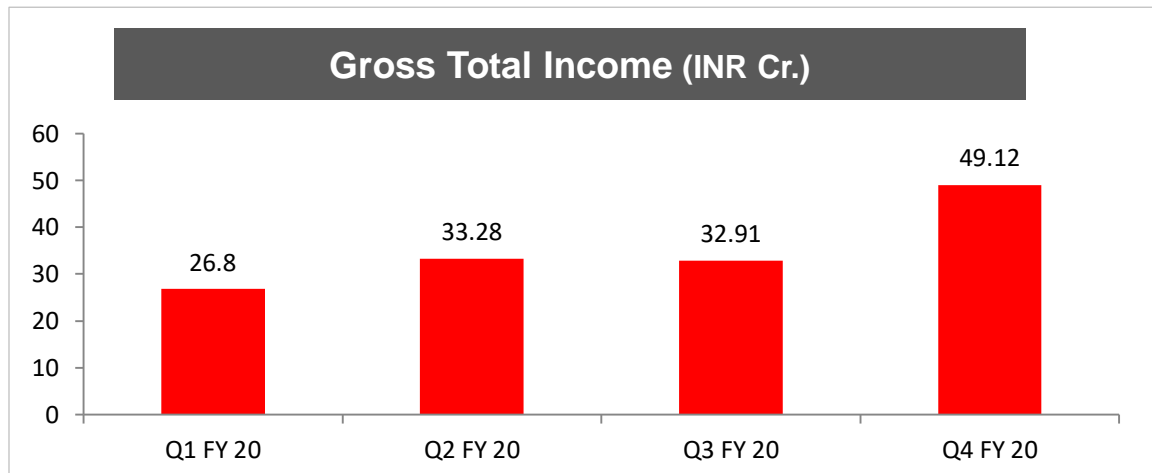
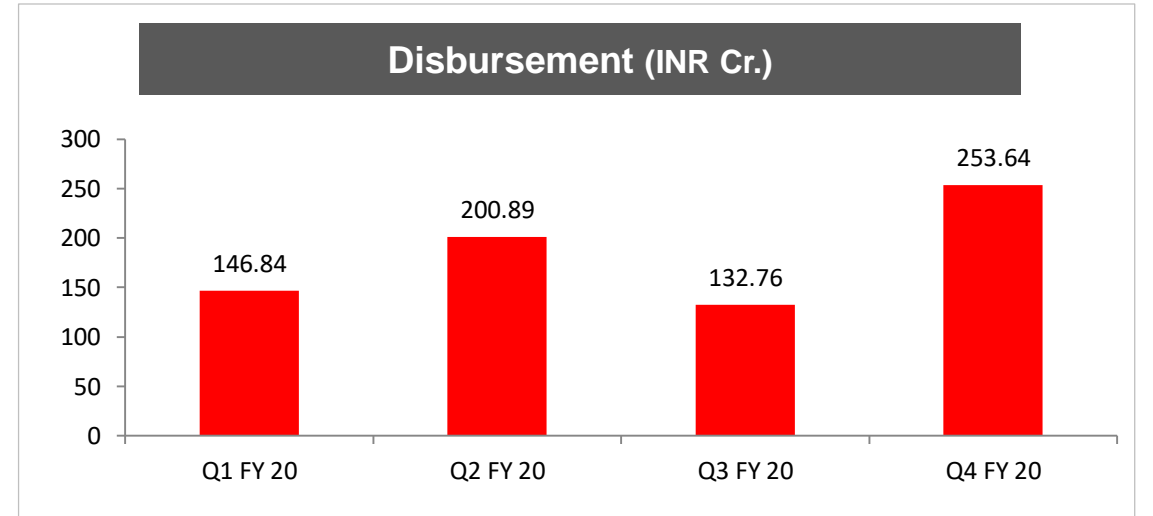
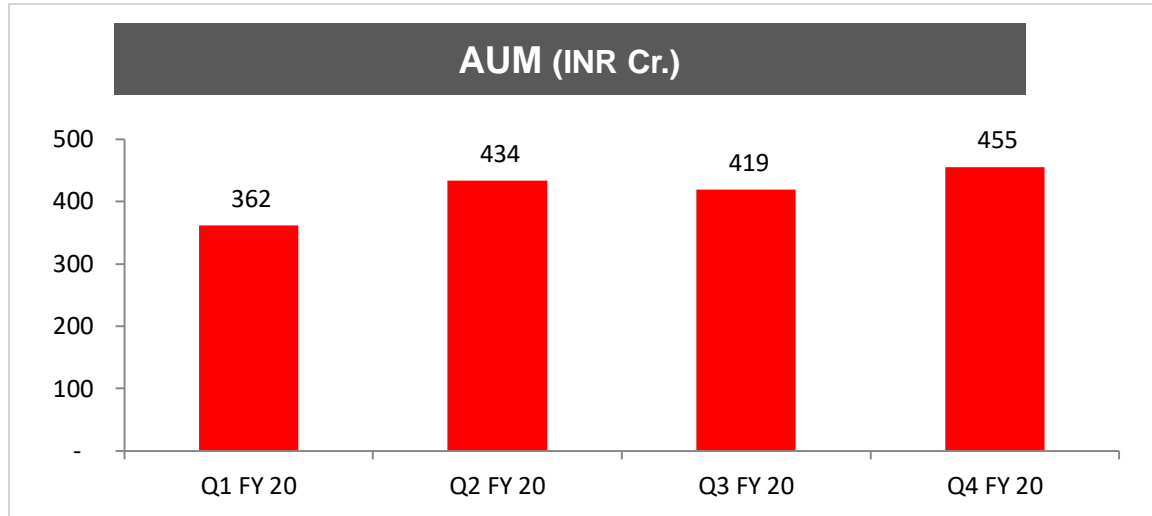
Particulars	FY 2019-20	FY 2018-19
Interest Income	107.6	47.2
Sale of Services	4.9	5.4
Fee & Commission Income	1.8	1.6
Gain on de-recognition of financial instruments	1.2	0.9
Other Income	22.0	23.4
<b>Gross Total Income</b>	<b>137.4</b>	<b>78.5</b>
Finance Costs	34.1	21.4
<b>Net Total Income</b>	<b>103.3</b>	<b>57.1</b>
Employee Benefit Expenses	42.9	20.5
Depreciation & Amortization	2.2	0.3
Other Expenses	31.8	15.9
Impairment on financial instruments	5.9	2.5
<b>Profit before Tax from Continuing operations</b>	<b>20.5</b>	<b>17.8</b>
<b>Profit / Loss before Tax from discontd. operations</b>	<b>0.3</b>	<b>-3.6</b>
<b>Profit before exceptional item</b>	<b>20.8</b>	<b>14.3</b>
<b>Income from exceptional item</b>	-	7.0
<b>Total Profit for the Period</b>	<b>20.8</b>	<b>21.3</b>
<b>Less: Tax Expense</b>	<b>6.3</b>	<b>5.4</b>
<b>Total Profit for the Period</b>	<b>14.4</b>	<b>16.0</b>

