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**CIN:** L67120KL1994PLC008265

26<sup>th</sup> May, 2021

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

**Scrip Code: 532745**

Dear Sirs,

**Sub: Transcript of Investor Conference Call on the Financial Results for the FY 2020-21**

**Ref: Our letters dated 18<sup>th</sup> May, 2021 and 22<sup>nd</sup> May, 2021**

Further to the reference cited above, we are enclosing herewith the transcript of the Conference Call held on 22<sup>nd</sup> May 2021. The same will be uploaded on the website of the Company, [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**

MOHAN  
VINOD

Digitally signed by  
MOHAN VINOD  
Date: 2021.05.26  
09:39:33 +05'30'

Vinod Mohan  
**Company Secretary cum Compliance Officer**

**Encl:A/a**



“Inditrade Capital Limited  
Q4 FY2021 Earnings Conference Call”

May 22, 2021



**MANAGEMENT: MR. SUDIP BANDYOPADHYAY - GROUP CHAIRMAN  
& DIRECTOR—  
MS. JHUMA GUHA –VICE CHAIRPERSON &  
DIRECTOR  
MR. NAVEEN KUMAR JAIN – GROUP CHIEF  
FINANCIAL OFFICER  
MR. VINOD MOHAN- COMPANY SECRETARY**

**MODERATOR:** LADIES AND GENTLEMEN, GOOD DAY AND WELCOME TO THE INDITRADE CAPITAL LIMITED Q4 FY21 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, Aisha. Good afternoon ladies and gentlemen. A warm welcome to Inditrade quarterly results update call. I have with me my colleagues, Ms. Jhuma Guha, Director, I have with me Mr. Naveen Kumar Jain, Group CFO and I have with me Mr. Vinod Mohan, who is the Company Secretary of Inditrade Capital.

As all of you are aware, Inditrade Capital at consolidated level were into predominately four businesses- agri commodity financing, microfinance, MSME finance and micro lending. During the last one-and-a-half years we have added insurance broking business, which was already there, but at a very low scale.

We also had introduced Scalerator, which is predominantly a distribution aggregator, which facilitates providing loans from multiple lenders to borrowers who are our customers and Boonbox, which is a rural e-commerce platform, which works with multiple microfinance companies and provides durable products to the microfinance consumers. This is a pure play e-commerce company. This is not into financing, so is Scalerator. So the new two businesses added during the last financial year were not into financing, they were into facilitating As you may be already aware we are present in 13 States and our presence is growing.

Our lending partners have been the traditional lenders as well as we added NABARD during the last quarter. We also got NCD subscribed by Punjab National Bank during the last quarter. Apart from that, we already have banking relationship with Axis Bank, IndusInd Bank, HDFC Bank, Kodak Bank, Jana Commercial Bank, IDFC FIRST Bank, Bandhan Bank, Capital Small Finance Bank and State Bank of India. We also work with large NBFCs like Poonawalla Finance, MAS Financial, Arohan, Hero Fincorp, Northern Arc and others. The financial performance at the consolidated level AUM stands at 361.35 Crores. The balance sheet size is 505.6 Crores on March 31, 2021.

Gross total income for the year has been 182.6 Crores, Profit Before Tax stands at 12.4 Crores and PAT stands at 8.6 Crores. As you will all remember the last year was a watershed year for the world with Corona affecting a significant part of the year and our operations also business volume wise, lending wise, we had significantly shrunk our book and reduced the volume of lending. The P&L quarterly and annual is already there and I am sure you will go through it and I will not unnecessarily read items line by line. I will move to the portfolio performance and if you look at vertical wise, microfinance we started with an outstanding portfolio on January 1, 2021 of 179 Crores added with accrued interest that is how Ind-AS is classified, it was 203 Crores.

During the Q4 we disbursed 70 Crores worth of loans in microfinance, along with the accrued interest and net of collections, we ended up with a principal outstanding of 186 Crores along with interest accrued the portfolio as on March 31, 2021, in microfinance stands at 209.53 Crores. Similarly, in MSME we started with a portfolio of 57.71 Crores after considering the disbursement of 20.52 Crores and netting off interest accrued received and amounts collected we ended up with a portfolio on March 31, 2021, including interest accrued of 62.85 Crores. Micro loan another segment where we have been present in a big way started with the opening portfolio of 95.7 Crores.

