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17th November, 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 Q2 results for the FY 2020-21

Ref: Our letters dated 30th October, 2020 and 06th November, 2020

Further to the reference cited above, we are enclosing herewith the transcript of the Conference Call held on 10th November, 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



Encl.:A/a

“Inditrade Capital Limited Q2 FY20-21 Earnings Conference Call”

November 10, 2020

MANAGEMENT: **MR. SUDIP BANDYOPADHYAY - GROUP CHAIRMAN -
INDITRADE**
**MS. JHUMA GUHA- GROUP VICE CHAIRPERSON,
INDITRADE**
**MR. NAVEEN KUMAR 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 Q2 FY20-21 earnings conference call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sudip Bandyopadhyay - Group Chairman, Inditrade. Thank you and over to you Sir!

Sudip Bandyopadhyay: Thank you very much. Welcome to the investors to this Q2 results call. I will very briefly outline the highlights of the performance and then we will open the session for questions.

Q2 was really a completely different quarter vis-à-vis Q1 while the COVID still rages on, we saw significant improvement in all the business parameters during the quarter under reference. Very briefly our total AUM at the end of the quarter stands at 425.59 Crores. The balance sheet size as on September 30 is 482 Crores. The gross total income for Q2 is 47.37 Crores.

Profit before tax and special COVID ad hoc provision stands at 11.48 Crores. Profit before tax after COVID ad hoc provision stands at 4.26 Crores. Our income for the Q2 went up to 47.37 Crores, revenue went up to 47.37, this is as opposed to 28.684 which we have clocked in Q1 and is more in line with our revenue in Q4 last financial year which was 44.35 Crores.

So, if you have seen our presentation which we have uploaded in the site, you will get these figures clearly. I repeat our Q4 revenue was 44.35 Crores which had dipped to Q1 in 28.64 and now in Q2 it was 47.37 Crores.

Net off expensive the profit before tax and ad hoc provision was 11.48 Crores for the current quarter vis-à-vis 6.83 Crores in last quarter and 4.07 Crores in Q4 of last fiscal. We had taken an ad hoc provision during the current quarter of 7.22 Crores and does our profit before tax for the quarter is 4.26 Crores. This is against 3.44 Crores in the last quarter which is Q1 and 4.07 Crores in Q4 of last fiscal.

If you look at our consolidated profit and loss statement and I will spend a couple of minutes on these. The gross total income which I talked about is 47.4 Crores. We had a normal provision which is as per the Accounting Standards Ind-AS and

our provisions norms and of course in compliance with the RBI norms was 2.4 Crores and after that provision, the profit came to 11.5, on top of that we had provided a COVID provision, special provision of 7.22, resulting in a PBT of 4.26 Crores.

Consolidated balance sheet - I had already mentioned the gross figures, I suppose that should suffice for the term being. Our total AUM stands at 425.59 Crores, balance sheet size is 482 Crores. If you look at our portfolio performance, we had a gross portfolio as on July 1 at the beginning of the quarter of 449.64 Crores, this can be broken up into microfinance 291.58 Crores, MSME 73 Crores, micro loan 42.98 Crores, Agri was 42 Crores, total 449.64 Crores.

On top of this, during the quarter, we had disbursements which was a total of 110 Crores between microfinance, MSME, micro loan and Agri. We disbursed 110 Crores of loan during the current quarter, quarter under reference and post recovery and everything else, our portfolio stands at 425.59 Crores at the end of the quarter which is between microfinance 251.77 Crores, MSME 66.98 Crores, micro loan 62.6 Crores and Agri loans 44.24 Crores.

The pictorial depiction or snapshot depiction of AUM movement has been last year last quarter we had an AUM of 455.27 Crores which moved down to 449.64 Crores during Q1 of current year and it is at 425.59 Crores at the end of Q2 30th September Q2 whereas if you look at the disbursement picture last year Q4, we had disbursed 254 Crores of loans. First quarter disbursal was absolutely low at 11.5 Crores whereas last quarter Q2 we have disbursed 110 Crores of loan.

Our gross total income as I had mentioned has moved up to 47.37 Crores and it is more comparable with Q4 which was 42.91 and last quarter which is Q1 it was 28.64. Our PAT has moved up to 3.1 Crores in the current quarter vis-à-vis 2.45 Crores in last quarter and 3.3 Crores which was in Q4 last year. The cost of borrowing though still not very happy scenario there but has come down in case of microfinance, it has come down to 13.55%, MSME book it has come down to 10.97%, Agri it has come down to 9%. We hope significant improvement in the coming quarters.

As a policy, we make aggressive provision and in microfinance we have gross NPA of 1.25% net NPA of 0, MSME we have gross NPA of 3.26%, net 1.96%, micro loans there is no gross NPA and no net NPA. As we continue to provide aggressively, Agri commodities similarly there is no gross NPA and no net NPA. We disclose the portfolio and debt I mean consolidated level every quarter. As things stands

today, our net on funds stands at 193.63 Crores and as opposed to that total debt stands at 169 Crores which includes the update of 48 Crores, so even if you include sub debt which is 7 year, 10 year debt, our debt equity ratio is 0.87, so we have not been sweating the balance sheet, sweating the capital, we are grossly underleveraged which may not be a good thing in an ideal market condition but under the current circumstances we are comfortable with minimum leverage.

