

9<sup>th</sup> November, 2021

The Manager,  
Department of Corporate Services  
BSE Limited,  
1<sup>st</sup> Floor, Dept. of Corporate Services,  
PhirozeJeejeebhoy Towers,  
Dalal Street, Mumbai - 400001.

**Scrip Code: 532745**

Dear Sir/Madam,

**Sub: Transcript of Investor Conference Call on the Presentation on the Unaudited Financial Results for the Quarter and Half-Year ended 30<sup>th</sup> September, 2021 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Ref:** Our letters dated 26<sup>th</sup> October, 2021 and 3<sup>rd</sup> November, 2021.

In compliance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to the references cited above, we are enclosing herewith the transcript of the Investor Conference Call held on Wednesday, 3<sup>rd</sup> November, 2021 at 4 p.m. (16.00 hrs IST). The same will be uploaded on the website of the Company, i.e. [www.inditrade.com](http://www.inditrade.com), as well.

You are requested to take the same on your records.

Thanking you,

Yours faithfully,

For Inditrade Capital Limited



Maya Menon  
Company Secretary & Compliance Officer



Enc : as above



“Inditrade Capital Limited  
Q2 FY 2021-22 Earnings Conference Call”

**Wednesday, November 03, 2021 16:00 IST**



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

**Moderator:** Ladies and gentlemen, good day and welcome to the conference call of Inditrade Capital Limited for update on Q2 Financials. 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 Capital Limited. Thank you and over to you Sir.

**Sudip Bandyopadhyay:** Thank you. A warm welcome to all participants in today’s call. I also wish all of you a very Happy Diwali and a Prosperous New Year. We will talk about very briefly about the quarterly performance the presentation has already been uploaded in the site. If we look at the key business updates which we have provided AUM (Assets Under Management) has moved as on 30<sup>th</sup> June; it was 333 crores, which has moved to 398 crores at the end of Q2. Disbursements last quarter, you all will recall we were in the midst of the second wave of COVID, we had disbursed only 17 crores worth of loans. And this quarter, we have disbursed 137 crores worth of loans. I will also like to mention here that most of the disbursal happened towards the latter half of August and September. We gradually picked up pace for disbursals, once the second wave receded and by September the momentum is back. I will also briefly touch upon what we did in October, in terms of disbursals so that you get an idea of the recovery in the business.

We didn’t raise much money in first quarter; only 6 crore was raised vis-à-vis about +100 Crore which we raised in Q2 and of course the profitability has marginally improved in Q2, PBT of 1.4 crore. If we look at the disbursements, what had happened over the last six-seven months, if we look at Microfinance we disbursed 3 crores in April, didn’t do any disbursal in May, June - we disbursed 1.88 crore only, July - we disbursed 18 crore, August - we disbursed 30 crore, September - 31-32 crores and October - we disbursed 60 crores. So, the momentum is picking up and I must tell you that Microfinance, our highest disbursal was 80 crore in February-2020, just before COVID hit us. So, we are close to that number. Hopefully, we will be there soon.

MSME, April - there was hardly any disbursement, May - no disbursement, June - no disbursement almost, July - we did about 6 crore, August - we did about 10 crore, September - 10 crore and October - we have done close to 12 crore disbursal. So, very clearly the disbursals are picking up. As far as the Profit and Loss for the quarter is concerned, Interest Income has moved from 18 crore to 24 crore, Sale of Services Income moved from 5.5 crore to 12 crore, Fees and Commission (*Income*) have moved from 1.2 to 3.6 crore, Other Income has come down to 6.4 (*crore*) and Gross Total Income has moved from 32 crores to 46 crores. Finance Cost is by and large flat, the Net Income has moved from 24.6 crore to 38.8 crore.

Now, Employee Benefit Expenses also have moved up, so has Other Expenses and Impairment of Financial Instruments have moved up. So, we have ended up with a marginally improved profit of 1.4 (*crore*) vis-à-vis 1.2 (*crore*). If you look at the half-yearly comparison, we have

ended up with about 2.6 crore of PBT on a half-yearly basis, first and second quarter put together. I'll not go too much into the balance sheet, but I will just briefly touch upon the portfolio size. In Microfinance, we have a net portfolio of 225 crore as on close of business on 30<sup>th</sup> September; MSME is 68 crore; Micro loan is 22.5 crore and Agri Commodity is about 82 crores. So, that makes a total of 397.5 crores. I have already talked about the AUM, PBT, Gross Total Income and disbursement. So, I'll move to the cost of borrowing, which I think many times all of you have asked. The Microfinance as we have seen, we have started borrowing from the public sector undertakings...public sector banks, and our cost has come down to 10.97% weighted average cost. We hope this will further come down in the current quarter. MSME finance cost has come down to 12.33% and Agri Commodity is about 7.74%. This is our cost of borrowing in multiple segments.