During the quarter we had disbursal of 23.61 Crores, net off collection and impairments we ended up with the portfolio of 28.6 Crores on March 31, 2021. Agri commodity we started with the portfolio of 58.57 Crores after interest accrued and disbursal of 29 Crores and collections of 28 Crores, we ended up with a portfolio along with interest accrued of 60.37 Crores. On a total we have as I mentioned, we started the quarter with a portfolio including interest accrued with 417 Crores and we ended the quarter net off write off at 361.35 Crores. The total loan disbursals during the quarter was 142.49 Crores.

As I mentioned, AUM has come down to 361.35 The gross total income has come down to 28.1 Crores and PAT for the quarter is miniscule. Cost of borrowing as I was advising, we got loans from NABARD in microfinance and that helped us bring down the cost of funds to 12.62% in microfinance. In MSME finance, our cost of borrowing is about 11.25%, agri commodity segment our interest cost is 8.32%. On the provisions part as you would have seen in the presentation, MSME the gross NPA is 2.96%, the net NPA is 2.22%. Microfinance, the gross NPA is 1.2%, net NPA is nil.

Micro loan, there is no gross or net NPA and I think you would have noticed that we have written off significant amounts of micro loan outstanding. Between write off and provision, it is a large amount and agri commodity there is no gross or net NPA. As far as

the consolidated level, we have a total portfolio as I have said, own portfolio of 296 Crores, managed portfolio of 65.55 Crores, and a total portfolio of 361.35 Crores. We have a loan outstanding term loan of 157 Crores, subordinate debt, which is the Tier 2 capital of 48 Crores thus we have a total debt of 205.43 Crores.

DA PTC is 65.55 which is actually the managed portfolio. Total debt including DA PTC is 270.98. Our net own fund as on March 31, 2021, is 197.74 Crores. Our debt equity ratio stands shade above 1- 1.04 Crores. Solvency ratio including DA PTC is 75%. Solvency ratio excluding DA PTC is 69.45%.

As I mentioned portfolio breakup, microfinance own portfolio is 178 Crores, managed is 31.6 Crores, total 209.53 Crores. MSME owned portfolio 28.93 Crores, managed 33.92 Crores, 62.85 Crores is the net portfolio as on March 31, 2021. Micro loan we have 28.6 Crores portfolio, agri 60.37 Crores of portfolio, which is all owned. The breakup between microfinance and others is microfinance is 58% of our portfolio, others 42%.

We have gone down and analysed the businesses vertical wise. By and large, I have captured the summary. I will just mention that in MSME, we operate in 10 locations spread across tier 1 and tier 2 cities. We have about 60 member team and we have done a cumulative disbursement in this segment of about 163 Crores. In microfinance, we operate in 9 States, 171 active branches since April 2017, when we launched, we have done a cumulative disbursement of 931 Crores. In the month of April, we crossed 1000 Crores disbursement landmark as well. There are close to 1000 people managing the business in microfinance.

In micro lending, we have focused on providing instant small ticket loans between 2 and 25000. It is a pan India operation. We have started the business in January 2019. We have disbursed about 552 Crores of loans. There is an in-house team of about 30 people, which manages this business.

Agri commodity finance, we operate in select geographies mandi locations predominantly. We started the business in 2016, and by now we have crossed 1000 Crores disbursement.

I will quickly capture the new two businesses very briefly. Scalerator, Inditrade Scalerator, this business is into providing loans to customers. Now, these loans are provided by multiple lenders, which may or may not include Inditrade. Today, as things stand, Inditrade Group's Share in Scalerator business is less than 5%. They are into

providing business loans, personal loans, health loans, healthcare loans basically and gold loan.

Gold loan, they have partnership with Muthoot, business loan, they have partnership with Lendingkart, Moneytap, for personal loans and many other players. The business has grown remarkably well. They are managing already an AUM of more than 60 Crores over the last few months as you will recollect, we started this business in the month of August 2020.

