

12th August, 2020

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 Q1 results for the FY 2020-21

Ref: Our letters dated 28th July, 2020 and 07th August, 2020

Further to the reference cited above, we are enclosing herewith the transcript of the Conference Call held on 07th August, 2020. 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



Vinod Mohan
Company Secretary cum Compliance Officer





“Inditrade Capital Limited Q1 FY '21 Earnings Conference Call”

August 7, 2020



**MANAGEMENT: MR. SUDIP BANDYOPADHYAY, GROUP CHAIRMAN,
INDITRADE**

**MS. JHUMA GUHA, GROUP VICE CHAIRPERSON &
DIRECTOR, INDITRADE CAPITAL LIMITED**

**MR. NAVEEN JAIN, CHIEF FINANCIAL OFFICER, INDITRADE
CAPITAL LIMITED**

**MR. VINOD MOHAN, COMPANY SECRETARY, INDITRADE
CAPITAL LIMITED**

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Inditrade Capital Limited Q1 FY'21 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 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, Group Chairman, Inditrade. Thank you and over to you, Sir.

Sudip Bandyopadhyay: Thank you everybody for joining this call of Inditrade Capital Group of Companies. This is post our Q1 results which were declared yesterday. You would have seen the results and most probably the presentation which we had put up in the BSE. Our businesses and the focus continues to remain on microfinance, MSME finance, micro-lending, and Agri commodity finance, these are our major businesses. We operate in 13 states, our lending partners continues to be banks like State Bank of India, Bandhan Bank, IDFC, Axis, Capital Small Finance Bank, Kotak Bank, IndusInd Bank, and HDFC Bank. On the institutional side, we are happy to advise that SIDBI has become a lender to the group as well during the past quarter. Apart from that, other institutions like Northern Arc, Habitat, MicroBuild, Hero Fin Corp, Éclair, Arohan, MAS, Manappuram, Oikocredit, IntelleGrow continue to be with us. We have securitized our DAPTC transactions with leading banks like ICICI Bank, Kotak Bank, IDFC First Bank, Jana Commercial Bank, and some of the NBFCs like Poonawalla Finance, MAS, Belstar, and Madura.

Financial performance of Q1 FY '20-21, our AUM stands at INR 450 crores. Our balance sheet size as on June 30th is 479 crores, gross total income for Q1 stands at 28.7 crores, profit before tax and the extraordinary COVID provision stands at 6.9 crores, profit before tax after COVID provision stands at 3.5 crores. Consolidated income statement if you see in our presentation, we have put it up clearly showing the progress of revenue since Q1 of last year. Q1 last year revenue was 26.88 crores which moved to 33.19 crores in Q2, 33.25 crores in Q3, 44.35 in Q4, and 28.64 crores in Q1 current year. Expenses also moved from Q1 last year 21.61 to 27.8, 27.22, 40.28, and 21.81 in the current quarter. Profit before extraordinary provision moved up from 5.27 crores in Q1 last year to 5.39, 6.03, 4.07 last quarter, and 6.83 crores this quarter. This quarter we took a COVID provision of 3.39 extraordinary provision, which is not warranted by the prudential norms of RBI or our internal existing Board-approved norms, this is one-time extraordinary provision we took of 3.39 crores. Profit before tax after this provision for the current quarter stands at 3.44 crores.

We have provided the consolidated profit and loss account which details the movement of various items of income and expense. We have provided the consolidated balance sheet, I do not want to elaborate on either the detailed P&L or balance sheet in this call during my speech. Portfolio performance if you see across our multiple businesses, microfinance, MSME, micro-loan, and Agri, we have not done any disbursement in any business other than very little disbursement in micro-loan and some disbursement in agribusiness. In our microfinance and

MSME business during the Q1 current fiscal, there were no fresh loans given. Micro-loans, we have given of 8.96 crores and Agri loan we have given fresh loan of 2.49 crores. The recoveries and the details thereon I will talk in detail. The way the gross total income has moved, PAT has moved I have already mentioned. Our cost of borrowings segment wise stands at 14.88% in microfinance, for MSME it stands at 10.97%, and for Agri commodity it stands at 9.56%. On the portfolio, provision on portfolio I will just talk segment wise, MSME, the GNPA is 1.89%; net NPA is 0.2%; microfinance GNPA is 1.02%; net NPA is nil; micro-loan both gross and net NPA is nil; and Agri commodity gross and net NPA is nil. We have been providing the solvency position of the company since last quarter to the analysts to clarify our liquidity and ALM position. Our own portfolio stands on June 30th at 317.08 crores, our managed portfolio which is DA PTC stands at 132.56 crores, so the total AUM which we talked about earlier is 450 crores. We have a total term loan of 144.83 crores, total subordinate debt of 49.32 crores, total debt of 194.15 crores, total DA PTC of 132.56, and total debt including DA PTC is 326.71. Our net own funds or net worth in other words is 190.28 crores, so debt equity ratio in simple terms is 1.