As far as the provisions are concerned, Microfinance - We have Gross NPA of 1.14; Net NPA nil, Agri Commodity - there is no NPA, MSME is 12.52%...Gross is 12.52 (%), Net is 8.4(%). Here I must mention that all of you are aware April, May, June were lockdown months. So, obviously the collections are behind schedule and we are very hopeful of recovery. We have seen significant positive trends in the recovery during the month of October also. So, the current NPA position of MSME is expected to improve significantly, that's our hope at this stage. As far as the debt-equity acquisition is concerned, we have already given the position as against our total Net Own Fund of 202 crores as on 30<sup>th</sup>, September 2021; our borrowings are about 255 crores. So, it's about 1.27% is the debt-equity ratio vis-à-vis 0.92 (%). We always have been very conservative in borrowing and we will continue to maintain that conservative stand.

Portfolio, I've already talked about; we have Microfinance portfolio is about 57% of the book and other segments all together is about 43%. Microfinance own portfolio is about 196, managed is about 29; MSME - own is about 21, managed is about 47; Micro loan and portfolio which we are shrinking continuously, we are not doing really any new lending in this segment, as things stand, it's about 22.5 crore. Agri (*Commodity*) is about 82 crore. Agri (*Commodity*), this was the off-season, hopefully from November onwards, with the arrival of Kharif, the portfolio will pick up and we will be able to utilize the lines which we have from banks. Very briefly, this is what I wanted to communicate. The details about individual businesses are already there. I will also briefly mention about the two new businesses which we have, one is the Scalerator. Inditrade Scalerator, which is a digital distributor of financial products and services. It's doing reasonably well. I would say considering the challenges we had - the second wave of COVID - it is profitable, and it's showing significant positive signs for significantly improving the profitability, as we move forward. As things stand now, it is profitable. And we hope for significant improvement in profits.

Boonbox, this is the rural e-commerce company which we have and this has shown significant positive trends. The lockdown months have been bad because movement was restricted, they couldn't do much. But the post-lockdown, they're picked up pace. (*In*) September, they were marginally down on the PBT level. But, (*in*) October, they have turned around and they have

started making money from October. That's very, very briefly as far as these two new businesses are concerned. I will stop here and wait for questions which any of you may be having, which myself, my colleague Mrs. Jhuma Guha and our Group CFO, Mr. Naveen Jain will be happy to answer.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '\*' and '1' on their touchtone phone, if you wish to remove yourself from the question queue you may press '\*' and '2'. Participants are requested to use handsets while asking your question. Ladies and gentlemen we will wait for a moment while the question queue assembles.

The first question is from the line of Manish Gilan an Individual Investor. Please go ahead.

**Manish Gilan:** Hello, Sudip Sir. So I have a couple of questions. Now, if I look at slide #18 of the investor presentation, so I'm looking at the Gross NPA and the Net NPA figures for the MSME lending that you've done, so, the figures are kind of pretty high there from NPA perspective. So, do we think that MSME is one of those sectors that we would continue to focus on. So, what is your take there?

**Sudip Bandyopadhyay:** I'll tell you Manish, NPA is an accounting and regulatory classification. What happened is April, May, June, there were hardly any collections because of the lockdown and restrictions. Remember, these are segments, where the retail outlets and others which were shut and we have even now 60% of our portfolio, which there are daily collections. Now, these daily collections could not happen obviously, because it was a lockdown and movement was restricted. So, this is actually a delay you know, payments are coming and they are coming rapidly. Things are regularizing, at this stage the collections are close to 98% - 99% of demand. And we have looked at the portfolios, the way the portfolios are positioned, we are very confident that by the time we announce next quarter's results, these will, to a great extent get normalized. Of course, I agree to your point that this business has a slightly larger NPA or the chances of NPA, compared to the other segments we operate in. Normally on a steady state, MSME lending book has anywhere between 3% to 4% of NPA, this is across the industry, nothing to do with us. And remember, this is a segment which you should demarcate us from the other large institutions, we lend to people probably who don't get bank loans. So, this is proprietorships, partnerships, very small private limited companies, these are our target customers. So, this is a segment. Credit discipline by and large has been good. Of course COVID was a unique thing which nobody could have predicted. Even with Microfinance, if you see the Microfinance numbers last quarter, they were pretty high. But that has got to a great extent regularized already. And I'm reasonably confident this also will get regularized, but yes, as things stand today looking at the numbers, it is a little alarming.