Boonbox, we started this business in a very small way in November. Over a period of time we have started scaling up. There are number of customers. Their service has gone up to close to 9000 customers by end of March. Their points of sale presence have continually increased and their revenue has continued to go up. I am happy to share that in the month of March, they broke even on a month-on-month basis.

I will conclude my brief presentation with couple of important things, we unfortunately have been hit by the second wave of COVID and obviously business has come to kind of grinding halt particularly on the lending side. There is very little opportunity and kind of scope for lending at this stage. We are waiting and watching. We will be back in the market as and when things improve and the lockdown starts getting lifted.

Collections are happening as far as the month of April is concerned all our businesses recorded collections above 90%. In case of MSME, April collections were close to 94%, in microfinance April collections were 90% plus, other businesses also were doing good. Unfortunately, microfinance because it is a physical mode of collection, the collections in the month of May with progressive introduction of lockdowns across the geography we operate, the collections are at a very, very slow pace just because of the sheer fact that we are not able to reach out to the customers at this stage.

Not sure at this stage where we will end up by the end of May, but likely collections will be between 20% and 40% of the demand. Fortunately, for us in case of MSME, the collections predominantly happen online. Why predominantly? I would say 99% happens online, so we are in a much better position. We will probably end up with close to 90% collections. As you will recollect that we have moved away from the retail segment of lending in MSME, we lend to wholesale businesses, healthcare, pharma, manufacturing, FMCG, these are our segments now in MSME and that has worked well. We are hoping to maintain this kind of repayment track record in spite of lockdown in MSME.

As far as micro loans are concerned, some of you who have joined and who are tracking the Company will be aware that we have for the last six to nine months telling the investors and telling pretty much everybody that the partnerships we had entered into multiple digital lending platforms will be exited in a structured manner over a period of time, that is exactly what we have done. By March 31, 2021, we have exited all the digital lending partnerships. We are continuing the business and we will continue the business through our own platform Robocash. That was the intention and that is what we have done. In case of micro lending we have taken a very cautious and pragmatic stand in consultation with our auditors and we have taken a significant write off as you will see in the results, which we have disclosed.

We did not want to take chances as far as this segment is concerned by carrying the book at cost, so we took the write off and we will hope that the recovery will be significant and at on later quarters, we will be able to show significant recovery from these written off assets.

With this, I will end my monologue and I will look forward to questions or any clarifications, which me and my colleagues can provide.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Chirag Shah an Individual Investor. Please go ahead.

**Chirag Shah:** Good evening, Sir. I think as I just hear from the results, I think the main reason for the challenge in this quarter is the 50 Crores impairment. What I would like to understand is that your AUM for micro loan stood at 62 Crores as at Q2, which was increased to 95 Crores in Q3, we were aware that this business is under stress. What was the thinking behind increasing the loans with such a significant amount between Q2 and Q3 and then taking an impairment in Q4, so I like to understand the thinking of the management behind this whole process and why is it that the management believes that they will be committed to this business moving away from other platform, but to own platform after seeing this experience in Q4 and also what was the main trigger for the 50 Crores provisioning was it that these microfinance micro loan individuals stopped paying or was there a delay in interest payment, if you can elaborate on that, please? Thank you.

**Sudip Bandyopadhyay:** Absolutely, Chirag, thank you for asking the question. You see the world became normal after Q2 kind of, I mean we all assumed wrongly so that the world is becoming normal, every business increased disbursements during the Q3 and Q4 whether it is microfinance, MSME, micro loans all of the businesses. We hoped that it will be back and till about

