

## Mahindra Finance EGM Transcript

Mr. Chandrashekhar Bhavé: Good morning Ladies and Gentlemen. Its 11'o clock we begin the meeting. I am Chandrashekhar Bhavé, Independent Director and Chairman of the Audit Committee and Nomination and Remuneration Committee and the Risk Management Committee of the Company. I am participating in this Meeting through Video Conference from my residence at Bangalore. I welcome you all to the Extraordinary General Meeting of the Company. I hope the Members are safe and in good health. Mr. Dhananjay Mungale the Chairman of the Board has expressed his inability to attend the Meeting due to his preoccupation. Pursuant to Article 111 of the Articles of Association of the company, Mr. Ramesh Iyer, Vice-Chairman & Managing Director shall preside as the Chairman of the meeting and conduct the proceeding of this meeting. I now request Mr. Ramesh Iyer to take the chair.

Mr. Ramesh Iyer: Good Morning, I am Ramesh Iyer. I am speaking through Video Conference from my residence in Mumbai. I am happy that I can see each one of you in this General Meeting. These are difficult times and I pray that all of our Shareholders and partners are safe and continue to maintain required precautions to remain safe.

As the requisite quorum is present for the Meeting, I, as the Chairman, call the Meeting to order.

In compliance with General Circular Nos. 14/2020, 17/2020 and 20/2020 issued by the Ministry of Corporate Affairs, this Meeting is being conducted through Video Conferencing without the physical presence of the Members at a common venue, to transact urgent business.

However, the proceedings of this Meeting shall be deemed to be conducted at the Registered Office of the Company.

The Company has taken the requisite steps to enable Members to participate and vote on the items being considered at this EGM. The common instructions for participation at the Meeting have already been communicated to the Members through email

yesterday and also displayed on your screen at time of login. I take the same as read. I thank all the Members for joining this Meeting through VC and request the Members to adhere to these instructions for smooth conduct of the Meeting.

I now call on the Directors who are on Video Conference to introduce themselves.

Ms. Rama Bijapurkar: I am Rama Bijapurkar, Independent participating from my residence in Mumbai.

Mr. Milind Sarwate: Good morning everybody this is Milind Sarwate, Independent Director and Chairman of the IT strategy Committee and the Asset Liability Committee of Mahindra Financial Services Limited participating in this Shareholders meeting through Video Conference from my residence at Thane.

Mr. Arvind Sonde: Good morning Ladies and Gentlemen. I am Arvind Sonde, Independent Director attending this meeting through Video Conferencing from my residence in Mumbai.

Mr. V. S. Parthasarathy: Good morning, this is V. S. Parthasarathy, attending this meeting from my residence in Mumbai.

Dr. Anish Shah: I am Anish Shah, Non-Executive, Non-Independent Director attending this video conference through video conference from my residence in Mumbai.

Company Secretary: Sir Mr. Ravi is attending from his residence in Mumbai. He is the Executive Director & Chief Financial Officer of the Company.

Mr. Ramesh Iyer: As you are all aware, in the first half of 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have reacted by taking measures,

including in the regions in which we operate, such as prohibiting people from assembling in heavily populated areas, instituting quarantines, restricting travel, issuing “stay-at-home” orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown beginning on March 25, 2020. The lockdown remains in force in many cities, with limited relaxations being granted for movement of goods and people in other places.

Your Company has taken various actions to recommence its business in a phased manner wherein the well-being of its employees and its customers are also taken care of. The Company also continues to partner various OEMs and its multiple dealerships. Our commitment continues to be to promote the interest of the members and maximize the shareholder value of your Company.

As you would be aware, the Board of the Company has approved the Issue of Shares on a rights basis for an amount of not exceeding Rs. 3,500 crores. The purpose of this EGM is to seek approval from our shareholders to enhance the authorized share capital of the Company so as to facilitate this issue.

Enhancing the core capital, namely, the Tier-I capital (which is currently at 15.4% as of 31st March, 2020) will enable the Company to not only tide over the economic slowdown due to the continuing Covid-19 pandemic, but also place the Company in a strong position to support future growth as conditions begin to improve. Further, the increase in the core capital will lower the leverage and enable the Company to augment its borrowing capacity.

The previous equity capital raise was undertaken by your Company in November, 2017, wherein your Company successfully concluded a simultaneous issuance of Preferential Issue to its promoter, Mahindra & Mahindra Limited and Qualified Institutions Placement that received an overwhelming response from Institutional Investors, raising a capital of Rs. 2,111 crores.

### **Equity Capital Fund raising: - F.Y. 2021**

The Special Resolutions in this regard have been placed before you in the Notice. The Resolutions seek your approval in respect of two items:

#### **Item No. 1 - Increase in the Authorised Share Capital of the Company; and**

**Item No. 2 - Amendment to the Memorandum of Association of the Company for increase in Authorised Share Capital.**

I reiterate that the proposed issue of securities will strengthen the capital base and will also lead to a substantial increase in net worth and corresponding increase in the borrowing and lending capability of the Company.

I place on record my gratitude for the contribution made by the Directors, Employees, Bankers and most importantly, our loyal shareholders during this difficult period.

I am sure the Members of the Company would overwhelmingly approve the proposals so as to enable your Company to come out stronger after the end of this pandemic.

All the resolutions as set out in the Notice of the EGM have been put to vote through remote e-voting.

The Members who have not cast their vote on resolutions through remote e-voting may cast their vote through the e-voting system which is integrated with Video Conferencing platform.

Since the EGM is being held through video conference and the Resolutions mentioned in the Notice convening this EGM have been already put to vote through remote e-voting, there will be no proposing and seconding of Resolutions.