Our leverage as you see is minimal, so if you consider the solvency ratio including DA PTC it is 72.66 and if you exclude DA PTC which is probably the right way to look at it because DA PTC the obligation has moved from our balance sheet, then it is 61.23%. The other way to look at it is even if 40% of our portfolio goes back, we still are solvent, that is what this chart explains. Our portfolio breakup, we have provided microfinance, own portfolio is 194 crores, managed is 97.04, total is 291.58 as on June 30th, MSME own is 37.55, and managed is 35.52, total is 73.07, microloan entirely is own portfolio 43 crores, Agri loan is 42 crores, so overall if you see microfinance portfolio is about 65%, others is 35%. I think the business verticals and our nature of business all of you are familiar with. I will just highlight few other things before I end my monologue.

Some of you have reached out to me and asked me what has been our performance, demand versus collection in multiple businesses during this period of COVID, so I will start with microfinance, which is obviously our largest business. Historically, our performance in microfinance has been about 98.52% collection vis-a-vis demand. March, because the lockdown in multiple parts of the country started from March 15th-16th and remember in our case we have a fortnightly model, so it is not that everything comes in the beginning of the month, we collect every week, so our March collection was 74.63% of demand. April collection was negligible, April was a complete lockdown, May collection was 17.36%. We were pleasantly surprised in June, we were expecting about 20%, but we moved to 53% of demand, and July we were expecting in fact even better, we moved to about 59% of demand as far as collections are concerned. Remember, microfinance is a model where you physically collect cash from the borrowers on a fortnightly basis and when there is a lockdown, there is absolutely no way in which you can go and collect anything from them.

As far as our MSME business is concerned, earlier we were collecting about 96% - 97% of demand. In March we collected about 85% of demand, April we collected net of moratorium about 60% of demand, in May net of moratorium we collected around 60% of demand and in June we collected 71% of demand, so I think by and large our recovery from market during this period of moratorium has been satisfactory and better than the industries. MSME I think the industry benchmarks are not available whereas in microfinance industry benchmarks are available and there we are much favorably positioned vis-a-vis the industry. One more point I want to touch upon some of you had reached out to me and asked about a news item which appeared few days back in the web. About our transaction vis-a-vis Sistema. I would like to advise all of you that this was not a transaction in the strict sense of the term.

Sistema of Russia had a very large presence in India where they used to run the MTS telephonic business, they exited the telecom business, but their distribution arm continued to operate, it got rechristened as Sistema Business Scalerator and it was a subsidiary of Sistema Asia Fund. They were predominantly into distribution of financial products. They have been distributing products or loan products for Lendingkart and others. Sistema recently decided to completely exit India and for us it was an opportunity to acquire this team which has got a significant experience in distribution in Southern India, they have presence in 306 towns and cities of Southern India and we believe that is unique amongst other things. We also inherited apart from the team, we got the systems, processes, relationships both at the customer end as well as the manufacturer end when we did this acquisition of team, so we did not acquire company, we did not acquire any assets or liabilities, we on-boarded the entire team of Sistema Business Scalerator and we immediately were up and running. The team came onboard on August 3rd which is earlier this week only and we are very happy with this. The team currently fits in Inditrade Commodities Trading limited which was a company which was lying idle. This company had no business activity and we are now in the process of changing the object and the name of this company so that it appropriately reflects the nature of the business which they will carry out which is distribution of third-party products including Inditrade various subsidiaries of Inditrade their products. This is what we wanted to brief you about our Q1 developments, happy to answer any questions which any of you may be having.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Chitresh Lunawat from Gartner Inc. Please go ahead.

Chitresh Lunawat: Sir, just wanted to know about the disbursement after the COVID from July onwards how are the disbursements going now and how do you see the next half year going because the rural economy did quite good and we are mostly rural focused, so just wanted to know your view?