Portfolio details between own and managed in microfinance out of the 252 crore portfolios, we have as of September 30, we have 185 Crores own and 66 Crores managed. In case of MSME out of 67 Crores total, we have 36 Crores own and 31 Crores managed. In micro loans the entire 62.6 Crores is own book, in Agri 44.24 entire is own book. So, portfolio share Microfinance continues to dominate 51% of the portfolio is microfinance loans and 41% other loans.

Very briefly, this is what I wanted to mention to you. The individual business wise slides have been uploaded in the BSE website that most of you would have seen it. Rather than continuing my monolog, I will welcome questions from all of you and try and address as appropriately as possible. Thank you.

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. Please go ahead.

Chitresh Lunawat: Congratulations for a good set of numbers. Sir, I just wanted to understand the other expenses and like as it was not given in detail in the presentation, so if you can just let us know about the other expenses, I think it is because of the digital lending but if you can just let us know the break up?

Sudip Bandyopadhyay: Yes, absolutely right. What happens is the new increase in the digital lending book which we have done during the quarter, the expenses for digital marketing come in predominantly, so there is a Facebook expense, there is a Google expense, there is credit bureau expense, if you see in the last quarter results vis-à-vis this quarter, this will be very clear, last quarter, we did not do any disbursement, so this expense was miniscule hardly anything, this quarter we did 110 Crores of disbursement, so the expenses have come. Naveen, my colleague CFO, to add something if he wishes to.

Naveen Jain: Chitresh, if you see the total income, total revenue has also gone up, the corresponding to total expenses have also gone up, so these expenses are mostly operating expenses which are mostly operating expenses which are directly

related to my total revenue. So, my revenue has gone up as well as my operating expenses have also gone up.

Chitresh Lunawat: Just wanted to know Naveen like, in expenses what percentage is from the SIDBI kind of agencies where we credit to take the confirmation and from the advertisement, t if we can add this is the presentation it will be easier for us to see the break up otherwise it will be very difficult to know what are these other expenses, however other people who are not so much understand the concall and do not read the con calls so if in the presentation if you put a pointer that would be really helpful?

Sudip Bandyopadhyay: We will do that Chitresh. In fact, just for clarification in this call, the credit bureau expenses are quite a lot but we have been able to negotiate and bring down in fact the switch from one credit bureau to another one consider to experience us to bring down the cost there but the majority of the cost is on the Facebook and related marketing expenses. As you know, we do not spend money on any other form of marketing other than digital marketing and the digital marketing predominantly we are focusing on Facebook. So, this is a large chunk of the cost comes from Facebook, but we will provide that in the investor presentation in future.

Chitresh Lunawat: Sure, Sir and the other big thing was the provision related to COVID, so as I see 9 Crores is quite a huge sum as compared to other competitors, so they have not provided such huge provision so if you can also detail about the provisions like 9 Crores, so if we split it up from which business how much has come?

Sudip Bandyopadhyay: So, Naveen will give the exact figure, I will tell you the logic. What we did last quarter, Chitresh, we continued with that so last quarter if you see, we had an extraordinary COVID provision of 3.3 Crores, this quarter we added I mean 3.3 is an approximate figure, this quarter we make a provision of additional 4 Crores just an ad hoc. Now Naveen will give you the exact business wise break up. The 4 Crores which you had made an additional ad hoc provision this quarter is with a specific objective that look what has happened is our moratorium got lifted on August 31, I mean it was till August 31, from September 1, the moratorium got lifted, so in this quarter there is only one month and if there are any problem in asset quality it will only emerge during the current quarter which is Q3. Obviously, some may manifest in Q4, so it is better to make a provision incremental provision we though as we provided this 4 Crores this quarter. What we planned to do is from next quarter hopefully things will regularize, and we will take actual provision instead of or write off as the case may be instead of

doing any ad hoc provision. It was just a matter of abundant caution and prudence; we could have not done this provision also. You want to get the exact figures?

Naveen Jain: Chitresh, there is a standard provision which is as per our company's policy, that is also on a very aggressive side. Other than my ad hoc provision, we have provided business wise COVID provisions in our books, so that is, for MSME we have provided additional 50 lakhs for the current quarter Q2, in micro lending, we have provided 2.30 Crores of provision in the current quarter. In microfinance we have provided 42 lakhs in the current quarter. So, if you see the last quarter, the COVID provision was 3.38 Crores. This quarter we are providing 7.22 Crores additional provision that means my COVID provision is total close to 10 Crores if we add Q1 and Q2.