# March 2020 – Consolidated Balance Sheet

<b>ASSETS</b>	<b>Mar-20</b>	<b>Mar-19</b>
<b>Financials Assets</b>		
Cash & Bank Balance	55.3	30.9
Receivables	3.5	23.2
Loans & Advances	307.0	263.8
Investments	1.0	0.4
Other Financial Assets	30.8	19.9
<b>Total Financial Assets</b>	<b>397.6</b>	<b>338.2</b>
<b>Non- Financials Assets</b>		
Inventories	36.7	96.6
Current & Deferred Tax Assets (Net)	6.6	5.8
Property, Plant and Equipment	3.7	1.5
Intangible assets & Goodwill on consolidation	1.9	1.9
Right to Use Asset	3.3	-
Other non financial assets	11.9	14.9
<b>Total Non- Financial Assets</b>	<b>64.1</b>	<b>120.8</b>
<b>Total Assets</b>	<b>461.7</b>	<b>459.0</b>

<b>LIABILITIES</b>	<b>Mar-20</b>	<b>Mar-19</b>
Equity Share Capital	23.3	23.3
Reserves & Surplus	103.8	98.2
Non controlling Interest	60.4	54.1
<b>Total Shareholders Funds</b>	<b>187.5</b>	<b>175.6</b>
<b>Financial Liabilities</b>		
Payables	30.1	41.3
Borrowing & Debt Securities	158.8	161.2
Subordinated Liabilities	48.1	48.4
Other financial liabilities	31.8	14.1
<b>Total Financial Liabilities</b>	<b>268.8</b>	<b>265.0</b>
<b>Non- Financial Liabilities</b>		
Current tax liabilities	2.1	0.4
Provisions	1.5	0.6
Other non-financial liabilities	1.9	17.3
<b>Total Non- Financial Liabilities</b>	<b>5.4</b>	<b>18.3</b>
<b>Total Liabilities &amp; Equity</b>	<b>461.7</b>	<b>459.0</b>

# FY20 QOQ – Performance Update





# Cost of Borrowings

## Segment wise average cost of Borrowings:

<b>Microfinance</b>	-	<b>15.5%</b>
<b>MSME Finance</b>	-	<b>10.97%</b>
<b>Agri Commodity</b>	-	<b>9.56%</b>

# Provision on Portfolio

Segment	Gross NPA%	Net NPA %
MSME	1.74%	0.82%
Microfinance	0.77%	0.00%
Micro Loans	0.00%	0.00%
Agri Commodity	0.00%	0.00%

# Portfolio and Debt Details - Consolidated

Particulars	Amount (in Cr)
Own Portfolio	302.11
Managed Portfolio	155.57
<b>AUM</b>	<b>457.68</b>

Term Loan	134.52
Sub-Ordinate Debt	48.0
<b>Total Debt</b>	<b>182.52</b>
DA/ PTC/ Partnership	155.57
<b>Total Debt &amp; DA PTC</b>	<b>338.09</b>

<b>Net Owned Fund</b>	<b>188</b>
-----------------------	------------

Debt Equity Ratio	0.97
Solvency Ratio (Including DA/PTC/Partnership)	73.87%
Solvency Ratio (Excluding DA/PTC/Partnership)	60.42%

Indi Impact

# BUSINESS VERTICALS

## Agri Commodity Finance

### New Digital Initiatives for Future Growth

Dissemination of price & demand/ supply information to facilitate:



### Commodity Procurement Engine

Mobile app solution to enable fulfilment of commodity demand of processors by aggregating supplies from trader network



### Commodity Disposal Engine

Disposal of agri-commodities through efficient price discovery, enabled through live e-auction and mobile app solution

## Micro Finance

### Tech-enabled underwriting

- 100% automated rule based approvals with no deviations/ manual intervention
- Geo-tagging of home addresses
- 100% customer onboarding using Adhar
- eKYC being explored through partnerships
- 100% disbursement through bank accounts
- Analytics based platform for up-selling

### Tech-enabled monitoring & collection

- Prime color coding of centres based on track record of repayments for monitoring
- Automation of internal audit processes\*
- Cashless collection pilot project

## MSME Finance

### Tech-enabled underwriting

- Credit underwriting & loan programs based on POS swipes at merchant outlets and/ or financials
- Templates & engine rules for credit evaluation across customer segments
- Automated rule based approvals
- Ongoing exercise to create alternate credit & social scoring methodology using digital footprints

### Tech – enabled collection solutions

Automated repayment mechanisms to ensure a first claim on revenue, enabling low default rates:

- Own POS deployment
- Lock box POS
- Fixed, scheduled daily/ weekly/ bi-weekly ACH transactions

## Micro Lending

### Completely Digital Process



### Credit Underwriting

- Credit Bureau integration
- Bank statement analyzed
- Alternate credit & social scoring methodology

### Fraud Checks

- Image recognition
- IP screening
- Email id verification
- Mobile scoring

24X7 disbursement & collection



# 1. MSME Finance, launched in 2018

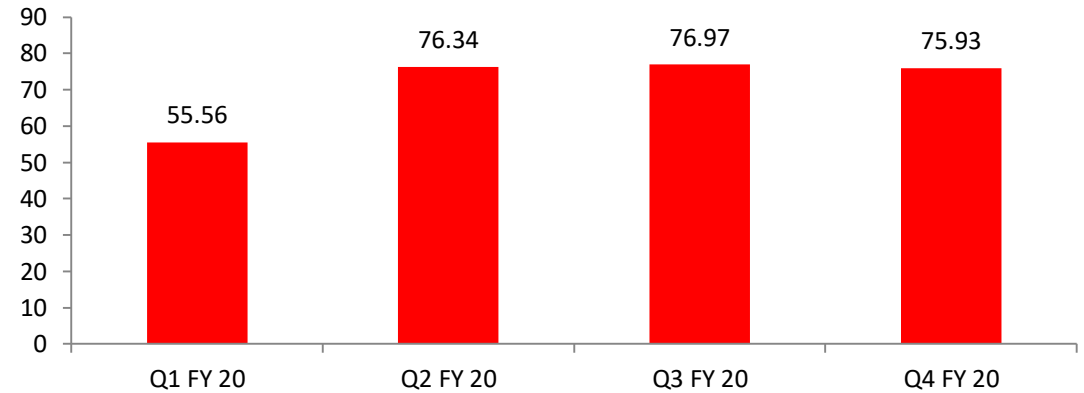
 A large portion of the **63.3 million MSMEs** in India do not have access to organised financial services