Sudip Bandyopadhyay: Chitresh, couple of things, one is Agri business, we never discontinued disbursements, in fact by the grace of God, they are having a very good year on the Agri part of it. In the presentation you see about 2.5 crores we had already disbursed, but now we are disbursing further amounts. This you can say is countercyclical because Agri commodity products have gone up. Our margins wherever we have done a trade, the LTV has significantly improved, so I think we are

very comfortable on the Agri piece and disbursements hopefully will go up. Now, again it will depend on Kharif arrival this and that, but risk wise we are very comfortable, so we are hoping to increase disbursement subject to other matters falling in place. We internally have a target of taking it up to 100 crores, the Agri book let us see where we end up depending upon opportunities.

Chitresh Lunawat: Sir, my question was more on microfinance actually?

Sudip Bandyopadhyay: I am coming, since you asked the question I thought for the benefit of everybody I will answer for all the segments. On the microloans which is the digital lending, we came back to the market on June 15th, from June 15th onwards we started disbursals in a calibrated manner and we have disbursed 8.96 crores fresh loans during the first quarter itself. We plan to disburse and we are continuously disbursing even now loans on the microloan segment. Of course, we have been very, very careful about the risk parameters, the level of scrutiny has gone up significantly on a scale of 1 to 10 if we were kind of taking a precaution of five while giving loans, now it is close to nine, that is the kind of change in scale. We have restricted certain industries where we are not lending. MSME we have not yet started, but we are in advanced stages of looking at lending. We are hopeful that by the second half of August, we will start lending.

As far as microfinance is concerned, we were very confident of coming back and starting lending in the month of June itself, unfortunately, we started disbursements and probably the figure will not appear because it is a very small loan we started giving and when we started giving the fresh amount, lockdown started. If you are familiar, I think Tamil Nadu went into lockdown from June 19th till July 5th, parts of Kerala started getting lockdown and the first series of serious lockdown started in Bihar, because these are the states where we had targeted that we will start lending, some disbursements happened in Kerala but after that it stopped, so we could not do much in Q1. Q2 till date we have not disbursed anything, but we are now in advanced stages of working to start disbursement in the State of Karnataka because the regions of Karnataka in which we operate by and large are okay, kind of COVID-disruption free, so we will start in Karnataka. We are extremely keen to start in Bihar but the lockdowns and the uncertainties are still not over, so as soon as we are confident we will start. Kerala we are willing to start back as soon as we can, but unfortunately apart from this localized lockdown there is some floods happening in certain parts of Kerala, I believe Pala district has been already affected, this is yesterday and today's news, so we are monitoring the situation very closely. We are very keen to go back to the market and disburse, there are two or three reasons why we want to go back because a lot of cases our customers are completing the loan, so we need to give them the fresh loans and the customers need to be taken care of because they have been our customers, they have repaid the loans, so we are keen but certain things are preventing us from going ahead, but we are ready to do as soon as possible.

Chitresh Lunawat: Just one more question Sir, you told in your presentation that we also got loan from SIDBI, so what was the rate of interest, like at what rate did we get from SIDBI?