Chitresh Lunawat: Naveen the total figure you told some around 3.2, right? I mean 2.4+50+40, right?

Naveen Jain: Sorry?

Chitresh Lunawat: The total of 3 you told Microfinance, MSME and digital, right? so total provisioning comes to 3.3 right as the figure you gave?

Naveen Jain: 2.3 is that microlending, 50 lakhs is MSME and 42 lakhs is of Microfinance, additional over and above that, 4 Crores end of provision, Sudip Ji is telling that additional 4 Crores we have provided that means total is 7.22 crores for the current quarter.

Chitresh Lunawat: Okay, so 3 Crores is the actual provision, and 4 Crore is the additional COVID provision?

Sudip Bandyopadhyay: No, the actual provision which is let us say there was no COVID in the world, we were normal 2.14 Crores which is there. If you look at the consolidated P & L statement, you will find impairment on financial instruments 2.4 Crore, that is the standard provision which normally would be in an account and that is it.

Chitresh Lunawat: Okay, so apart from that additional COVID provisions we have made?

Sudip Bandyopadhyay: That is, it. total COVID provision is 10.6 Crores if I remember.

Naveen Jain: 10.6 Crores Chitresh.

- Chitresh Lunawat:** Okay, if there was no COVID, we would have got extra 10 Crores as a profit?
- Sudip Bandyopadhyay:** Yes, you are right.
- Chitresh Lunawat:** In our Microfinance and digital lending, we do it in like 120 days, right the provisioning?
- Naveen Jain:** No, Microfinance it is 90 days and for macro lending it is 180 days.
- Chitresh Lunawat:** Micro lending it is 180 days?
- Naveen Jain:** Micro loans, it is 180 days as per RBI norms and for Microfinance it is 90 days.
- Chitresh Lunawat:** 90 days, so our company follows the same right?
- Naveen Jain:** Sorry?
- Chitresh Lunawat:** Our company also follows the same standard, right like 90 days and 180 days?
- Naveen Jain:** Absolutely right.
- Chitresh Lunawat:** So, by December we will know the exact thing?
- Sudip Bandyopadhyay:** Absolutely right. So, while this you will know exactly, we have kept this additional 10 Crores provision keeping ready, you understood, so the P&L does not get hopefully disturbed, if at all God willing it should be positive only.
- Chitresh Lunawat:** Thank you Sir. If I squeeze in one more question, I just wanted to know like last time you got loan from SIDBI and we were trying for some PSU loans so anything from that like have we got additional?
- Sudip Bandyopadhyay:** Yes, we have raised money through NCD from SBI Caps, and it is a listed NCD we raised Rs.20 Crores through that SBICaps. We also got some sanctions from some other PSU bank we have not yet drawn but we have got some sanctions from PSU bank like Punjab National Bank and all.
- Chitresh Lunawat:** What is the rate of interest for these loans now which we are taking currently?
- Sudip Bandyopadhyay:** NCD now at 11%. So, bank loans will be much cheaper we are yet finalize the rate but it is also going to be an instrument NCD structures I am hoping and I

hope you are alive that we got now rating which has been moved up one notch we are at A+ as opposed to BBB+ we are at A-.

Chitresh Lunawat: Okay, congratulations Sir, for the increase in rating and also a huge decrease in the cost of that for Microfinance business. Thank you, Sir, this is it from my side.

Moderator: Thank you. The next question is from the line of Kapil Bhatt an Individual Investor. Please go ahead.

Kapil Bhatt: Thanks for the opportunity Sudip. I had got few questions, the first question is in NIM you mentioned the cost of borrowing for each segment but can you also tell me what is the net interest margin involving for each of the segment like the MSME, Microfinance and the Micro lending?

Sudip Bandyopadhyay: Yes, I can of course tell you, but it is a moving figure Microfinance if you are familiar with the way these actually operate RBI specifies every quarter the rate at which you can lend, maximum rate at which you can lend and this they notify in the last week of the quarter which is end September they notify what rate I can lend in October-November-December, that is point a), point b) there cannot also be more than 10% gap between your weighted average cost of fund and the rate at which you lend. So, why these two operate together because let us say I am able to raise all money at 9% then I cannot lend at a rate which is higher than 19% whereas today my Microfinance cost is 13.55% so this maximum in terms of that feeling I can lend at 23.55%. Now, RBI has specified during this quarter is 22.33% so the maximum rate I can think and lend is 22.33% at the current quarter. So, my margin obviously assuming my rated average cost for a minute let us assume is just 13.55% so it will be 22.33% minus 13.55% that is the maximum possible margin I can make, am I clear in making sense.

Kapil Bhatt: For this year saying it will be around 10% in the Microfinance as per the Financial structure?