**Manish Gilan:** Okay. So, our focus will continue to be on the MSME lending also going forward, correct?

**Sudip Bandyopadhyay:** Absolutely. We are in three segments as far as lending is concerned. One is the Microfinance business, which is the biggest one at this stage and it will continue to grow. And as I mentioned, we are already done 60 crores of monthly disbursement last month - October, hopefully November, December we will touch our all-time high monthly disbursements also. So, we are on full flow on Microfinance, MSME is picking up and we will continue to move, we have opened an office in Delhi, in fact, we didn't have an office in Delhi, we have now a branch in Delhi for MSME as well. And Agri (*Commodity*) also is continuing to remain our focus. So these three segments, they have their own challenges. Agri (*Commodity*) is a seasonal thing. So, Rabi season portfolio will go up, again it will come down, Kharif again it will go up, so this is a seasonal business Microfinance we know what it is and MSME I already explained. But beyond that, I don't see any extraordinary challenge unless and until know...some you black swan, why black swan, I don't know what swan to call a COVID kind of a scenario happens, which is unpredictable.

**Manish Gilan:** Thanks for answering that. And as far as Agri Commodity business is concerned. Pardon me for my ignorance there. Now, how competitive is the Agri Commodity business again, the reason as to why I wanted to ask you this question is because when I've looked at your previous results and also the presentations, what I realized is that the NPAs in the Agri Commodity, what do you say lending that you do is literally nil. So is that something which will see a significant scale up going forward. So if you can throw some light on that one?

**Sudip Bandyopadhyay:** Manish I wish we could do that, unfortunately there are operational challenges. And I completely take your point, assuming that we could do we would have done, but there are challenges I'll just briefly touch upon. One is, it's a seasonal business as I told you. Two, there are a lot of operational challenges because you would be familiar with the accidents which happened in commodity businesses over the years and some of those are very well publicized and covered by everybody and everybody is aware. So we have to be very, very selective about the commodities we pick, the customers we pick, and, most importantly, the warehouses we deal with. So, there are multiple challenges and as I've articulated many times earlier. We predominantly focus on exchange traded commodities, so that in case of an emergency we have an exit window through the exchange trading mechanism. So, this restricts our opportunity of funding and you know...I would prefer...we would prefer to be safe than sorry, as far as this business is concerned. So, yes we want to grow but we will grow only if there is a very safe and secure opportunity, let's put it this way. We will not be very aggressive in this business.

**Manish Gilan:** So, will Microfinance again be the focus area for us?

**Sudip Bandyopadhyay:** Microfinance will continue to dominate the overall lending book on a consolidated basis. It has got a disproportionately high growth potential; we are in high growth state. In fact, we went to Madhya Pradesh and Bihar just before COVID. So, these are two states which are doing very well and we would like to kind of lend quite a bit in these two states and maybe move into



contiguous states like Eastern UP, Jharkhand, and Chhattisgarh. So, I think there is a be significant opportunity for expanding the book as far as microfinance is concerned.

**Manish Gilan:** Alright. That answers my question. If I can squeeze in one last question, please.

**Sudip Bandyopadhyay:** Yes, go ahead.

**Manish Gilan:** As far as the managed lending segment is concerned, when you compare it vis-à-vis the own lending, which you do, are the interest rate, lower your borrowing cost, that is what I'm referring to, is that lower when it comes to the manage lending, when you compare with the own lending?

**Sudip Bandyopadhyay:** It is just a financial structure you can say, because when we do a DA - Direct Assignment or a PTC or any other portfolio sales. This is pretty common in what do you call it in asset book, you sell your portfolio, so bank can fund you by giving you a term loan or a working capital loan or any other loan, or they can buy your portfolio. So the portfolio buying can be structured as a direct assignment, it can be structured as pass through certificate, and multiple other structures. But when you do that, actually...they have taken the portfolio and funded you for that. But you continue to manage it, you continue to do everything on that portfolio, you manage it. So, that size we call it managed. So for me, I'm indifferent between a bank giving me a loan and agreeing to buy a part of the portfolio, it's a same thing. Does that answer your question?

**Manish Gilan:** Yes. Yes. Thank you so much.

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

**Rajesh Kumar:** Hello Sudip Sir, thank you for the opportunity. I would like to know how much Inditrade Capital ownership in Scalerator, that's my first question.

**Sudip Bandyopadhyay:** It's 100%. I'll explain to you in a minute. Inditrade Capital owns a company called Inditrade Business Consultants, which is 100%. And that owns 100% of Scalerator. Of course, we have very small ESOPs issued to the employees and this and that, but today the shareholding is 100% with Inditrade.