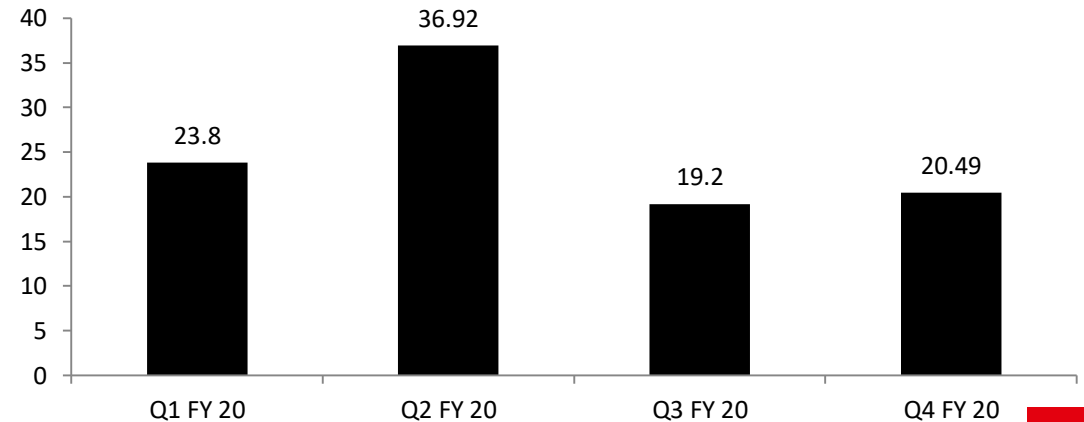
# MSME Finance

- Focussed towards providing working capital and business loans to small enterprises.
- Operations of the same is run through 10 locations spread across Tier I and Tier II cities in 4 states of southern and western India.
- The Segment started its operations in May 2018 and has been able to disburse cumulative amount of INR 156 Cr.
- Handled by professional team of 60 odd employees having in-depth experience/ knowledge across all the functions
- Client Base stands at 800 (approx).

AUM (INR Cr.)



Disbursement (INR Cr.)



## 2. Micro Finance, since 2017



Almost  
**98%** Women-Owned  
Businesses are currently  
micro-enterprises which are  
under served.

COMPLETELY DIGITIZED PROCESS, A COMPLETELY CONFIDENT BUSINESS



Identification, KYC  
and Credit Checks



Sanction &  
Disbursement

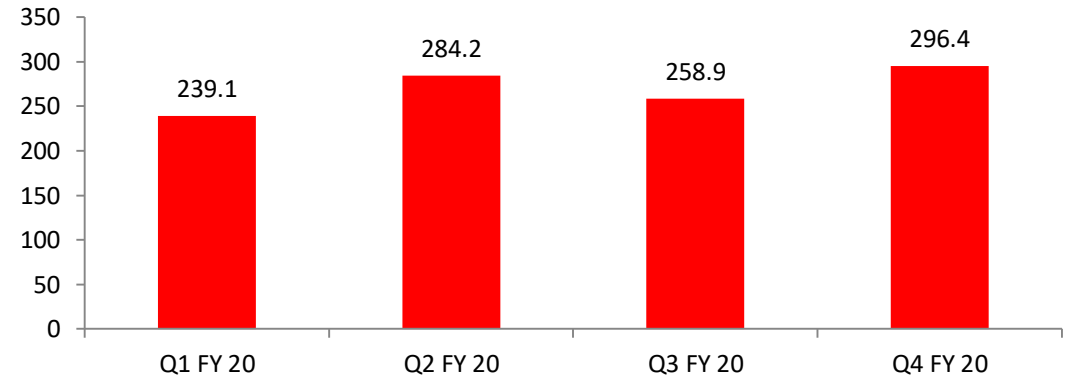


Collection &  
Servicing

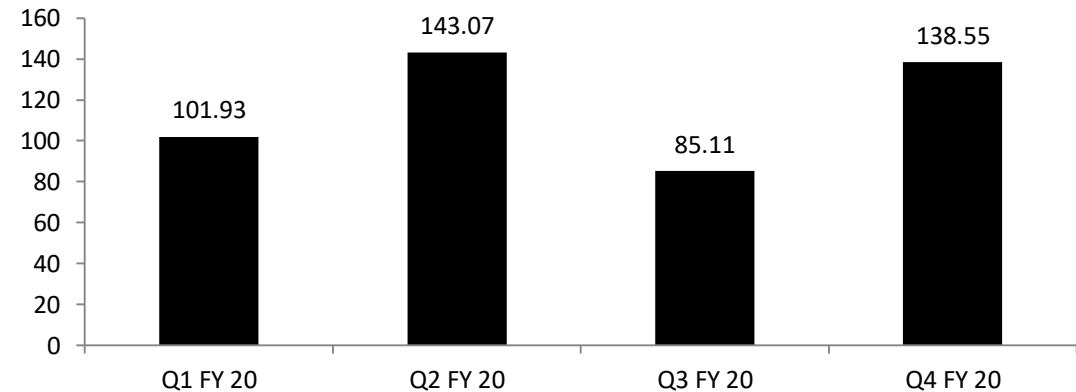
# Microfinance

- JLG model of lending with average ticket size of 30K given to women borrowers for income generation activities.
- Operations in 9 states: 171 active branches .
- Started its operations in April 2017 and has made cumulative disbursement of INR 885 Cr.
- Handled by a team of 1000 plus employees and managed by leadership team having cumulative experience of more than 50 years.
- Client Base stands at 2.4 Lakhs (approx).

AUM (INR Cr.)



Disbursement (INR Cr.)