Sudip Bandyopadhyay: No. Microfinance industry structurally nobody can legally charge more than 10% margin a), and b) depending on your cost of funds it can be lower than 10%. Like the example I am giving you if my cost continues to remain at 13.55% this quarter also the maximum rate I can charge and lend is 22.33% so, my margin will be 22.33% minus 13.55%. So, that is the reason now about pre-season board that Microfinance is a very, very man power and process intensive business so, on and average you will end up spending 5%-6% on these expenses that is how the RBI also has fixed. In other words RBI does not want you to make margin of more

than between 3% and 4% that is what the reality is. So, anybody may say anything if you are following the law of the land you cannot make more than that margin. MSME finance is a very broad in scope now we make the weighted average cost is 10.97% our average lending will be about 17%-18% depending on then there will be little bit of processing fee here and there. So, end of the day we are happy if we make about 4% that is what we look at net of everything that pretty much in all segment agriculture whereas is a slightly different ball game because agriculture is an intensely competitive at the cost of fund charging conceives very low so there and also agriculture is a safe lending because it is collateralized and there are about 20%-30% NPV. So, there we make anywhere between 2.5% to 3% margin I am talking about gross and that is good enough.

Kapil Bhatt: Okay, got it. Thanks for this detailed conclusion and I got another question from the collection efficiency in the Microfinance service I see that we collected a lot in this second quarter. But in terms of the percentages how much it is?

Sudip Bandyopadhyay: Yes, I can give you exact figures, what we did was we collected 92% our collection efficiency was 92% in the month of October, I am giving the various figures in fact in September it was 87% and we are hoping it will improve even further. Now, this 92% could have been even better but for two states where we are still facing lot of challenges Maharashtra and Odisha fortunately for us our portfolio size in both these two states are not very heavy. We are skewed towards Tamil Nadu, Kerala, Karnataka these are the big three states for us then comes Bihar so, we are doing good in all these states this month we are hoping a significant jump from 92% also and god willing by December we should be where we were always close to 100%.

Kapil Bhatt: Right, good thanks. Just one more question on the disbursement in the Microfinance I see that in the last quarter we only did Rs.16 Crores. How is the picture looking now in this quarter in Q3 **Sudip Bandyopadhyay:** I will tell you specifically what happened in Q3, Q2 there were lot of uncertainties if you remember the lock down just, we are getting shifted in phases or things like that so we were also skeptical about starting lending wholesale, so whatever you see that 16 Crores was mostly done in the month of September, October we have done about. 26.something Crores of lending. We are doing it in a very calibrated and careful manner focus of this stage in Q3 I am talking about is to lend to our existing customers. Now, in Microfinance as you gentlemen will know the loans are for a period of one year- first loan. So, lot of our clients whom we have lent in these states where we operate, they are finished and they are good customers

they have repaid the loan and my priority will be to give them the next loan rather than go and hunt for new customers. So, at this stage the focus is on meeting the need of our existing customers and that is what we are doing. I suppose this quarter we will continue that but that also gives us a significant run rate because there are states where we have started, let us say Bihar we have started last June so, lot of customers in Bihar are waiting for the second loan, lot of customers in Karnataka and Kerala are waiting for second loan and so in Tamil Nadu, Tamil Nadu we started two and half- three years back some of them are waiting for the third loan. I would like to complete that in this quarter and then look for new customers in the Q4.

Kapil Bhatt: Okay, that is useful Sir, thanks and in the micro loans segment is keeping the momentum in this quarter as in recovery this is by Rs.78 Crores last quarter so, in this quarter are we keeping the same momentum?

Sudip Bandyopadhyay: Yes, god willing the momentum will continue and we may pick up pace also but honestly, I would have loved to give a statement but is very difficult it is a fluid situation let us pray and hope that there is no second set of lock down. Now, pandemic yes is bad but that does not directly affect business what effect business is this lock downs.

Kapil Bhatt: Yes, I agree. Thanks for the answers if I have any more questions I will come back in queue.

Moderator: Thank you. The next question is from the line of Sanuj Kayal from Endeavors Equity Research. Please go ahead.

Sanuj Kayal: Good evening Sir. I have two questions actually we are excited to hear about the new initiative for retail distribution consumer for us with Inthree Access Private Limited. Sir, it would be good if you can share the larger picture on that new initiative?

Sudip Bandyopadhyay: Sanuj I am happy that you asked that question. In Microfinance Business cross sell is very big, unfortunately we have been focusing on the core business and we have not done much but there are lot of Microfinance companies in this country who derive anywhere between 30% to 50% of their income from cross sell. Now, for general awareness this means that they distribute other consumer products to their customers and these are let us say pressure cooker, a solar lantern, may be a refrigerator, may be a TV, Mobile handset and whole lot of other things and the benefit for a Microfinance company is two fold; a) they earn commission on the