**Rajesh Kumar:** I been investor in this company for almost three years now and has been closely tracking all your conference calls and all. Sometimes, I'm working abroad, so may not be able to attend. I'm very happy to see the progress company is making and the second question is for Scalerator itself, in the segmental revenue how much is this quarter of revenue can tell us, only for Scalerator?

**Sudip Bandyopadhyay:** I will ask my CFO to answer Scalerator revenue, in total revenue.

- Rajesh Kumar:** Yes, if we can include in the next quarter this as a separate segment.
- Sudip Bandyopadhyay:** We will include in the next quarter a slide, the Scalerator revenue separately. As I told you, they have started making profit.
- Rajesh Kumar:** Yes, I have seen that Sir and very congratulations to reaching close to 100 crore...close to 100 crore AUM.
- Sudip Bandyopadhyay:** Our CFO Mr. Naveen Jain is mentioning now, that Scalerator revenue this quarter was 2 crores.
- Rajesh Kumar:** 2 Crore...Okay...okay.
- Sudip Bandyopadhyay:** I will also tell you Rajesh that Scalerator revenue is the commission what they actually earn. That's their earning. So, from there only their salaries and whatever admin expenses go, rest remains. So, this revenue is commission income.
- Rajesh Kumar:** Okay, fine Sir. And coming to the Boonbox, I would like to know Sir, is there any other company in India which is doing the rural e-commerce business like competition to Boonbox at this time?
- Sudip Bandyopadhyay:** Not really very structured way, because we work in a differently structured way. There are few companies like Store King and a few other smaller entities who are trying to get into this market or there are there, but not in a very structured way.
- Rajesh Kumar:** Okay, understood Sir. And, I'm also very layman kind of person. So, I would like to know, is there any synergy that can be derived from this like we are selling the goods to the rural customers, So are we thinking about consumer durable finance segments Because if my understanding is correct, India's largest NBFC is in today's, because of the consumer durable finance. So there is a lot of synergy we can derive out of this like somebody in rural is buying a mobile phone and if he wants financing at the RN financing, are we doing it but Scalerator I cannot see that segment also?
- Sudip Bandyopadhyay:** No, this is not Scalerator's business. Let me just take a minute and explain to you Boonbox. Now, Inditrade rural marketing, the brand is Boonbox. So, Boonbox today the portfolio, 48% of their sales is mobile handsets, balance 52% is different home kitchen appliances, home appliances, consumer durables and all, but 48% is mobile handset. Their model is completely on the lines of what you said, they are the e-commerce company but on the back of that there is an NBFC which is financing those handsets as well. Now, how this business happens is, let's say Inditrade Microfinance - we have about 300,000 customers, now an Inditrade Microfinance customer wants to buy a mobile handset and assuming the customer is creditworthy, Inditrade Microfinance provides the loan to the customer for buying that handset which is supplied by Boonbox. Now the Boonbox or Inditrade rural marketing is not the manufacturer of handsets,



we take it from Samsung, Vivo, Oppo or whoever we are working with. Are you clear? Similarly, we work with multiple other NBFCs and microfinance companies, whose customer's consumer durable requirements are financed by them. Boonbox or Inditrade rural marketing, is the e-commerce company which meet the requirements of the consumer durable and financing is done by the microfinance company or the NBFC, whose customer is requiring that consumer durable item. That's an ecosystem.

Now, you and I can walk into a Croma and get the financing made available by one of these are leading NBFCs, but the person sitting in a village without any credit, track record and history, some women, she cannot do that. So, who will finance her mobile phone purchase? That's where we come in. That's where Inditrade rural marketing comes in by supplying the mobile phone. That's where Inditrade Microfinance comes in by providing the loan.

**Rajesh Kumar:** If I have the time can I ask two more questions?

**Sudip Bandyopadhyay:** Yes.

**Rajesh Kumar:** Just one more thing, since you takeover the JRG Securities, you have transformed too fast to NBFC. And now I see that we are slowly moving to a FinTech company. So in that respect is there any line of thinking towards rurally e-payment space, because that can be also very big opportunity for the company, like multilingual wherever rural people using the payment platform, 10 years down the line everybody in the rural area also will be making digital payments. So if we make a head start in that?

**Sudip Bandyopadhyay:** Well..Rajesh, we are actually not in the payment space. But if somebody makes the effort, we definitely will benefit big time, because today our Microfinance collection is about close to 100% physical, people have to go and collect money from the our borrowers. So, I would welcome somebody's efforts, who ensure that the digital ecosystem available for making payments in rural area, unfortunately it's not there. I don't think Inditrade is today looking at that. But, I take that suggestion from you on board.