- Naveen Jain:** Chitresh, this is around 7.5%.
- Chitresh Lunawat:** Okay, this is like one time or we will be getting it continuously whenever we deliver certain parameters or start disbursing on microfinance loans because for microfinance business only we got it right?
- Naveen Jain:** This loan is for one year period time.
- Sudip Bandyopadhyay:** This is a working capital loan Chitresh, so obviously after one year we will seek renewal and enhancement of limits and all that.
- Chitresh Lunawat:** Congratulations Sir for that I mean we got it at a really good rate, the thing which we were waiting for like for after three years the interest rate would now go down, so it has been like now our cost of borrowing would go down from here on, am I right, Sir?
- Sudip Bandyopadhyay:** You are absolutely right, Chitresh, we are very, very closely working with various PSU banks and some other institutions to get further loans though unfortunately disbursements are not happening and cash flow wise we are very comfortable. In fact on the borrowing side, we have repaid all lenders, we are repaying everybody on time and we are sitting on actually surplus cash today, but because money is available, we want to take and buildup a war chest so that we are ready to lend as soon as things stabilize.
- Chitresh Lunawat:** Sir, one more thing wanted to check our expenses are already very high and now we have also acquired Sistema and the whole team, and by what percentage do you think like our expenses will go up because of acquiring the new team and how big is the team?
- Sudip Bandyopadhyay:** Sistema will not be a drag, it is in a separate subsidiary, of course in consolidation it will come. They are supposed to have cash breakevens by December, it is just 45-46 member team and spread across three locations; Chennai, Bangalore, and Hyderabad, and that will not be there, they have already started earning and all that and will not be a drag. I do not think if you see our expense and how we have kind of managed the expenses in this quarter, you will get a sense of how the expenses have been controlled starting from taking salary cuts at every level between 5% to 30% to reduction in rentals and cutting down a whole lot of overhead expenses, I think if you see our kind of cost, significant reduction in costs have happened. Q4 our expenses were 40 crores plus and this quarter the expenses are 22 crores. . Along with revenue, we have cut down on cost significantly because the revenue has not come, the cost also have come down significantly.
- Chitresh Lunawat:** Sir, how confident are you that by when can we reach again our correction rate of (+90%) or (+95%) and how are the borrowers, like we are collecting 60% right so rest of the 40% how confident we are, or do we require more provisioning for them?

Sudip Bandyopadhyay: Chitresh, let me explain this part please understand that in microfinance if you do not go to collect you cannot collect and because of this lockdowns our people are not able to go, so if you cannot go you cannot collect, that is why these figures are 60 and 59 and all that, now that is point number one. Point number two, there is a moratorium and customers at a board level we took a decision that we should stand by our customers at this time because their livelihood has been compromised so we took a decision that anybody wanting a moratorium we will give a moratorium so which is what we did. Now, these are two points on the collection. Now let us look at what is this outlook. We have been speaking to the customers, all the customers have been spoken to and our feedback based on this discussions with the customer is about 90% of the customers are ready to pay whatever is due, some of them I think it is about 60% say that they will clear whatever is pending also as soon as normalcy returns, balance about 30% is saying that they will over the few months clear the entire backlog, 10% is where they are saying they will need little time to clear, 1% or 2% is always a problem and that probably will remain, to guess correctly whether it will be 1, 1.5 or 2 is difficult.

The third point I will say which I explained during my last analyst call, if you look at this history of this industry and some of these slides were there in my last investor presentation that even after demon when the NPA shot up if you take the position of NPAs after one year, NPAs came down to about 2%. Now leave demon- that was one-off case and bad, but we have seen floods in Kerala in 2018, we have seen floods in Kerala in 2019, and cyclone Fani in Orissa in 2019. Now, flood in Kerala in 2018 led to a significant non-recovery for us also because we are in Kerala in big way, but the entire non-recovery, you remember the floods happened during August 2018, entire thing got wiped out, everything was regularized by March 31, 2019. We had zero NPA on March 31, 2019, so by and large microfinance customer wants to pay, carry on with his livelihood. The thing is we are not giving lifestyle loans, we are giving livelihood loans. Now, they need these loans for carrying on what they do, so I do not think unless the circumstances are extraordinary by and large they would like to default. The next important point is in this case cyclone they lost their home, they lost their cattle, they lost their other livestock, they lost a whole lot of things, they were actual loss of assets. Fortunately this COVID, 99.9% of the cases have not lost assets, they have lost income for a period of time, so I am very hopeful that the recovery percentage will be even better compared to what we had seen in cyclone Fani or the other floods.

Moderator: Thank you. The next question is from the line of Raj Sharma, an Individual Investor. Please go ahead.

Raj Sharma: Sir, my first question is how much percentage of loans is under moratorium right now?

Sudip Bandyopadhyay: I will tell you as far as microfinance is concerned when the customer is not asking moratorium or the customer we are not going to collect that is automatically moratorium, I will explain in a minute, I am not being naive when I say that because please understand the microfinance customer, they are mostly not well educated, women folk in villages and semi-urban areas. Now, they are not officially writing and creating a correspondence for moratorium and this and

that, so this is my implication moratorium, so I would say whatever money has not come which is about 40% now is under moratorium as things stand today and that is as far as microfinance is concerned. As far as MSME part is concerned, it is about 30% of the book which is under moratorium that is where it is and as far as microloan is concerned, again it is about 30%.

Raj Sharma: Okay, so do you feel microfinance probably we can as soon as our collection starts ramping up, it will be down to may be 10% or so?