# 3. Micro Lending

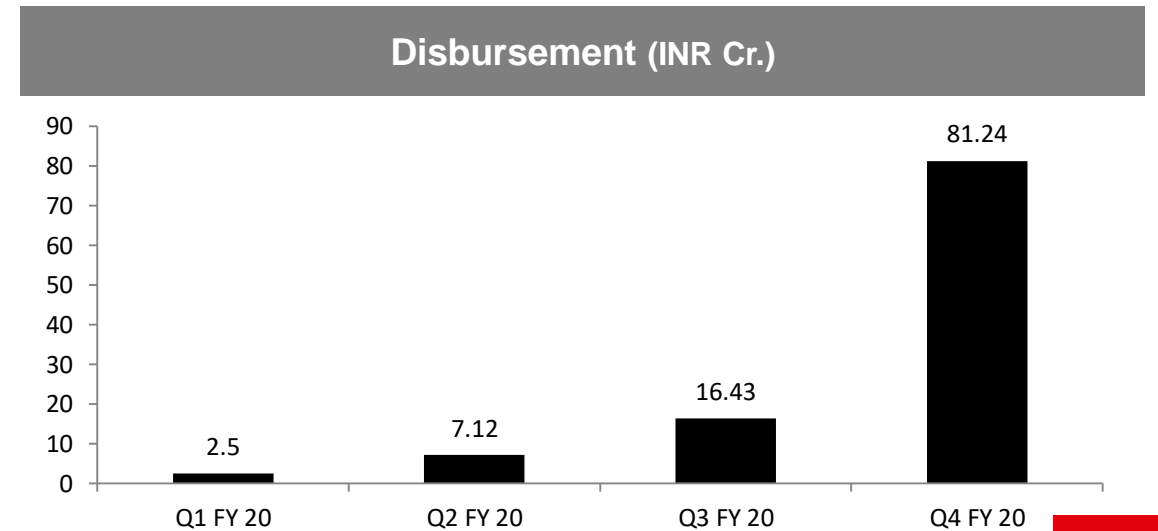
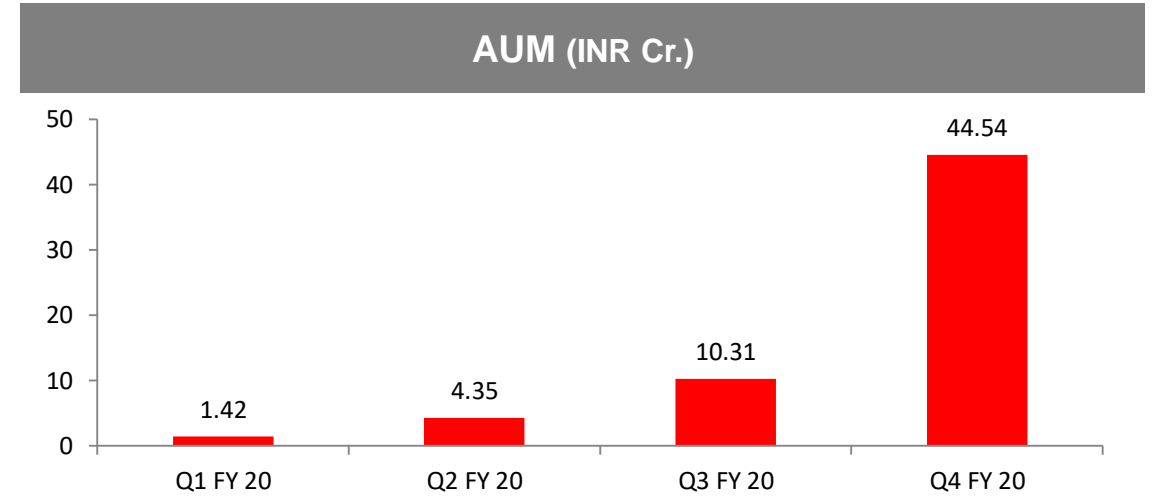


Digital lending in India will reach **US\$ 1 trillion** by 2023 driven by the five-fold rise in the digital disbursements\*



# Micro Loans

- Focussed towards providing instant small ticket unsecured loan (INR 2- 25K) through state of the art online platform.
- PAN India operations targeting customers from bottom of the pyramid.
- Segment started its operations in Jan 2019 and has made a cumulative disbursement of INR 107.3 Cr
- Managed by inhouse team of 30 members



## 4. Agri Commodity Finance, since 2016



Only **12-18%** of the **INR 4 Lakh Crore** agri-commodity market is served by banks and financial institutions



We facilitate **Post-Harvest Finance** for non-essential, exchange-traded commodities



**25 Commodities** lent against

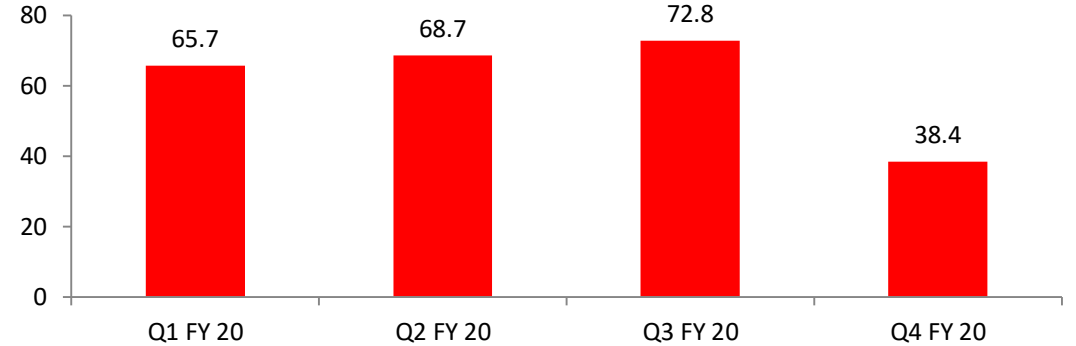


**e-Auction Services**

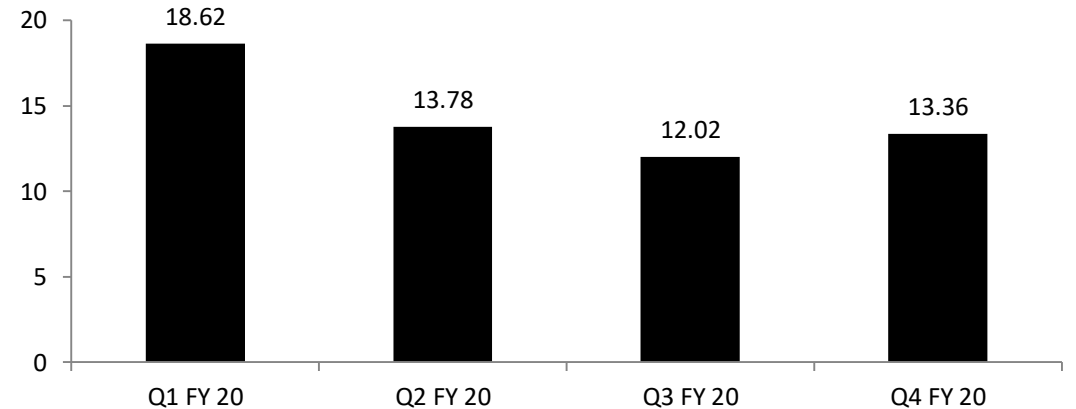
# Agri Commodity

- Segment is focussed towards providing finance in non essential and exchange traded agri commodities.
- Operations spread across all the major mandis in western, central and southern India.
- Started in 2016 and Cumulative disbursement stands at more than INR 910 Cr.

AUM (INR Cr.)



Disbursement (INR Cr.)