**Rajesh Kumar:** And Sir, if you can throw a light to the future, like traditional retail, brick and mortar and they might be operating around 5% to 10% operating profits, and how much the operating profit we can expect in the future once we scale up in Boonbox, because when you had taken over Boonbox it was there for eight years, and they were not making money. And you have changed it to a zero inventory model and the results are also already showing. So what is your expectation for future operating, like...can we match the traditional brick and mortar retail margin?

**Sudip Bandyopadhyay:** Let me put it there are two things. One is yes, we operate and we will continue to operate on zero inventory model. Holding inventory is not the game we will play. We are an intermediary, Inditrade rural marketing, will always be an intermediary between a Samsung, a Godrej appliances, a Vivo, a Sony and the customer. So, we will play the role of an intermediary, we

will earn commission, a gross commission from there, we will take out our expenses and we will be left with a margin. Different items have a different margin structure at this stage. It is very difficult to comment on future, but hopefully we should have decent margin. Very honestly, Rajesh I will take this question maybe couple of quarters down the line when things have stabilized a bit. Two things, one is we acquired the Company not just about one year back, actually 3<sup>rd</sup> November last year we acquired this company, today is exactly one year. And of course then there's been a COVID-one and COVID-two and all, let things stabilize a bit, then I will comment on margin.

**Rajesh Kumar:**

Sure, Sir. Sir to be honest, coming to the next question and seeing that there was one notification to the Exchange saying that we have unpledged all the shares, but quarterly shareholding again the pledging was there, because I think pledged to another...we unpledged from IDFC First Bank and then we again pledged to another NBFC, this is kind of a red flag that remaining in the Company. So is there any future like, we will be remain specific...because you are also capital market veteran and I have seen you on all the business channels and you know...so many business groups doing the pledging, eventually going down and getting closed down. So this is the only red flag I see in the business as of now. So any future thoughts, plans to get it pledge free?

**Sudip Bandyopadhyay:**

What had happened is, I have clarified earlier. What had happened is, for certain loans which the company had taken from IDFC, they wanted my shares to be pledged. So, I had to pledge that shares so the loan was not for anything else but for the Company. So company's loan I have to give a guarantee and I had to pledge some shares, because we had just started, this loan we had taken a Tier-II debt in the Company, you will find the Tier-II long term capital, when we...in 2016, quite some time back. So now we have repaid that loan and de-pledged all the shares. Out of that, a small portion, I don't remember the exact figures, let's say...I'm just giving a figure...let's say 100 shares were pledged, 100 came back and maybe we pledged about 80 of that out of 100, 65 lakh shares were originally pledged which came back and 52 lakh shares have now in this. So if at all anything had happened the pledge has come down. And everything what is being done is for the Company, there is nothing else outside the Company. So, whenever the share pledge is happening here, it is happening to support the Company's borrowing or Company's some other activity where they want the promoter to give a guarantee or pledge or something.

**Rajesh Kumar:**

Yes, fully understood that. So, I hope that once we scale up and there is no more constraint, it eventually get unpledged?

**Sudip Bandyopadhyay:**

I also don't like to either give personal guarantee or pledge my shares, but the growth phase the promoter has to be willing, so that banks can gain confidence.

**Rajesh Kumar:**

Yes, and you've done it rightfully, said that the pledging is only to grow the business so that is taken the right spirit Sir. One more thing, there is a long wish like when we list NSE, long

awaited, but maybe you're looking for the right opportunity at the time. Any NSE listing plan Sir because...

**Sudip Bandyopadhyay:** Rajesh, not at this stage. But yes, we are looking at that. Unfortunately this COVID has delayed every plan by two years effectively. So let's see, let things stabilize and God willing, there is no further waves and all we will start working on that, it'll take some time honestly. But we are looking at that, Company and the management and the Directors are cognizant of the necessity of doing that. Hopefully someday we will do it.

**Rajesh Kumar:** Sir now since there is NSE platform, there is a turnover restriction to get to the main platform to list there, do you have any idea?

**Sudip Bandyopadhyay:** No, we will go to the main platform whenever we are ready, because we are already BSE listed. So going to small platform makes no sense.

**Rajesh Kumar:** Thanks for answering all the queries. Congratulations and Good Luck for the future.

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

**Kapil Bhatt:** Thanks Sudip for the opportunity. I've got just few questions to understand bit more about Scalerator business and the Boonbox business. So, in Scalerator you said, we had about 2 crores of revenue and that's a commission on the AUM. So, how this commission works? So, when we arrange the loans for the partners? Do they pay this amount upfront or will they pay on the entire AUM?