Sudip Bandyopadhyay: So it is like this Raj, let us for a minute assume that we do not have any recurrence of lockdowns, let us say we have seen the worst of lockdowns in July that is a big assumption, assume that it is true then I think by December the entire asset quality will become almost regular let us put it this way and I think it is not something to do with Inditrade microfinance, it will be by and large across the industry. When Bihar , there was no problem in Bihar and I will tell you the statistics I have it, Bihar collection was more than 90%, then Bihar got hit in June and July, Bihar was reaching there. MP today is showing collection more than 85%-90%, I mean that is where it is. I will just give you the exact figures, this is July repayment rate in Inditrade; Madhya Pradesh was 87.59%, Gujarat was 87.59%, so you understand what I am trying to say and this will be I am sure across the industry, it is not Inditrade microloans.

Raj Sharma: I understand that Sir so your assumption is that if lockdowns are not further extended or new lockdowns do not come, within six months we should be able to stabilize along with the interest rate?

Sudip Bandyopadhyay: Absolutely.

Raj Sharma: But Sir if we look at the figures of new cases right which they are almost rising exponentially, so I am not sure whether Tier-3 or Tier-4 towns are having enough tests and the numbers are reported, so if it is correct then probably we will have some trouble for some more time right?

Sudip Bandyopadhyay: Raj, I cannot comment on medical and that virus thing, I am only talking about lockdown, for us if there is a lockdown, there is a problem my guy cannot go and if there is no lockdown virus, no virus there is no problem you understood, so I have got nothing to do with virus. As long as you are not locking down the town or city or village, I am fine.

Raj Sharma: Got it Sir, thank you for that and one more thing I noticed that last four quarters disbursements has not gone almost anywhere, so I think probably this will continue for next couple of quarters till we will start...?

Sudip Bandyopadhyay: You are reasonably right except as I told my reply to Chitresh our Agri disbursements are going up now because now Agri is in a sweet spot, let us see where we can take it.

Raj Sharma: Sir, one basic question actually, pardon my ignorance, what is managed portfolio actually?

- Sudip Bandyopadhyay:** We keep selling portfolios that DA, direct assignment, Pass Through Certificate all these happens so we have been selling portfolio in microfinance, MSME, we build portfolio and we sell portfolios to banks and others, so these are called managed portfolios, so while we sell the portfolio, let us say we have sold a portfolio of 50 crores to ICICI Bank, ICICI Bank acquired this portfolio, but we continue to manage. Now, ICICI gets an agreed return on the portfolio, the incremental return comes to us and we manage the portfolio, so that is the industry term, everybody calls it that way, so whosoever is selling the portfolio, doing PTC- Pass Through Certificate, so we deal with other mentioning Kotak Bank, all banks are there, every bank wants to buy portfolios, so we sell portfolio.
- Raj Sharma:** Got it Sir, thank you for that. This acquisition which we made or it is just the team which got on-boarded?
- Sudip Bandyopadhyay:** I clarified, there is no acquisition, there is no company, there is no balance sheet, there is no asset liability, nothing. We on-boarded all the employees of Sistema Business Scalerator, along with the employees came the systems, processes, relationships obviously all those.
- Raj Sharma:** Okay, and what kind of product they sell actually?
- Sudip Bandyopadhyay:** Today, they sell three products predominantly, one is unsecured business loan, unsecured medical loans, and housing loans, so their biggest partner is Lendingkart and Lendingkart they have been working for quite sometime. They are working with whole lot of other NBFCs and selling their products also including Inditrade. They have been selling Inditrade's product for sometime.
- Raj Sharma:** Okay, so we actually have a division which sells the insurance products and all, right?
- Sudip Bandyopadhyay:** Yeah, insurance broking company.
- Raj Sharma:** I mean these two separate entities will exist or over a period of time you may plan to merge because it is similar effort, right?
- Sudip Bandyopadhyay:** No, unfortunately I would have loved to in normal circumstances, but insurance broking is a very regulated activity, you cannot do anything else in insurance broking that requires separate license, employee needs to be licensed, and whole lot of regulatory thing, so you just cannot do anything in insurance broking, so it has to be a separate company.
- Raj Sharma:** Thank you very much Sir, and hopefully, we get back on the growth path soon.
- Sudip Bandyopadhyay:** Yeah, God willing.
- Moderator:** Thank you. The next question is from the line of Duby Rex from ithought Financial Consulting. Please go ahead.