mid March, I think things were in a good shape, I would say before the second wave hit us, so that is point number one. So this is not to say that, there is a problem and in spite of that why we disbursed. There was no problem. As such there was no problem in any of the segments. If you recollect last quarter when we discussed, I think we talked about good amount of disbursement in Q4 and going on to in Q1, Q2 of current fiscal. I think pretty much the world was in the same place at that point of time, so that is point number one. Point number two, why we are going back to our platform, we have our own platform, which we launched in January 2019. Now the partnerships with other Fintech players came much later, what we realized is that we can only do so much, there is a lot of learning to be had from, working with other Fintech players for a limited period of time and that is exactly why we joined and worked with them and this was permitted by RBI and all that. So this is why we went and participated with them. The idea was even last quarter, I still remember some of my investors had asked me, I told that please be aware that these expenses, because there was lot of expenses, which we paid out for these tie-ups. These expenses and income both will disappear in the near future because we will be doing all the business in-house, so doing in-house was a strategy, which was decided long back. We in fact told RBI in writing I think by December that we will exit all partnerships and for sometime shrink the business. So this was an agreed strategy. Working with the third party where you do not know what the technology is, where you do not know what the multiple practices are, is not a very satisfactory thing and we are ourselves an NBFC why we will work with somebody else just other than for a temporary period. So that was the idea and as I mentioned it is not that we are moving out of any of these segments our systems and processes have been refined further and further over the period of time. We will continue in this segment. Now, as far as write offs are concerned, if you remember these loans are for a short duration, 7 days, 15 days, 30 days that is the kind of duration and when something like this happens lockdown and this kind of pandemic hits, the repayment stops coming that is it because there is no way people will pay and these are the lowest segments of the customer base we cater to here, the rate of interest is 36%, there is a large processing fee, so these loans repayment stop coming. To say that future repayment will not come probably is not right, but when finalizing books of accounts we always exercise caution and that is what we did. That is what I mentioned during my presentation also that while we have taken a write off as a matter of abundant caution we have neither abandoned these assets nor are we saying in communicating that this 55 Crores or whatever is going to be written off, we will of course go and recover a lot of things, but as a matter of abundant caution we have taken this as a charge in current quarter.



**Chirag Shah:** Understood, thanks for that explanation. Just one followup question have we used any of the carry forward provisioning for the standard provisioning that we have made for the rest of the portfolio while making this adjustment because I have also seen one reversal in your P&L in other expenses along with this impairment charge, so does that leave our rest of the portfolio exposed because we had used some carry forward provisions that was created?

**Sudip Bandyopadhyay:** I will explain, Chirag. If you recollect we have these tie-ups with these digital partners where the digital partners are responsible for: a) Sourcing clients, b) providing the technology, c) assistance in collection. The agreements with all these partners are such that they are responsible for the bad debts on the digital lending business, so if I have tied up with Chirag and Chirag is sourcing the customers, Chirag is also responsible for recovering the amount and if the amount is not recovered, Chirag is supposed to compensate me. That is the arrangement in simple words. Now, when you are sourcing customers and doing all this you get paid a fee as well. That fee was the expense remember that we had explained last time, a lot of you have questioned that why there is such high expense, we explained that this is the digital lending expense, there are multiple things including payout for these services. Now, these expenses were shown as payable in last quarter, we had consciously agreed with all these partners that these will be paid off to them. Physical payout will happen only when the loans have been fully recovered so what happened is during this quarter when we were taking the write off a part of that which is pertaining to the partners got adjusted against those expenses that is how you see a negative there. Is that clear?

**Chirag Shah:** Sure, Sir. With that I would end by saying that we wish you all the best. I know your business is going through a difficult time with this write off, but under your leadership we hope to see things turnaround in the next few quarters and hopefully some of these loans will get recovered and as an investor we will see better times forward, so thanks for that. Thank you.

**Sudip Bandyopadhyay:** Absolutely, Chirag and I thought instead of trying to reduce the provisions and find justification of not writing off it is better to write off and be clear, so that there is no ambiguity going forward as well.

**Chirag Shah:** Thanks. It is a prudent approach. Thank you.

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

**Manish:** I did have some three to four questions, but I got answers for a couple of questions, asked by Chirag and then ask the other two questions. So my first question would be the results that your company announces predominantly for Q4, now Q4 we have seen that, yes, COVID, I mean the second wave of COVID, the impact was very severe starting April onwards, yes, I would say there were some bit of impact in March also, but it was not that extreme, but from April onwards I think the result was really bad, so why is the results so bad ?Second is as far as the micro loan segment is concerned I see that we have still done disbursements in Q4 in spite of a big write off that you have taken so how much is expected there, I know why as a matter of abundant caution decided to take a write off, but how much of recovery do you see coming back on that front? So these are two questions which I have at this time.