sale of these goods b) they finance also these assets. So, they are creating a new loan and they are earning commission this is what Inditrade Microfinance has not done in large scale we do distribute solar lanterns to our clients, and we have been doing pretty well. We have a tie up with global company called Green Light but over the last few years we have realized that trying to tie up with individual suppliers, I go and tie up with Samsung Phone Mobile, I go and tie up with a Sony for TV, I go and tie up with Kelvinator for Refrigerator that is a very messy process. Instead of trying to do that these aggregators like Boon box do not want a Microfinance can tie up and distribute these products in a win-win manner. Now, this has led us to try and explore that and while exploring we got this opportunity of engaging with Boon Box in slightly different manner. So, over a period of time what we have agreed is we are acquiring the technology, we are acquiring the brand and we are acquiring manpower also from Boon box. Not only start and facilitate our distribution which is distribution through Inditrade Micro-Finance channels but we will also work with multiple other Microfinance companies god willing with lot of other self-help groups and business correspondents to really scale up this distribution business where by we can create a win-win eco-system of providing loans and earning commission through the Boon Box route as well as our Microfinance company. It is just a beginning it will take some time our commitment at this stage is low which does not affect any other business any other activity. But there is a very, very experienced team at Boon box and there is very advanced software as well as the brand which is well known across the industry, this relevant industry Microfinance space which we plan to leverage to take this to a different level and if you really look at our overall structure and the way we are trying to progress our business which is financing progress and financing the aspirations of the segment of the population which are not catered to buy the large institution I think it syncs in with that reasonably well and we are creating one more avenue for us to enter that space in a meaningful manner. Does that clarify Sanuj?

Moderator: Sir, seems like we lost the connection for the current participant. We move to the next question from the line of Raj Shama an individual Investor. Please go ahead.

Raj Sharma: Good evening. It is very good set of numbers considering the situation we are in, congratulations for that. Sir, I have few questions, I actually got dropped in between if I might have missed two things, I just wanted to know the interest income has grown up decently where did the major growth has come from is it Microfinance or some other area?

Sudip Bandyopadhyay: Mr. Sharma, if you see our disbursals, we have not disbursed anything really in Q1 last quarter we were not disbursing obviously it was a scenario where everything was uncertain so we have stopped disbursement and this quarter we had disbursed about Rs.110 Crores of loans. So, obviously the income will go up and yes, income has gone up but I am not celebrating because if you look at my income during the quarter it was 47.37 Crores if you compare with where I was in the Q4 last year which is the quarter there up to 15th March we all worked it was 44.35 Crores. So, I would rather put it this way that nothing great we have done but we are kind of come back to that Q4 levels where we were in Q4 last year.

Raj Sharma: Yes, got it Sir. How much is the collection efficiency in Microfinance right now?

Sudip Bandyopadhyay: Yes, I think you missed this part I will clarify that. In October we have 92% collection against demand, in September it was 87% and today we hope this much should be even better than 92% and by December god willing we should be closer to where we were always that is close to 100% between 98% and 100% that is where we want to be by December. I also explained that we have challenge in two states which is Orissa and Maharashtra but otherwise all the other states have been performing very well in terms of collection. Our big states where we have large portfolio Tamil Nadu, Kerala, Karnataka, Bihar, MP, Gujarat these are performing very well. So, we are that way fortunate because these two states Maharashtra and Odisha are not performing well for everybody the entire industry and we hope to improve for that even further.

Raj Sharma: Any particular reason these states have issues because these are larger states?

Sudip Bandyopadhyay: Mr. Sharma there are lot of reasons unfortunately Maharashtra has a little volatile political situation and sometime the local leaders just for mileage do lot of for lack of better word I would say create lot of disturbances in the local area which disturbs everybody there was some Bajaj Finance office which was broken down in Solapur and there were lot of disturbances in that belt. This is happening across Maharashtra and Odisha unfortunately has a different set of problems they had a very, very peculiar way of handling this COVID and there was lock downs which completely disturbed the rhythm of business activity they used to lock down between 9'O clock in the morning till 4'O clock in the evening and things like that continued and they were not allowing outsiders to enter local levels. So, it was a peculiar way of operating lock downs and it was mostly left to the local authorities and they were doing whatever they deemed fit in their own wisdom. But things are improving and as I said hopefully things will be better.

Raj Sharma: I assume that Odisha will not be a long-lasting problem it might be over in a quarter or two so?

Sudip Bandyopadhyay: Even Maharashtra Mr. Sharma I do not think it is long lasting problem. These disturbances happen and in Microfinance industry we have seen this getting played out many, many times. These are very, very temporary because end of the day our borrowers meet us and our borrowers are very conscious about not becoming defaulter, so these things are very, very temporary. There were lot of confusion regarding this moratorium, interest waiver, Supreme Court, and all that and that also created some uncertainties. These are all our guesses reality is ever problems in these two states and collection in these two states were sub-optimal. But as I told you our portfolio in these two states are much, much smaller compared to our portfolio in other states that is the reason we were able to achieve 92% in October collection efficiency and November I think we should be more than 95% and as I am saying December, we should be almost through with the phase of collection inefficiency and all that. So, let us hope for the best.

Raj Sharma: That is great to hear Sir, another thing is that we see that employee expenses have risen this quarter so, did we hire more employees or is the kind of bonus and other things?