- Duby Rex:** Sir, regarding the borrowings how much percentage of the borrowings is from the banks and SIDBI?
- Naveen Jain:** Percentage in terms of microfinance we have loans from three banks, in percentage of terms it is 15% from the bank and 85% from the NBFC companies.
- Sudip Bandyopadhyay:** Duby, if you recollect my earlier discussions, microfinance we are constrained by the fact that PSU banks do not lend to companies which have not three-year track record, so we were constrained. Now we have completed three years and we are aggressively working with multiple PSU banks in spite of the COVID scenario and when I was responding to Raj or Chitresh, I mentioned hopefully next time when we talk to you, you will see a different scenario, different mix of borrowings and of course God willing interest rates also will come down significantly.
- Duby Rex:** Now that we have got loan from SIDBI we can also try from NABARD and other organizations like that, right?
- Sudip Bandyopadhyay:** Yes, absolutely and we are trying to work on those things.
- Duby Rex:** Is there any update from RBI on the housing finance license?
- Sudip Bandyopadhyay:** Not really, in fact we are kind of not going full steam there because as it is the environment is not great, there are so many challenges, so we are also not aggressively pursuing that and in any case what I understand from press report is RBI is rejecting all applications, I was just seeing some press report where all NBFC licenses are being rejected. In fact I was watching in CNBC today some reports going around that all licenses are being rejected by RBI so anyway we are not pursuing it aggressively.
- Duby Rex:** Okay, but as of now we have not got any communication from them right now, right?
- Sudip Bandyopadhyay:** We are not pursuing it, yeah.
- Duby Rex:** Sir, what is the significance of making CIC, Inditrade as a CIC, is there any significance to that?
- Sudip Bandyopadhyay:** I will tell you what Inditrade, you all remember that we used to have equity broking business was the main business of Inditrade Capital, we sold it in May 2018 and then December 2018 finally after all approval, the business moved out so what happened in the last financial year that is, March '19 when we drew up the Inditrade Capital accounts, broking income still was a majority because nine months the activity was there, so we were still classified as a broking company under the classification. Now, this year when the March '20 we did not have any broking income and all the assets are in investments in subsidiaries because Inditrade Capital standalone does not have a business as of now, so we necessarily will become a CIC- Core

Investment Company, and for that we need to apply to RBI and for applying to RBI, we need to appropriately change the Memorandum and things like that, so that process has been set in motion, this is nothing different than what is today existing, it is only an enabling resolution as my colleague Jhuma is correcting, it is only an enabling resolution because we have to now approach RBI, tell them classify us as CIC, we are anyway CIC.

Duby Rex: Got it, Sir. Sir, one last question when you are talking about the collections, you are saying that we had to physically go and get sort of microfinance collection and things like that, I understand the sector we are trying to target is like not very educated and things like that, but is there any alternate digital or some non-physical mode of collection that we can try or through bank accounts or some digital solutions, is there anything we can try or something like that?

Sudip Bandyopadhyay: Duby, I would love to do anything which can be digital because my cost of operations will come down significantly, but unfortunately this segment still are not technologically or I would say that savvy and it is actually impossible to do anything other than meet them physically and collect. Now, understand what we are talking about, who we are talking about, we are talking about a lady in a village who is a vegetable cultivator or a fisherwoman and things like that, yeah, India is progressing but we are probably little distance away from that.

Duby Rex: Got it and Sir in the portfolio performance slide, we had some collection from microfinance, MSME, and microloans, but the total collection is shown as zero, is that a mistake or like or that is the way it should be?

Sudip Bandyopadhyay: Which slide is that?

Duby Rex: The portfolio performance slide.

Naveen Jain: The total is not missing, it is not zero. There are different-different numbers in the fore column, so total is missing in that total columns, in the last column, the portfolio outstanding is 291.58 and closing is 449.64.

Duby Rex: Okay got it, but the collections would be added up, right?

Naveen Jain: Yes.

Moderator: Thank you. The next question is from the line of Akhil Arora, an Individual Investor. Please go ahead.

Akhil Arora: Basically my question is around the cost of debt, so you are saying that you are already in discussions with other PSUs as well, can you give us some indication as to how much is the decline in cost of interest that we can expect, I think currently microfinance we are at 14.88, so what we can expect like probably in couple of quarters or so?