**Sudip Bandyopadhyay:** Thank you, Manish. A couple of things I will point out, you are absolutely right. This quarter as I said, the quarter gone by was not bad. We did disbursements, we did everything. The COVID hit us from end March and beginning April actually, so if you see our results, if you leave aside that write off, which we took I think the results were pretty okay. The year under reference if you compare last year vis-à-vis this year, of course the year had a lot of challenges, the first few months of the year, let us say from April 2020 till about July, August 2020, so last year four, five months at least was a complete waste, so obviously the years performance got impacted by that as well, but the quarter as such the issue was only with the write offs, which we consciously took as I mentioned to Chirag a little while earlier and we as the management and the board decided that, that is a prudent and better approach under the circumstances at this stage considering the earlier lockdown, please remember that the loss of life was not so rampant. Unfortunately this wave has led to significant loss of life all around us. So we are exercising more than abundant caution. The second point, the difference between first COVID wave and second is that the rural India and hinterland has got significantly impacted. You will understand that our business to a great extent is skewed towards the hinterland, so the hinterland getting affected we need to be extra careful and that is what we are trying to be through our write offs and other provisions, which we have made, so this is basically the reason. On the micro loan, I will say that I will repeat what I have mentioned to Chirag, we have not done any business with the lending partners during the quarter, but our own business is on, our own business we actually stopped on March 19, if I remember the date rightly, March 19 onwards we have stopped disbursement in our business, so that is absolutely fine, there is no problem and all that, we are continuously monitoring. There is a very rigorous practice, its a completely digital way of operating. We have full control in that, so there is absolutely no problem. As I mentioned earlier our business will continue. Today, we have temporarily stopped because of this Corona wave, once this subsides we

will again be back and this all our segments, I am reasonably confident and I have mentioned this earlier also our loans are not lifestyle loans, our loans are livelihood loans, so people generally unless there is a massive issue with them either a family or some other level they will not like to default because these people need money and they know that not repaying a loan will impair their credit score, which will lead to a significant difficulty for them to get fresh loans and these people need loans to survive, to carry on their business or whatever they are doing. So I have no concern on this segment as such, but yes, we need to be careful at this stage, we need to see who can repay, who cannot repay because of this unfortunate COVID hit, and we have to be careful at this stage, but going forward as and when things open up, we will be back to business. I will repeat what I have told Chirag. We have taken a prudent stand as a matter of abundant caution and we all felt that is the better strategy than not taking a write offs and not taking provisions and trying to justify carrying the amounts in the book it is better to take a write off now and then recover as and when things improve. Does that address your question?

**Manish:** Yes, it does and one other question which I had was, do we expect Q1 to be equally bad, Q1 of the current financial year?

**Sudip Bandyopadhyay:** Look, Q1 as I told since March 19, we have stopped lending so there is no fresh lending happening on the existing loan book we will get our interest, get our income and do whatever we need to do. My feeling is that there should not be any write offs of any significance because that is what my guess as things stand today. We will have to review things with the Board after the end of the quarter and as I told you this quarter, it was predominantly on the back of this provision and write offs we have taken and basically the impairments we have taken on the back of that the results are what they are, if those impairments were not taken it would have been completely a different story.

**Manish:** Thanks Sir. I will join back in the queue.

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

**Akhil Arora:** Thank you for the opportunity. I just have a few questions and first I understand the times are not good for the sector we are operating in and I really likely the honesty with which you provide responses. I just want a few opinions from you as to what gives you the confidence about each of these segments because I know a significant portion of your wealth would be in Inditrade and in last five years it has only degrown from the time you

acquired the company, so you still agree that the strategy that you have in place around the financing lending businesses is still the one to go or one should curb the investment here and probably invest in other areas or if you see more opportunities in Fintech, businesses like Scalerator and Boonbox, what is your assessment on that?