**Sudip Bandyopadhyay:** No, let me just try and explain Kapil for a minute. See what Scalerator does is, Scalerator is a Phyigital approach to intermediation. So, what does that translate into plain English, there are three verticals. One is, they have their own offices and people in different parts of Southern India. Second, they have their own network of agents across South India. And third is, they have an online platform and I would suggest request you also to look at the iBOG. So these are the three channels, through which they connect with the customer. Now, by connecting what do they try to provide the customer, they try to meet the financial requirements of the customer, by what, arranging unsecured business loans, arranging secured business loans, arranging personal loans, arranging gold loans, arranging health loans. They will launch insurance and other things also going forward. But as of now, these are the verticals which are working. Whatever income they earn, they earn predominantly now from unsecured business loans. I would guess about 90% of the income is coming from arranging unsecured business loans for customers. Now the customers are ours, we are onboarding the customer, we are doing all kinds of KYC, then we are giving the file or the opportunity to finance the customer to one of our partners, now who are our partners; multiple, let's say on the gold loan Muthoot is our partner, let's say on this business loans we have MAS, we have Ambit, we have Lendingkart, we have InCred, we have Ugro, these guys are all partners. So the loan is being

given by one of these guys and even Inditrade Fincorp. Inditrade Fincorp also is a partner of Inditrade Scalerator. So, the opportunity comes to give the loan to any of these guys, they give the loan. Once the loan is given, we raise the invoice on the partner and then they give the commission, it is as simple as that. is that clear?

**Kapil Bhatt:** Yes, that is clear. What I want to understand is, is there any relation between the AUM and the revenue?

**Sudip Bandyopadhyay:** There is a relation in some cases. In some partnerships, we only get upfront commission straightaway and that is where it ends, in some cases there is a trail as well, we are trying to work on a trail across the partners chain, probably it will take some time, the largest partner of ours, there's a trail arrangement. 70% of the AUM will be with this partner where there is a trail.

**Kapil Bhatt:** Okay, cool thank you. And on the Boonbox, I was actually looking for if there is any app or any website, where the rural customer or rural consumer can actually go and check what is available on the Boonbox and he can order rather than someone contacting the client or contacting the consumer, is there any productive way of the consumer actually going to the Boonbox app or the website and then order it from there?

**Sudip Bandyopadhyay:** Kapil, we have hit the nail on the head that is stage two, today we work with partners. So because end of the day, I, you will understand that the model requires significant investment in marketing, in people, in technology and all that. So today we are piggybacking on established players, who have a network of customers in rural India. So many, many microfinance companies are our partners, including Inditrade Microfinance. Inditrade Microfinance may be 5% of their customer base, but they are also customers. Let's say, I will give you an example Dvara, Belstar, Asirvad, Annapurna, giving you some names. So, there are many, many like this, they are our customers. So what happens is, these guys already have a large customer base and their customers, obviously they give microfinance loans, but their customers also need a mobile phone, they also need a TV, they also need may be a cooking appliances. So, that demand is met by Boonbox through these partners. So at this stage, we are not directly sourcing customers, we are working on customers of our partners. God willing, someday when we are stabilized, grown, we will look at directly reaching out to customers. It's important because they are funding the customer also, Boonbox doesn't do funding, the funding is done by the partner, customer we are providing without electronic appliance or home appliance.

**Kapil Bhatt:** Right. So the partners pay Boonbox and we ship the item to consumer?

**Sudip Bandyopadhyay:** That's it. So, ship is a broad term actually, we have our Zomato type delivery boys in the area who physically go deliver it to them, demonstrate, show them how to use pretty much all that.

**Kapil Bhatt:** Okay, so it's not only a delivery but we also educate them.

- Sudip Bandyopadhyay:** No, it's different. We are not Amazon, we are different.
- Kapil Bhatt:** That's great. So, as I see that in the presentation that we did around 25,000 customer acquisition in quarter 2 and that's all of through our partners through the other microfinance institution?
- Sudip Bandyopadhyay:** That's right.
- Kapil Bhatt:** Okay, and then we have arrangement with the brands like Samsung's or in the Butterfly?
- Sudip Bandyopadhyay:** Yes, we have all this OEM arrangements with all these Original Equipment Manufacturers (OEM). Multiple arrangements not only one. So, in a mobile category we are with Samsung, we are with Vivo, we are with Oppo, in kitchen appliances we are with TTK, we are with Hawkins, we are with Pigeon, every category I can keep naming.
- Kapil Bhatt:** Okay. And they pay us the commission right?
- Sudip Bandyopadhyay:** For them it is just another channel for sales.
- Kapil Bhatt:** Okay. And Interestingly, I see that the digital loans, you said we are not looking to disburse much into the micro loans. So, what's the plan ahead for the micro loans when are we going to start disbursing in that sector?
- Sudip Bandyopadhyay:** So, Kapil if you recollect what I told in the last quarter that we are waiting for the final RBI guidelines, remember so, unfortunately it has not yet come, and we don't want to unnecessarily get into any regulatory complication. And what interest rate, what this, what that and all, whatever regulations come, let it come, then we will. We do very small, we have a cap internally, since you're asking about four lakhs per day, that's what we disburse not more than that. This is for existing customers, we are not sourcing customers.
- Kapil Bhatt:** No, I just wanted to understand that we are still on it, but we're just waiting for the RBI guidelines and there is no other....
- Sudip Bandyopadhyay:** Let things be clear before we get into that. There are too much of regulatory and the press and publicity and all that on these loans and all.
- Kapil Bhatt:** Right. Okay, so as we see in the October month we did around 60 crores of disbursement in Microfinance and around 12 crores in MSME. So, I see that even in quarter 3, we will do most of the disbursement in Microfinance, I believe. Because that's the area we're doing more profit.