Sudip Bandyopadhyay: Akhil, giving an exact idea will be very difficult, but I will tell you where we are. See as Naveen just mentioned to Duby, we are in microfinance in particular as you are saying, we are at 85% from NBFCs and 15% from banks and institutions, so obviously the cost of fund in NBFC is significantly higher compared to banks and institutions, so that is where we are today, that is how we are coming at this 14.88. Now, that is absolutely unsatisfactory and I am the first person to agree. Our problem was that unless you have a three-year track record, PSU banks do not entertain you, we have just completed in March three-year track record and we have got all our audit and everything as you guys know done, our credit rating is well, it is good, BBB+ for the kind of entity we are. We are also working with agencies to see if our credit rating can get further enhancement and we are working with a whole most of PSU banks at this stage in some institutions to borrow and borrow in microfinance only because that is where we need money for growth. The NBFC we are well capitalized, we have limits from banks so we are fine there, so assuming we are able to change it to even 50:50 and considering where the interest rates today are, which is significantly lower we should definitely be coming in the range of around 12% within a year assuming they are able to do it and if you are looking at a two-year time horizon, I think we should go down even further provided the interest rates remain low in the economy.

Akhil Arora: That is helpful and similarly we can expect some reduction in the other segment as well, right?

Sudip Bandyopadhyay: That is happening as you see Agri is 9.56 is the weighted average, the latest limits which we have got is about 7.7% from Axis Bank we got at 7.7%, so the Agri rates are coming down, I think next quarter when we speak Agri average will be close to 8 to 8.5, MSME again rates are coming down, there overall the rates will come down to probably below 10, so those things are even today decent, they will become even better.

Akhil Arora: Thank you, and one more question is regarding the capital allocation specific to the insurance broking segment, I remember last year we made a lot of investments in setting up branches and hiring people and I think this year again due to COVID we had to cut down that expenditure and we will again probably spend when things get normal, so what is basically the outlook if there is not any synergies that we are looking between the other segments than insurance broking, then what is the plan from that business and when do we expect some significant volumes?

Sudip Bandyopadhyay: Couple of things I think I must assure you that there are significant synergies with insurance broking and that is why we are in insurance broking. Every single customer of our microfinance business gets their life insured through our insurance broking entity and it is mandatory because whenever we give a loan the lady along with spouse are insured and it has stood us in very good stead, whenever there is an unfortunate incident of a death, they do not have to pay any more installment and we get the entire money from the insurance company, it is a very good policy which we have, so that benefits us. All our MSME customers, anybody we gave loan in the MSME segment also gets compulsorily insured both for life as well as for their property, so there are significant synergies and all our customers in other businesses are

automatically insured, most cases compulsorily by our insurance broking arm, that is point number one, but apart from captive business we wanted to ramp up the retail piece, we already had a corporate insurance piece which was working fine. We wanted to ramp up the insurance piece because we wanted to take benefit of the opportunity in the market.

Yes, there has been challenges and you are absolutely right setting up offices, infrastructure does take money and COVID was definitely a disaster because as all of you know March is a big month for insurance and COVID hit us in March, so that was a washout, and April, May, and June anyway is a dull month for insurance, so we hope for lot of pickup during the latter half of this year. Also what has happened is COVID has made us all of us realize the need for insurance much more than what we originally I think appreciated, so we find that there is a surge in demand for multiple types of insurance post COVID and we believe that this trend will continue for some more time at least, so I am very hopeful on the insurance. Let me also reassure you it is not a capital commitment because you do not need capital other than just putting up some branches and we are done with branches, we do not need to put up any new branches and all, we have reasonable number of branches and we are good with that, so there is no question of any further capital expenditure or anything, but yes we have not started earning big money from insurance, which hopefully we will try and make happen by the end of this year.

Akhil Arora: That is helpful and thank you for the clarification.

Sudip Bandyopadhyay: Thank you Akhil.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to the Management for closing comments.

Sudip Bandyopadhyay: I would like to thank all of you for joining this result analyst call today. We at Inditrade will keep working and working hard to ensure that our shareholders and stakeholders' expectations and aspirations are taken care of, challenging times test the mettle of professionals like all of us and I am sure we will come out good. With all your blessings and support, we will definitely be in a position to come back with better and better results. Thank you very much.

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