**Sudip Bandyopadhyay:** Thank you, Akhil. I think very relevant question, but my view, Akhil, if you look at these individual segments, the segments we are in are all segments which are not catered to by the large guys. This is a space which require significant amount of funding whether it is the village women in our microfinance or Kirana shops or the micro loan segments which is the daily income earners and other categories like that or post-harvest agri credit all of them the market size is so huge, the entire organized sector probably caters to between 5% and 20% of the requirement. So the demand of money for this segment will remain. Now, COVID was such a thing which nobody in the world anticipated, I mean anybody can say anything today, but the reality is nobody in the world knew what is COVID and that this will hit us so badly and all that. So unfortunately this is a trial by fire for of all us I would say, but our faith in these segments remains. We have seen in fact I will be very honest and frank with you after the first wave subsided, our microfinance recovery shot up and we were very confident that by May, June it will be fully regularized, whatever backlog we had during the first wave will be fully regularized. Unfortunately, now we are reaching the second wave. MSME it was pretty much back to where we were by March. Now this, I do not know what will happen now post this. Digital loans, again as I think, Manish just before you were asking by third and fourth quarter we were absolutely fine, the things were doing fine, everything was back and the repayment rates normally we have 7% to 8% NPA in this segment, this digital loan segment. It has come down to 3% to 4%. It was so good and we were so happy with the performance of this segment, so I do not think there is a fundamental or structural problem with any of these segments. Agri again is a great segment, there is too much of competition on the market and the interest rates are not high. The margins are very thin, so we do not grow the books too much, but all the segments are good, but having said that I will agree with you that we wanted to bring a balance in our portfolio, so that we have a balance sheet and non-balance sheet play, which is the lending business and non-lending business we wanted to have a right blend in the same space, , Scalerator we can do only so much. Inditrade a lending book can only do so much. There are so many other lenders why not we try to serve the customers, same customers we are working with or a larger segment of a similar customer base by working with lot many other players that is what Scalerator is doing, and it is the pure play intermediation so they just earn fees, there is no capital at risk. What does Boonbox do? It is the same. We have a customer's segment and that is a segment Boonbox is working with to provide them with white goods, even it is an

intermediation business. There is no money being put at risk. So your point is very valid, but must remember that we are not all worried about our existing lending businesses, fundamentally they are strong, solid, sound segments. Yes, if this kind of black swan is too mild a term things happen obviously there will be turbulence, but we will withstand that and there is light at the other end of the tunnel that is what I would say. Thank you.

**Akhil Arora:**

That is true Sir. It is just that I think like financing business require more of hands on running the operations versus the other businesses, which are more non-linear in nature and non-balance sheet base like ones that we have entered with and you from what I understand you give more freedom and leeway to your business heads to run and financing businesses normally require more hands on involvement from the founders is what my understanding is, but I will just leave at that what you said. Just a couple of questions on Boonbox and Scalerator, so Boonbox you mentioned it broke even in March so that is a good news I think within the few months we have been able to achieve this milestone. Last time also if I remember the reason is it got into trouble was the first wave of COVID and they were finding it very difficult to run their operations, they could not raise finance and probably Inditrade was the last resort for them and I think we found some opportunity and there were tie-up with the founders, so now again we are in the second wave of COVID, so do you see this business is requiring some contribution from the company in the next few months to sustain or what is the outlook on that for the next few months given the uncertainty due to second wave of COVID?

**Sudip Bandyopadhyay:**

Thank you, Akhil. Before I get into Boonbox and Scalerator, I would like to also mention that our all businesses are run by individual business heads or CEOs. They have full freedom. They have their own CFOs. They have their own marketing, sales or IT, so they are all individual businesses they are run by individual CEOs or business heads. We of course monitor and control things. We have four, five functions, which are critical, which my colleague, Mrs. Jhuma Guha, she handles legal, compliance, secretarial controls and everything. She is a director on the Board. My colleague, Naveen Jain, who is our Group CFO, he controls the finance, but they have their individual CFOs, but he oversees everything. My colleague Anand Maliwal he is on the Board as well. He is the Chief Technology Officer as well as he takes care of HR and oversees the businesses. So we play a facilitating and controllership function. The businesses are run independently. They have full independence. The specifics about Boonbox and Scalerator like Scalerator has broken even, Boonbox also broke even in March both the businesses became profitable on a month-on-month basis in March. As far as Boonbox is concerned, the reason for their problems were multifold, I do not want to belabour too much on that, but just to suffice to say they used to carry lot of inventory and that inventory suck up all