Sudip Bandyopadhyay: No, Mr. Sharma we all had decided to take cuts in the salaries and in a calibrated manner we are restoring the cuts ranged between 10% to 30% when the COVID and lock down started we had cut salary and as things are opened up, collections are improved, business has improved we have gradually restored. So, last bit of restoration happened in October and now I am happy to say that we have restored the salaries of all our employees. No, we have not given any bonus, we have not given any raise and we do not plan to give that during the current fiscal.

Raj Sharma: Okay, and Sir any other state which we have in radar right now or we are right now trying to stabilize these things for?

Sudip Bandyopadhyay: No, Mr. Sharma, as I was explaining when you were disconnected is that at this stage my focus is to cater to my existing customers and in Microfinance what happens is once you repay a loan you are eligible for the next loan and the loans are for first loan is for one year, so lot of my customers in all the states we operate in are waiting for the second loan. So, that is the reason in September we had disbursed about Rs.16 Crores, October we have disbursed Rs.26 Crores and again November-December we will be disbursing. Our focus in this quarter will be catering to our existing customers in the next quarter Q4 what we would

like to do is we would like to acquire new customers in the existing states. Geographical expansion will not happen during the current year, I would like to add here that states of Bihar, MP, and Gujarat we had ventured in last fiscal. So, all these three are very large states and we have significant scope for further expansion in these states itself. So, I do not think I will need to go to newer state during the fiscal at all. Even if I decide to scale up the book significantly, still I do not need to go to any other new state current states will give me the volume.

Raj Sharma: Sir, one last question from my side, what is the average borrowing rate for us?

Sudip Bandyopadhyay: You mean to say what rate we borrow?

Raj Sharma: Yes.

Sudip Bandyopadhyay: See, our weighted average cost of borrowing will be about 12% to 13% so if you see the chart which we have given, we do not borrow from banks or institutions specifically for this segment, so specific borrowings for these three segments which I have highlighted there which is microfinance, MSME and agri. There are no specific borrowings for micro loans because remember these are very short-term loans, 15 days, 30 days that kind of loan so we do not borrow because these portfolios cannot be pledged, these portfolios cannot be sold..

Raj Sharma: Got it. Sir, this is fully automated right, the collection and everything happens in an automated manner, right?

Sudip Bandyopadhyay: Yes, I would say 99% for collections we do make reminder calls, nobody typically goes to collect and no physical cheque, cash collections happens, everything happens online but we do make calls reminder calls apart from sending messages and things like that to customers.

Raj Sharma: Sir, if I can squeeze one more question, on Agri commodities actually there has been a good harvest recently, so do you see more financing opportunities here coming in or how does it likely to pan out?

Sudip Bandyopadhyay: Yes and No. Yes, because this is the season so our book is also growing and you are absolutely right, good harvest gives us an opportunity for incremental financing because if more and more commodity comes in the market there is an opportunity of more and more financing but the little bit of hesitation in committing to that is a fact that government has been very generously giving MSPs if they are in MSPs and also have been very diligent in procuring through the

procurement agencies like FCI and all and that gives the pharma company kind of other intermediaries a good opportunity of selling it to the government, well we do not know what happens after that to the commodity but they get an exit at the MSP which sometimes or close to market or better than market even. So, the financing need comes down and there is a generous MSP by the government.

Raj Sharma: So, till that continues and we do not see a major uptake in this area?

Sudip Bandyopadhyay: This area is a good area if there is an opportunity, we will grow but it is a very dynamic opportunity and depends on multiple factors. I talked about the MSP, there can be multiple others, there can be exports, there can be import, I can talk commodity wise for hours, so the dynamic fear is different.

Raj Sharma: Okay got and thank you so much and best of luck for the future.

Sudip Bandyopadhyay: Welcome Mr. Sharma.

Moderator: Thank you. The next question is from the line of DUBY REX from I-Thought Financials. Please go ahead.

DUBY REX: Hi Sir. Sir, regarding Inthree Access deal they already have an existing business right, what happens to this after the deal we have signed with them, is it coming to our fold or how is it?

Sudip Bandyopadhyay: See, these are the transactions, so these are not assets which they have, actions what they have done in Inthree Access remain at entry access and they get fulfilled at entry access. We are hoping that all new transactions after a cut off period will happen through Inditrade we are kind of identified a company Inditrade Derivatives and Commodities which was an erstwhile commoditybroking business, you are aware we gave that license and business so that company same will change to Inditrade rural marketing and this team will operate through that company.

DUBY REX: So, going for ideally all their trademark and everything will come under this company's fold and it will be like we are getting the business and it would be coming into the fold, right?

Sudip Bandyopadhyay: See, I would not yet, or do we say their business will come to us I would rather say we will start the business with the same team. We are getting the trademark their software and the people are joining us, so we are starting the business in

our company by recruiting these people and acquiring the software and trademark.

Duby Rex: Okay and how long will this happen Sir? When you will complete these transactions?