Indi Impact

# COVID IMPACT

# Portfolio – Detailed Breakup

Amt in Cr

Portfolio Segment	Own	Managed	Total
Microfinance	189.3	118.5	307.8
MSME	34.8	43.8	78.5
Micro Loans	44.5	-	44.5
Agri Loans	38.4	-	38.4
<b>Total Portfolio</b>	<b>307.0</b>	<b>162.2</b>	<b>469.2</b>

Portfolio Share	Percentage
Microfinance	66 %
Others	34 %

# Introduction

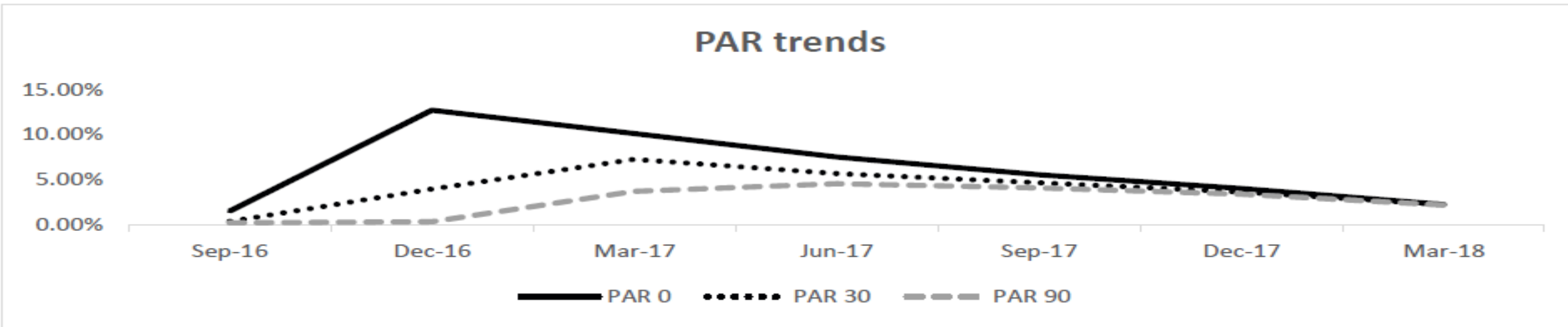
- Microfinance recovery analysis using time series of northern arc portfolio data
- India has witnessed a fair share of macroeconomic shocks and events over the past few years. While some of them have had a pan-India impact like demonetization, others like the devastating floods in Kerala and cyclone Fani have affected only certain regions.
- NARCL has come out with data analysis and in this note, we attempt to decode the aggregate performance of MFI loans post events that resulted in shocks to portfolio, and analyze the resultant time taken to return to normalcy.



- **Analysis – base data and assumptions**
- Three events that resulted in severe economic implications have been considered for this analysis – demonetization, Kerala floods and cyclone Fani. While demonetization was a nation-wide event impacting all MFIs, Kerala floods and cyclone Fani were localized events affecting specific districts severely. For all these events, static pools of live loans in affected geographies from the Northern Arc Capital securitization portfolio just prior to the event are considered. Fresh portfolios securitized in affected geographies post the events are not considered as these pools might not contain affected clients. The following key metrics were used to assess recovery patterns –

## Demonetization: November 2016

For the analysis of the impact due to demonetization, loan data of 3.7 million customers from over 400 districts were considered. The key findings are as follows –

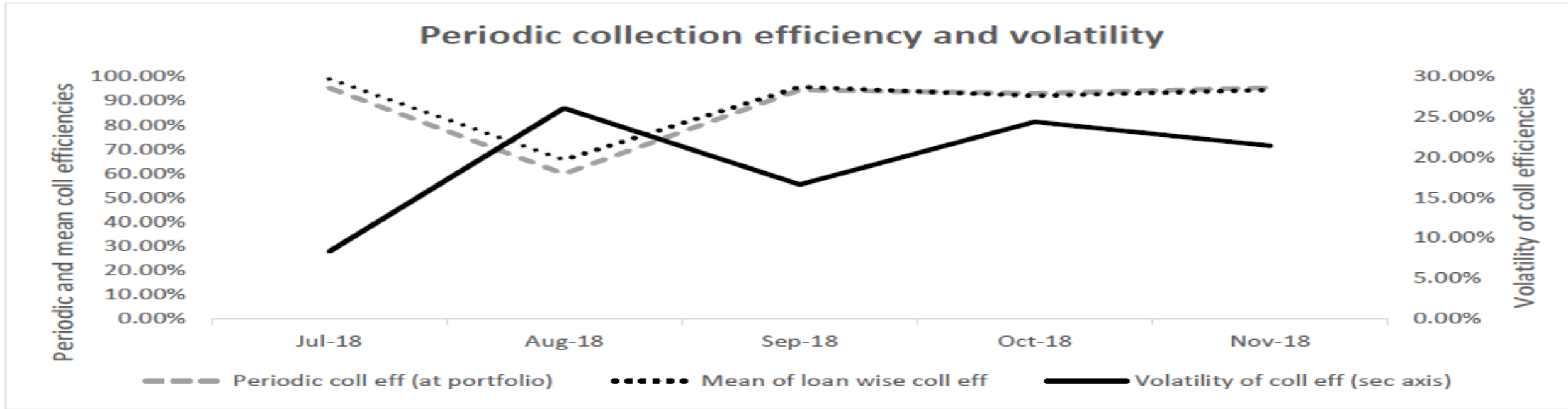


While PAR levels significantly increased immediately after demonetization, there was a gradual reduction across all PAR buckets due to focused collection efforts .

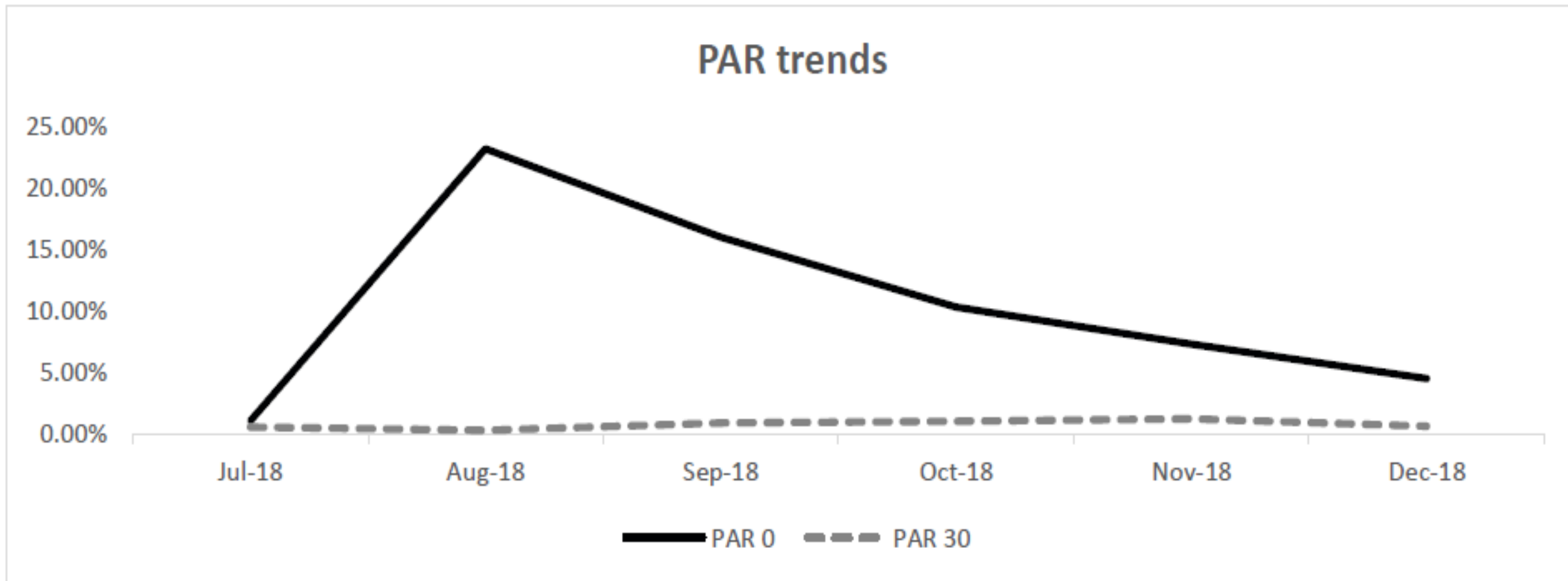
PAR 90 Level finally settled at ~ 2 percent by March 18.