Before I open the floor to the speakers, I would request Members to ensure that they limit their questions within the allocated time of 3 minutes. Further, since the current Meeting is held for the limited purpose of increasing the authorised capital and necessary amendment to the constitutional documents, I request the speakers to restrict their questions to the items mentioned in the Notice.

The Members were provided with the facility to seek clarifications or pose questions relating to the Agenda.

All the questions received before the EGM and the questions which may be asked by a Speaker Member will be answered after all the speakers have completed expressing their views or posing questions.

We are soon going to have an AGM for the approval of the Audited Financial Statements for the Financial Year 2019-20 and shall undertake questions pertaining to the operations of the business in that Meeting.

Moderator: Mr Kirti Shah has not joined the meeting. Mr Shailesh Mahadevia has could you unmute yourself and speak sir. Thank you.

Shailesh Mahadevia: Good morning to the entire Board of Directors and Chairman. I am really grateful to the Company that they have provided this opportunity by video conference. Actually my main purpose for joining this meeting is to see the face of the entire Board of Directors and I am happy to see that all of you are enjoying good health and you are active as far as our work is concerned. The second thing for joining was that I am not accustomed to all these modern technological equipment and for the first time in my career this is perhaps my third or fourth Conference (General Meeting), I am joining. So I am under training to say so, thanks to the current unfortunate situation. As far as today's meeting is concerned, the agenda is already very clear. The second resolution is more enabling resolution. The first one which is most important is to increase the capital of the Company. Sir, Mr. Iyer you were not completely audible when you were giving the speech. But I have got the sense of what you have been saying. My question is that the increase in the capital that you are seeking can be for two reasons. Firstly for the expansion of business and secondly there may be delay in payment as far as our clients are concerned. And this may be an unusual delay because of COVID-19 situation. So if you throw clarification on that aspect, the second thing is that the increase in capital which you are seeking will that be good enough for a year or so or you may have to further come up with additional increase in capital and in the explanatory statement which has also been mentioned that you may also take the Rights Issue from the existing Shareholders. Now is it likely to be made available to all the Shareholders or only certain selected Shareholders who are willing to invest amount at a time? And the last one is that under the permission of the Reserve Bank we have given a moratorium to our clients. Sir, may I know what is the quantum of the moratorium and is it likely to get converted into bad debt if at all. Our track record has been excellent, most of our clients have been always willing and eager to pay but under the specific circumstances they have suffered in the past and we are aware of this situation and it may be so under the current position. So if you can clarify on these I will be extremely happy.

Ramesh Iyer: Sure, thank you, I will cover all the question first, now I call upon next speaker Mr. Arun Kumar Bopana.

Moderator: Mr. Arun Kumar Bopana, you may unmute yourself and speak sir.

Mr. Arun Kumar Bopana: Good morning. Sir I support this to enable the Resolutions. As that is to be ready for the future business to expand I compliment Mahindra Finance for securing the 25<sup>th</sup> rank in general finance, the Rural Housing subsidiary for getting the 19<sup>th</sup> rank in Housing Financing Award and Mahindra Insurance Brokers in procuring the 10<sup>th</sup> rank in Insurance Brokers Award. I wish Ramesh Iyer and his team all the best. Sir, you should not battle your mind just be a witness to your mind.

Mahindra has great public trust. We must expect growth to be robust. The physical distance and contactless transactions are new now. I wish Mahindra Finance all success. Thank you very much. I support the resolutions.

Mr. Ramesh Iyer: May I request Mr. Laxmi Narayana to speak.

Moderator: Mr. Laxmi Narayana you may unmute yourself and speak Sir.

Mr. Laxmi Narayana: This is the first time I am attending EGM because of a virtual Meeting. We are not able to physically attend the meeting. However, I got the opportunity to attend the EGM. There was a technical issue but ultimately I could login and I could participate. Thank you once again. I approve the resolutions what you have given.

Mr. Ramesh Iyer: As there are no more speakers to ask questions, I will now answer the questions raised by the Members. Dr. Arun Boppana, you did not ask any specific question. We thank you for your good wishes. The second speaker, Mr. Shailesh Mahadevia raised a query with respect to the moratorium offered by the Company. So let me explain; the Company has granted a moratorium up to six months, on the payment of instalments falling due between 1<sup>st</sup> March 2020 and 31<sup>st</sup> August 2020, to all the eligible borrowers. Even though almost 75% of our customers have opted for moratorium on their EMIs, as we progressed into the months of May 2020 and June 2020, more than 50% have already started paying their installments.

The second question you asked was regarding eligible Shareholders who can apply for the Rights Issue. I would like to clarify that all the Shareholders would be able to apply for Rights Issue, but we need to take into consideration the Regulatory Approval and accordingly, decision would be taken.

Thank you Mr. Laxmi Narayana for according your approval to both the Resolutions.

I would request Members who have not yet voted to cast their e-votes.

The Scrutinizer shall on completion of e-voting at this Meeting, unblock the votes cast through remote e-voting and e-Voting by Members during the EGM and make a consolidated Scrutinizer's Report of the total votes cast in favour and against.

I am authorising Ms. Arnavaz M. Pardiwalla, the Company Secretary to receive the Scrutinizer's Register, Report on e-voting and other related papers with requisite details and also to counter-sign the Scrutinizer's Report upon receipt of the same and declare the Results.

The combined results of remote e-voting and e-voting at the EGM along with the Scrutinizer's Report shall be communicated to BSE Limited and National Stock

Exchange of India Limited where the shares of the Company are listed and will also be hosted on the Company's website and on the website of KFin Technologies Private Limited within 48 hours from the conclusion of the Meeting.

I thank the Members for attending the Meeting and support extended to the Company. I also thank the Directors for joining the Meeting remotely.

I request the Moderator to deactivate the e-voting window after completion of 15 minutes when the proceedings of this Extraordinary General Meeting shall stand closed.