Sudip Bandyopadhyay: Well I think it will take some time Duby, because there are lot of investors in Inthree Access, some PE funds, some venture funds and all that so, it is a process we are hoping the process gets completed but very difficult for me to commit to a timeline at this stage, I want to get it done at the earliest and hopefully before the end of the current quarter we will be through with this.

Duby Rex: Okay and Sir regarding the Insurance broking it seems a good quarter for that division, is it like it reached the momentum where it will go more further independently or it will still piggy bank on the MFI clients and it will be like subset of that only?

Sudip Bandyopadhyay: No, we have an independent business, yes our MFI and all our other businesses gets serviced by our broking company and that is only logical and right thing to do but our insurance broking is much beyond that, we have a fantastic corporate insurance scheme which caters to a lot of large corporates both in southern part of India as well as north India and yes corporate business is by nature lumpy so some quarter you will see a lot of revenue coming in and some quarter may not be that great but the corporate insurance business is doing very well. We also have a retail insurance business now, we started that in about almost a year back there has been an unfortunate setback because of the COVID because they could not be very effective but we are hoping that team also will be very effective shortly. We are doing lot of work on the technology front in the insurance business, retail insurance fees are to further enable them, achieve their goals, we already are presenting eleven locations and doing business. Let us see how we progress but yes you are right in a way we are gathering momentum in that business also.

Duby Rex: So, one more thing I wanted to know, micro loans is a very good disbursement, most of our disbursal have come from micro loans only because the growth strategy has taken off in micro loans or is it because microfinance and other divisions are bit tepid and things like that.

Sudip Bandyopadhyay: No, I think I will put it in a slightly different manner when COVID struck which is towards the end March we stopped all lending and when things started becoming

normal I can tell you that we started coming to office from June 8, 2020 and we wanted to resurrect the businesses in a calibrated manner, the first business to go live in the sense to start lending again was microlending.

Sudip Bandyopadhyay: So, if remember rightly from June 15, 2020 itself we started lending in a very calibrated manner started well now here there is a category of people who we call repeated borrowers, who are our existing clients and our commitment is if they come back because we have done their KYC we have all the details they should get a fresh loan within two minutes of their applying in their account and that is what we started again resizing so that is how we started microlending before any other segment was revived. Agri I will put in a different dynamic, agri continued even during COVID because agri is one segment where there was no disturbance in fact it was positive, all commodity prices went up and all that but microfinance and MSME have stopped. Microfinance we started as I was mentioning I think in September and MSME also we started in September but it will take a little time to gain momentum so that is what my guess is. October, we did about Rs. 26 Crores of microfinance and I forgot the exact figure, but we did quite a bit of MSME as well.

Duby Rex: So, if again just squeeze one more question, regarding Inthree Access deal, since you talked about the fees how does that coming into the picture at all, does it come into the picture of the transaction or it is something they founders us will take care of themselves and things like that?

Sudip Bandyopadhyay: No, they are shareholders of the Inthree Access, so there is an office, they have to have their meetings and confirm the transaction, then they have to hold AGM for Inthree Access to confirm the transaction, so this is a regulatory process at their end. All agreed structure it is a Inthree transaction, there is a term sheet, non binding term sheet which will be signed and agreed now they have to complete their part of the profit like we have board meetings, we gave notice to the exchange, they have to complete their process which is on now.

Duby Rex: Got it Sir but my thing is we do not have to deal anything with their PEs directly because they are the founders, they have the shares in the subsidiary but PEs we do not have any direct, only they have to deal the founders alone?

Sudip Bandyopadhyay: We do not have anything to do with this, they are Inthree shareholders we do not have anything to do with this.

Duby Rex: Okay Sir. Thank you so much for your patient answers.

Moderator: Thank you. The next question is from the line of Chitresh Lunawat from Gartner. Please go ahead.

Chitresh Lunawat: Hi Sir. I have a follow up question on the technology front like it has been some time like we have hired technology leaders so what is going on in that space, how big is the team?

Sudip Bandyopadhyay: We have a fantastic technology team Chitresh, I am very proud of them. As you may be aware one of my colleagues, he is in Inditrade Capital board, Anand Maliwal, he is a Chief Digital Officer and he has a very efficient team, we have M Shyam who heads the IT development and this entire team is based in Hyderabad. We do lot of developments in-house, we do customization, we do whole lot of things and since this Inthree deal is being discussed we are also getting a very advanced technology team from Inthree because Inthree has a good technology team, some of them are IIT engineers and all that so god willing that team also will be coming on board very soon so we have about 15 members IT team which caters to all our IT needs and with the addition of this team probably will be about 25 member IT team and I am proud of that because I think our businesses all are technology driven and also I will tell you that it is microfinance we started with a third party technology platform within the span of last now about three years we have got pretty much everything done in-house and replace most of the third party technologies. MSME we started with the third-party technology platform but now everything is in-house, microlending we still have third party as some of you know technology which we use but our team is working hard to kind of customize and have our own platform which is completely controlled by us. So, yes, we are proud, and I think we are very focused on technology.