# Kerala Flood Aug 2018

- The devastating floods in Kerala occurred in Aug 2018. For this purpose of exercise, 27000 loans from 9 impacted districts were considered.



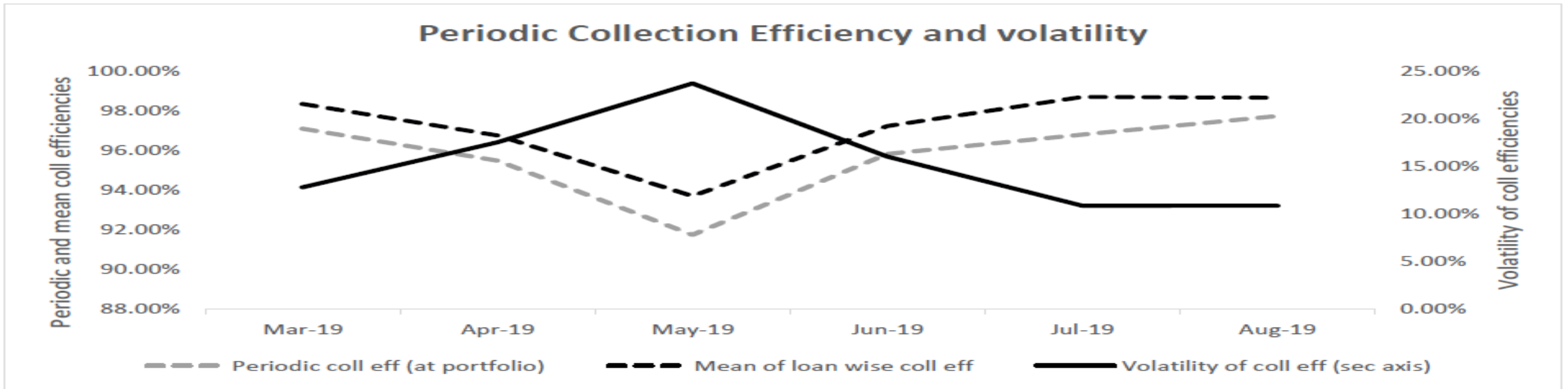
- Collection efficiency levels dropped from 96% (pre-event) to 60% in Aug-2018.
- CE levels immediately picked up in month of Sep-18.
- While mean of loan level collection efficiency dipped and stayed around portfolio level, volatility increased from 8% to 26% and then subsided to ~15-20%. The volatility number gives an important insight into the process of recovery. Not all borrowers get affected equally and repayment behavior differs across clients and geographies and MFIs till it returns to normal levels.



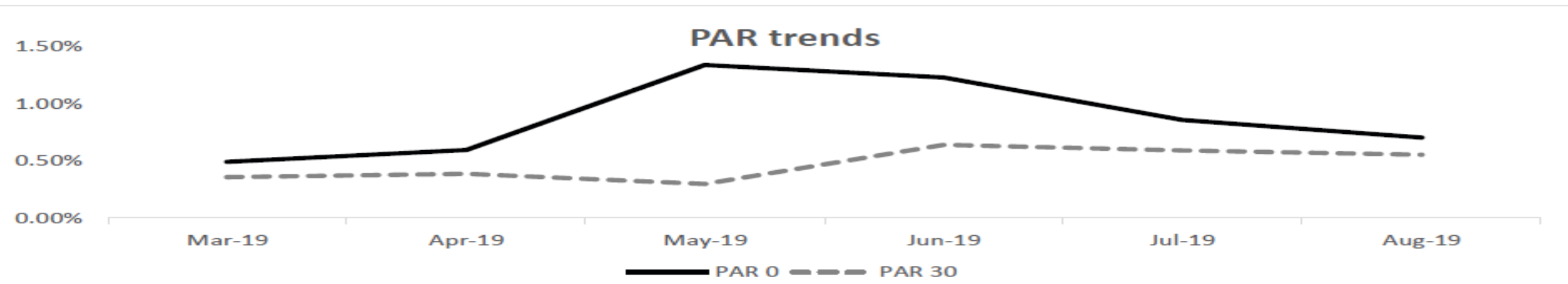
- PAR 0 increased from 0.2% to 23% in Aug-2018 and then reduced consistently in subsequent months.
- There was no impact on PAR 30 as only one instalment of borrowers got affected due to this event.

# Cyclone Fani: 2019.

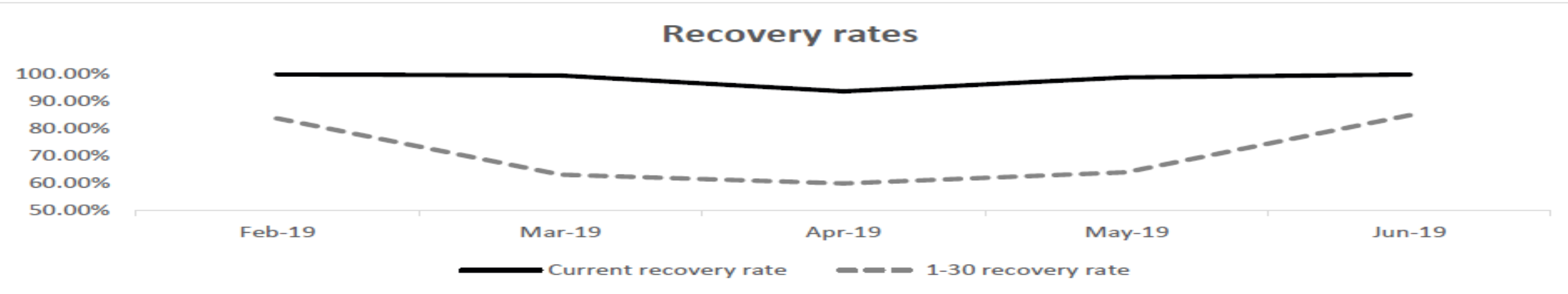
- Cyclone Fani hit the costs of eastern states of India in 2019. To understand the impact on asset quality and recovery patterns 75k loans from 14 districts are considered.