their capital and beyond the point inventory became obsolete and all kind of problems started. What we are doing in Boonbox is zero inventory model. We do not keep any inventory. We have complete back to back arrangements. So let us say Akhil orders or wishes to buy refrigerator, the model and everything is agreed. You place an order on back of that order refrigerator may be from a Samsung will be supplied to you. So there is no gap, there is no inventory and trying to sell things, so that biggest concern and biggest problem in Boonbox pre-Inditrade happened because of the inventory related issues. They also went into a lot of geographies where there were people, there were no business and things like that, all that have been cut down. They operate only in two states right now, which is Tamil Nadu where Chennai is the headquarter and Karnataka. They also have a skeletal presence in Kerala, Bihar and Odisha. As you will know we also have strong presence in all these three States so we help them in these three States as well, so we do not want any unrelated or unwarranted expense or capital expenditure or revenue expenditure. We monitor those things very, very closely. So I do not think there is anything to worry. We do not have to worry about any of these businesses. They have a very aggressive annual operating plan, which they are confident of achieving, but we will have to see how long the COVID persists.

**Akhil Arora:**

Got it. Thank you for the answer and in Scalerator, what is the commission or the rack rate that we have on each of the products and how is the outlook like, I mean the growth has been quite significant and I think a lot of it would be from the relationships that these partners had from pre Indirade times, so how has been the network growing and the outlook ahead for this business, can this growth be sustained or what are your thoughts on that?

**Sudip Bandyopadhyay:**

Yes, absolutely, the sky is the limit here because our model is differentiated. We have access to 400 towns and cities in Southern India. Right now we are present in about 153 towns and cities in Southern India, the five southern states. There is scope for significant expansion and there is scope for significant expansion of our partners also. Today, as I said we work on gold loan with Muthoot, we can tie-up with Manappuram, we can tie-up with 5 to 10 other guys, on the business loan we work with Lendingkart, on personal loan we work with Moneytap, and there are few other guys we work with, but yes, we can tie-up with other people, which will happen as we move forward because for multiple tie-ups we need to have substantial business as well, so we will do all those tie-ups. I think it is definitely achievable, significant scale up is definitely achievable in Scalerator subject to the COVID and things settling down.

- Akhil Arora:** Thank you for answering my question, Sir. I just have one reconciliation question if Naveen can help answer that. It is basically the amounts that I see at end of last quarter and starting this quarter, so the numbers are different, so if we can get the clarification for that so in case of microfinance, the portfolio balance at December end was 200 something Crores and at the start it is 178 Crores, so what is the reason for this difference?
- Naveen Kumar Jain:** There is no difference if you see the opening portfolio in microfinance last December was 203.33 Crores, if you add the interest accrued the total gross portfolio will remain 203.33 Crores.
- Akhil Arora:** You have bifurcated it into interest accrual and gross, okay got it.
- Naveen Kumar Jain:** Absolutely, right.
- Akhil Arora:** Perfect. Thanks for that clarification and thank you again for answering my question and best of luck.
- Moderator:** Thank you. That was the last question. I would now like to hand the conference over to Mr. Sudip Bandyopadhyay for closing comments.
- Sudip Bandyopadhyay:** Thank you everybody for joining and spending Saturday evening with us. I hope we have been able to clarify your doubts and whatever questions. We remain committed to work hard and produce even better results in the coming quarters. With your support and God willing we will continue to do better. Thank you very much. Thank you for joining us today.
- Moderator:** Thank you. On behalf of Inditrade Capital Limited that concludes this conference. Thank you all for joining us. You may now disconnect your lines.