Chitresh Lunawat: Sir, we also had the technology tie-up with Robocash for digital and they have a good understanding with the machine language and Artificial Intelligence, so are we creating customized digital lending tool for ourselves or we using some of the Robocash tools?

Sudip Bandyopadhyay: No, we are using Robocash, we are very much using Robocash but there are lot of customization, lot of other development which we are doing, any global software which you take have got its own peculiarities and India has its own peculiarities so customization is a continuous process. So that is what we are doing and certain components of things we are developing in-house also to further improve our analytics and analytical power.

Chitresh Lunawat: Sure, Sir because this our other expenses related to technology or customer litigation is little bit high for digital loans and if we have something of our own, it would drastically reduce it further right for the customers who come again or similar customers profile?

Sudip Bandyopadhyay: I am not so sure Chitresh, the expenses that I was explaining is predominantly for the marketing and other expenses, yes over a period of time should reduce but at this stage it has become quite significant now this is sense if the volume goes low will become miniscule, you understand. If I am servicing and acquiring 100000 customers, the expense on that will become reduced significantly proportionately. Today I am acquiring let us say 10000 so expenses showing proportionately high, you put an advertisement in Times of India and acquire 5000 customers vis-a-vis the same ad gets to 500000 that is the kind of thing so when the business is growing full scale whether to acquire lot of customers, achieved scale this expense will be proportionately lower. Yes, some of the customization in technology also will help, let us see how it pans out.

Chitresh Lunawat: Sure Sir. That is, it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Kapil Bhatt, an individual investor. Please go ahead.

Kapil Bhatt: Sudip, I see that you have added a new section to our website for the Scalerator business, so can you give some more detail from that sort of things, how the new team is doing and how the businesses are ramping up from the Scalerator?

Sudip Bandyopadhyay: Yes, Kapil I think you have missed our last investor call, last quarter we had done this business acquisition you can say, actually there is a global company called Sistema you probably would have heard that, they are listed in Nasdaq and I think London Stock Exchange as well, so Sistema had a distribution business there you saw the telecom license in India and to support the license they had a distribution business and it was called Sistema Scalerator India, now what they used to do is and Sistema remember is also a large investor out of their Singapore based fund they used to invest in lot of fintech so they are one of the lead investor in a platform called Lendingkart maybe most of you have heard of it and other few platforms. So, this Sistema Scalerator used to facilitate business growth of their investee key companies so there is no app as lack of better word and ease in understanding as a master BSA for Lendingkart so they used to procure business for Lendingkart used to procure business for multiple other partners. So, what we did is we acquired not the company, not anything but the

team of Scalerator when Sistema moved out of India. So, this team which has lot of experience, lot of knowledge, lot of relationship came on board, I think they came on board on August 6, or something I think that is when the team was onboarded and they have been doing pretty much the same thing so they are the lead partner today of Lendingkart in a sense that Lendingkart gets business through let us say Paisa Bazar, Bank Bazar and Scalerator so Scalerator procures business. Scalerator is also a leading partner for Ambit in their retail segment, they are also in dialogue with some other partnership, so they are all customer focused organization, they facilitate loans for SME and MSME. They also dealt with Inditrade MSME so Inditrade MSME was working with them even before it became our company when they were a part of Sistema, we were working with them, they were procuring business for us also. Now, the unique thing about them is they have network and connectivity in 400 towns and cities in Southern India, they are completely Southern India focused, so Tamil Nadu, Karnataka, Kerala, Andhra, Telangana is their area so they have better reach than any other financial institutions in these part of the India so we thought it will be appropriate to use this platform to acquire customers and service them, not only through Inditrade but through any other platform, customer regain powers. Last point, they are doing very well, the performance has been growing month-on-month, business as a segment has not yet broken even but we are hoping by December they will breakeven.

Kapil Bhatt: So, are we also planning to expand the Scalerator?

Sudip Bandyopadhyay: I think whatever happens, happens after March, till March we are not into any expansion of any business at this stage, what they are doing is they have taken phygital approach so they have physical presence through partners and associates, our IT team along with Sistema team is at advanced stage of development of tools which will enable them to capture clients and help clients digitally. So, that activity is going on so let us see we hope to launch by Q4 the complete digital platform for Scalerator as well.

Kapil Bhatt: Thanks. One last question Sudip, on the housing finance, are you still pursuing that?

Sudip Bandyopadhyay: No, we are not pursuing that anymore because we at some stage realized it is a waste of time, energy and money so we have just given up that.

Kapil Bhatt: Okay. That's it from my side. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Sudip Bandyopadhyay for closing comments.

Sudip Bandyopadhyay: Thank you ladies and gentlemen for patient hearing and encouraging us toward our journey for achieving better and better performance and creating more and more stakeholder value. We will continue our journey with your support. Thank you very much and thank you for joining today.

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