- Periodic collection efficiency dropped from 97% to 90% immediately after the event.
- The collection efficiency levels picked up immediately and industry started operating at pre-event levels in about 2 months.
- While mean of loan level collection efficiency dipped and stayed around portfolio level, the volatility increased from 13% to 24% and then reduced to pre-event levels.



- PAR also has a similar trend - PAR levels increased immediately after the event and recovered immediately over a 1-2 months period.
- Due to the frequent occurrence of cyclones, coastal districts of Odisha are well adapted and hence we observe a very quick recovery here.



- Not much impact was observed in the current bucket recovery rates, but 1-30 bucket recovery rates got impacted.
- 1-30 recovery rates picked up over a 2-3 months period.
- Proportion of loans in current bucket was always greater than 99%.



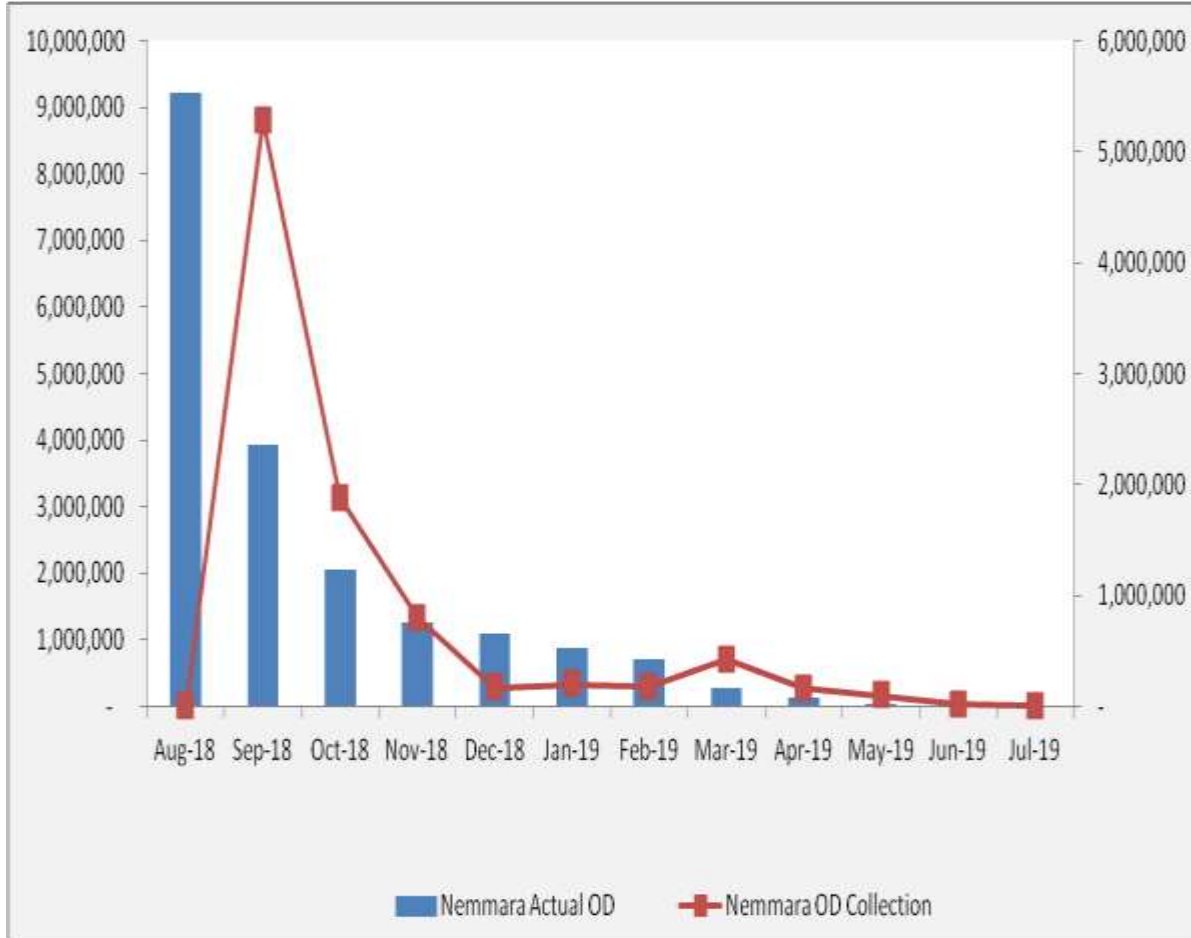
# INDITRADE EXPERIENCE

# KERALA FLOOD BRANCHES – OD VS OD RECOVERY

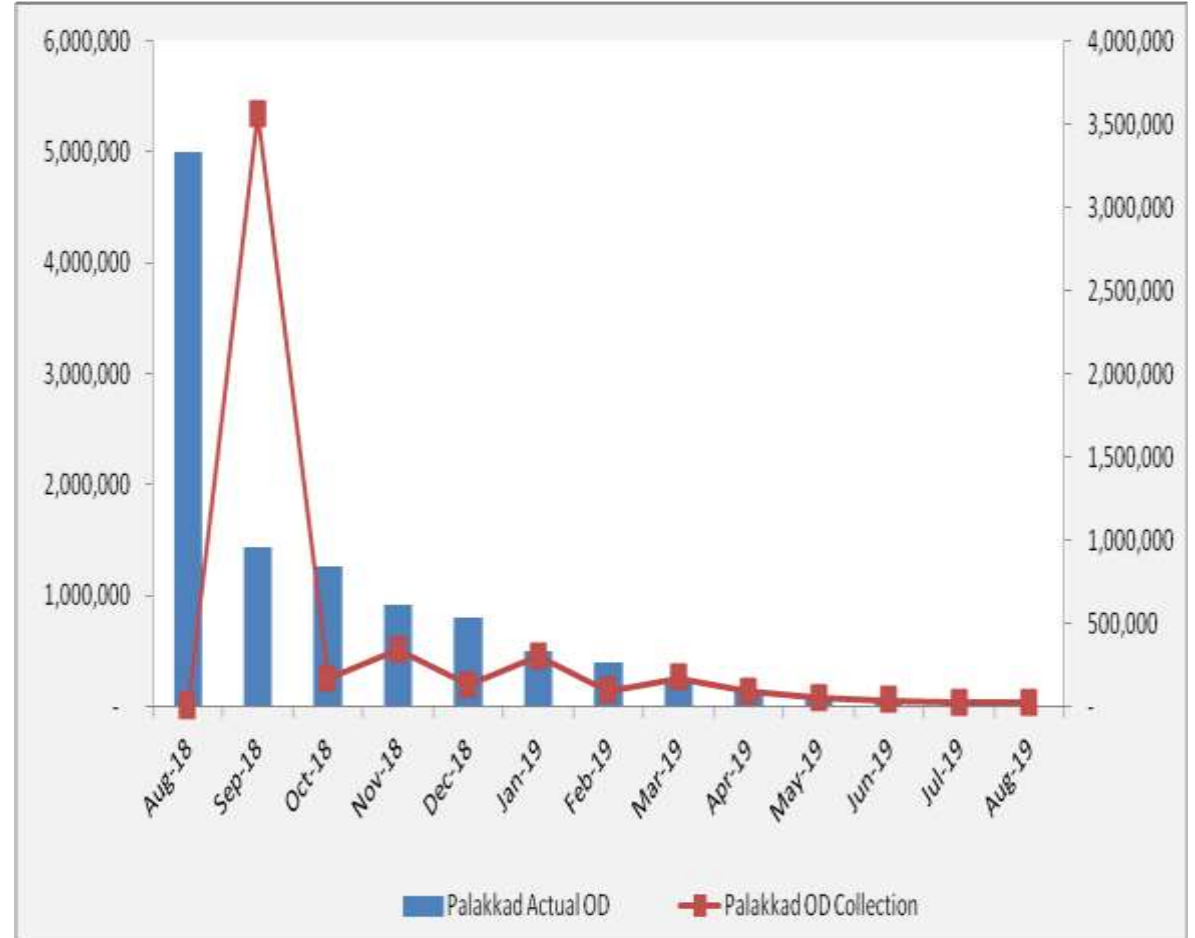
Months	Nemmara		Palakkad	