- Sudip Bandyopadhyay:** There will be disbursal in MSME also, and I'm hoping Agri (*Commodity*) will be also big, because this Kharif arrival is just starting. End November the Agri (*Commodity*) book also should start building. Let's see, Microfinance is by and large be the leader.
- Kapil Bhatt:** Okay, cool. And we did around 137 crores in quarter two, so I believe in quarter 3, we can easily surpass 200 crores?
- Sudip Bandyopadhyay:** Yes, 100%. No doubt about it. We already see 137, we did in Q2, and October itself we have done 72 crores, the number I've given already.
- Kapil Bhatt:** Yes, that's why I just calculated and I thought we can do.
- Sudip Bandyopadhyay:** Yes, you are right as well.
- Kapil Bhatt:** Right. And in segment.....a segment of revenue, the sale of goods indicates only Boonbox numbers?
- Sudip Bandyopadhyay:** You are right.
- Kapil Bhatt:** Okay, then we have insurance, broking service and others, others may include...Scalerator?
- Sudip Bandyopadhyay:** Yes, you are right.
- Kapil Bhatt:** Okay. Cool. I think with that..I have no more questions. Thanks.
- Moderator:** Thank you. Before we take the next question, a reminder to participants, anyone who wishes to ask a question may press '\*'and '1'.
- The next question is from the line of Manish Gilan an Individual Investor. Please go ahead.
- Manish Gilan:** Sudip Sir, I had a couple of other questions. Now, India not having seen the worse of wave three. Wave two was very bad unfortunately. And No wave three. So how do you think the external environment looks like, do you think all the headwinds are behind assuming that there is no surge in COVID cases?
- Sudip Bandyopadhyay:** Manish, I am hoping like we all that there is no further waves and we can move on with our lives. Life has been on hold for almost two years, let's hope we can all move on. Enjoy Diwali, enjoy Christmas, enjoy New Year and do business. I cannot comment on these waves and all that.
- Manish Gilan:** I'm talking about the business environment as well. So how do you think that it is going to look like, hoping that things continue to be the way they are at this moment?

**Sudip Bandyopadhyay:** Manish business environment looks definitely better...much, much better. You will see from our numbers of October vis-à-vis September also. So, things are much better and that's across the industry. We go out in the markets, we can see that. Let's hope that there is no further setback on account of pandemic. We should be, all of us as an industry, as a country...we should be doing good.

**Manish Gilan:** So, it is all about trying to understand as to, how do you think the situation kind of looks like from a lending *per se*, at least going by the current situation. So, that is all that I wanted to understand and one more question from my end, how will Inditrade look like, say five years from now, I mean...how different is Inditrade going to be five years from now than what it is today?

**Sudip Bandyopadhyay:** Well Inditrade.., I mean very, very broadly, we will be in continuing the segments of lending we are in, which is the segment where the large players don't play, which is the Microfinance, MSME, in the particular niche we are operating in, digital loans and Agri (*Commodity*). These are the four segments which we will continue to focus on. Our business probably will be revenue or profitability, 60% will be coming from these lending businesses and 40% will be coming from the fee generating non-balance sheet businesses which will be Scalerator, Boonbox and other, insurance broking. So, it will be a 60:40 mix, 60% will be balance sheet lending which will give us the revenue, 40% will be intermediation income, whatever name you call it, fee income. That's how it should be, that will be the ideal mix. But, I can tell you one with my experience of +30 years in this financial services space, things change very, very rapidly in financial services space. So, I waited a very long time. We should be growing as a country very, very rapidly assuming there is no major setback. So, a lot of things can happen in five years very difficult to comment on five years later what exactly will be the shape and size but yes, we should be in a much, much better position God willing and with all the support of the investors.