	Actual OD	OD Recovery	Actual OD	OD Recovery
Aug-18	9,220,228	-	4,992,257	-
Sep-18	3,932,341	5,287,887	1,430,238	3,562,019
Oct-18	2,055,308	1,877,033	1,263,459	166,779
Nov-18	1,254,537	800,771	921,136	342,323
Dec-18	1,085,813	168,724	795,219	125,917
Jan-19	884,771	201,042	491,272	303,947
Feb-19	708,714	176,057	396,406	94,866
Mar-19	286,398	422,316	223,873	172,533
Apr-19	125,835	160,563	136,754	87,119
May-19	27,062	98,773	84,822	51,932
Jun-19	9,737	17,325	48,103	36,719
Jul-19	-	9,737	25,714	22,389
Aug-19	-	-	-	25,714



## NEMMARA

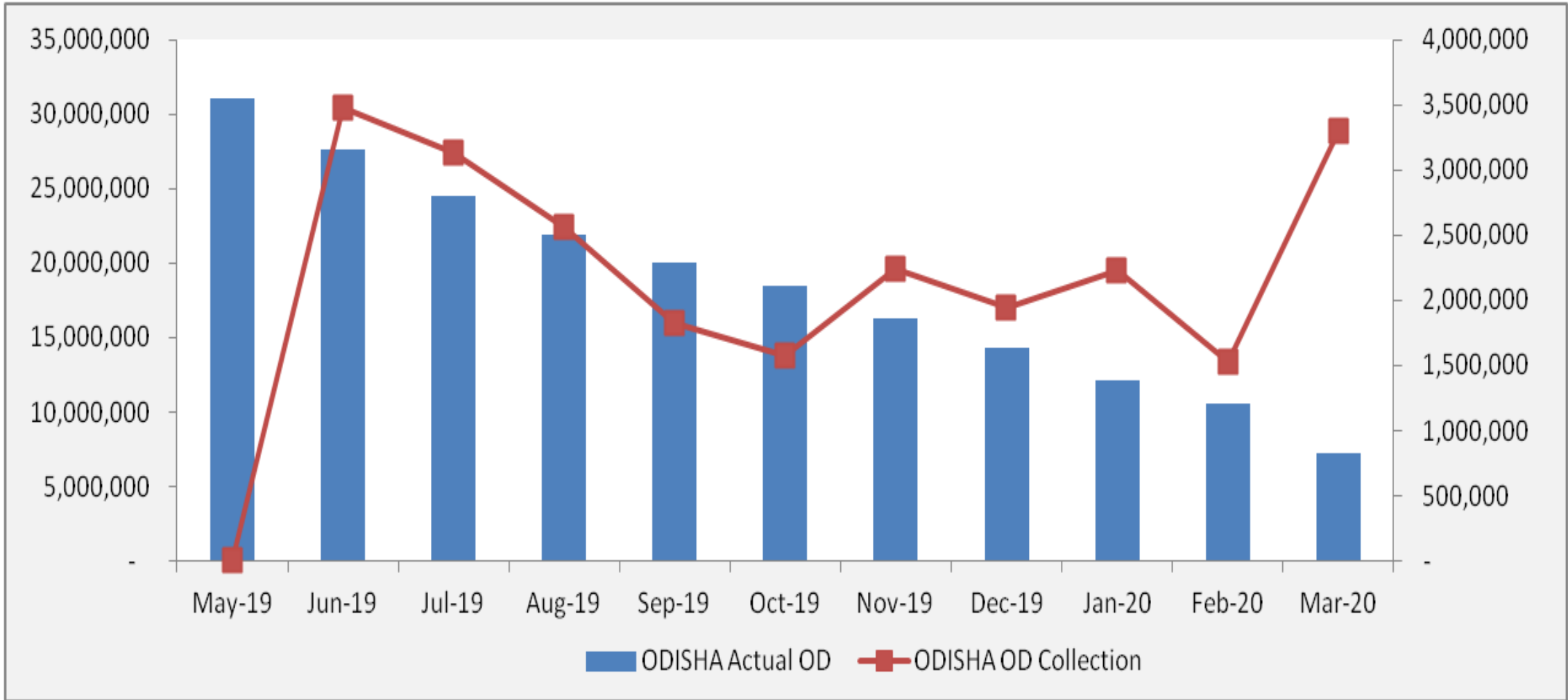


## PALAKKAD



# ODISHA CYCLONE FANI BRANCHES – OD VS OD RECOVERY

Months	ODISHA	
	Actual OD	OD Recovery
May-19	31,073,826	-
Jun-19	27,595,880	3,477,946
Jul-19	24,466,892	3,128,988
Aug-19	21,899,787	2,567,105
Sep-19	20,068,949	1,830,838
Oct-19	18,494,836	1,574,113
Nov-19	16,251,364	2,243,472
Dec-19	14,308,368	1,942,996
Jan-20	12,077,883	2,230,485
Feb-20	10,546,089	1,531,794
Mar-20	7,248,372	3,297,717



For sustainable progress,  
**greater inclusiveness**  
is a prerequisite.



THANK YOU