**Moderator:** Thank you. The next question is from the line of Rajesh Kumar an Individual Investor. Please go ahead.

**Rajesh Kumar:** Hello Sir, thanks for the opportunity again. I left out one or two questions before and this is like again, I don't have much financial background. So, if you can clarify on this, my doubt is in Q4 we took a big hit on digital lending vertical to the tune of 50 crores, but if I look at reserve and surplus, our reserve and surplus is part of the book value but our reserve and surplus in June and September also not much, it is not reduced to the extent of the write-off. So, how that happened? Can you clarify...because of my misunderstanding of the numbers?

**Sudip Bandyopadhyay:** We are all accountants here so, the reserve and surplus comes from goes up or down based on whether you're making profit or loss. The profit or loss after considering the provision or write-off what you have. So, after considering the provisions and all we have been still making some money, so obviously results will keep going up marginally because we are not making great amount of money in the last two, three quarters but it is still going up. So the write-off



and everything else also has been. It's like salary, you pay salary expense, you pay interest, and you also write-off or provide, so that's a part of profit and loss account, that gets considered when you arrive at the profit figure. So if you have a profit, reserve will go up, if you have a loss reserve will come down.

**Rajesh Kumar:** Okay, then Sir the BSE notification, this written one remark, like this Telangana case is going on, some of the accounts were released and this write-off is linked to that Telangana account also?

**Sudip Bandyopadhyay:** Something happened in Telangana and all that and the cybercrime about 1000 crores of multiple +100 NBFC they have frozen, they issued a debit freeze instruction. So we gave them all the evidence, all there, that we have nothing to do with all that. Then we went to the court also and then they have started opening up all the accounts now, it's just a matter of time. That's got nothing to do with, these are unrelated things.

**Rajesh Kumar:** That account is already declared as NPA or not? So if that money comes back, our P & L will boost or not that is my doubt?

**Sudip Bandyopadhyay:** Rajesh, this is an accountant thing. The cash flow and write-off has nothing to do with each other. Money in Bank is something and write-off is something else.

**Rajesh Kumar:** Okay, so this is not the write-off, probably.

**Sudip Bandyopadhyay:** No, it's my money in my bank. I have given you money and you don't return then I will write it off, but if my money in my bank why should I write-off.

**Rajesh Kumar:** Okay Sir, thanks for the clarification. And Sir, there is today one notification this insurance vertical that 51% is transferred to the group company and?

**Sudip Bandyopadhyay:** I'll explain Rajesh. See IRDA in 2018 came up with a regulation saying that, there cannot be any step...insurance broking entity cannot be a step down subsidiary. So, meaning that let's say company A, and then they have a subsidiary company B. And then there is a company C which is an insurance broking company which is subsidiary of B, it cannot happen. They are saying, it can be a subsidiary but it cannot be a subsidiary of subsidiary. So, it should be a direct subsidiary. Now, in our case Inditrade Insurance Broking was a subsidiary of Inditrade Capital. And Inditrade Capital in turn is 73% held by the promoter, which is me, my company. So, IRDA, and across the country, all large groups had all the same problem everybody went through. So, we had to see three years, this is 2021, three years we argued with IRDA, we tried to explain, we went to SEBI seeking some opinion, this and that, but finally we have to comply now, otherwise they will not renew our license. So, we had to move 51% from Inditrade Capital and move it to the other entities so, that it still remains a part of the same in consolidation in terms of IndAS and all that, but this becomes not a direct subsidiary of

Inditrade Capital. So, these are the technical things we have to do, to comply with the changed IRDA regulation.

**Rajesh Kumar:** Because, nowadays this related party transaction the market....

**Sudip Bandyopadhyay:** I know, unfortunate. That is what we all debated in the Board also, all of us hate related party transaction. But this is a regulation which forces you to do that.

**Rajesh Kumar:** Yes, Sir well understood Sir. The best part I liked with the Company in the last three years, the transparency in the Company is showing, even as a small company, growing company in India, like you invest in a small cap company, you don't get the full information but whenever we ask you a question, you're giving all the clarification and taking us into confidence. And then a very nice to hear the five year long term vision with 60:40 mix over the lending and fee-base business and it's a great robust business model and all the best Sir, whenever possible I will be joining the call.

**Moderator:** Thank you. Participants, to ask a question may press '\*'and '1'

As there are no further questions from the participants, I now hand the conference over to Mr. Sudip Bandyopadhyay for closing remarks.

**Sudip Bandyopadhyay:** Thank you, shareholders. Thank you participants for joining this call. We look forward to your participation and support on a continuous basis. Hopefully we will be back, after Q3 with much better news for all of you. Thank you. Wish you all a very, very Happy and Prosperous Diwali and New Year. Thank you.

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