

MAHINDRA & MAHINDRA FINANCIAL SERVICES LIMITED

Transcript of the 30th Annual General Meeting held on Monday, 10th August, 2020 at 3.00 p.m. (IST), through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")

Ms. Arnavaz M. Pardiwalla: Good Afternoon Ladies & Gentlemen. I am Arnavaz Pardiwalla, Company Secretary of Mahindra & Mahindra Financial Services Limited. I am very pleased to welcome you to the 30th Annual General Meeting of Mahindra & Mahindra Financial Services Limited held through Video Conference.

Before we start the proceedings of this AGM, I would like to give you an overview of the process to participate at this meeting through VC. The facility of joining this AGM through Video Conference is being made Members on first come first served basis. All members who have joined this meeting are by default, placed on mute mode by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting.

Once Q&A session starts, the Chairman will announce the names of the Shareholders who have registered as speaker Shareholder one by one. Only the audio of the speaker Shareholder thereafter will be unmuted by the host. Before speaking, the Shareholder is requested to click on the video as well as audio icon appearing on the screen to switch it on. If the Shareholder is not able to join through Video mode for any reason the Shareholder can speak through the audio mode. While speaking, we would request the speaker members to use the earphones so that they are clearly audible, minimise any noise in the background, ensure that WIFI is not connected to any other devices, no other background applications are running and proper light is available to have good video experience. If there is connectivity problem at speaker Shareholder's end we would invite the next speaker to join. Once the connectivity improves the speaker Shareholder will be called again to speak once the other shareholders who have registered complete their turn. We would like to request speaker Shareholders to kindly limit their speech, question or clarifications to 3 minutes so that all the registered speaker Shareholders get fair chance. During the AGM if members faces any technical issues they may contact the helpline number mentioned in the notice of the AGM. With this, I would request the Chairman to take over and conduct the proceedings. Thank you.

Mr. Dhananjay Mungale: Thank you Arnavaz. Good Afternoon Ladies and Gentlemen. I am Dhananjay Mungale, Independent Director and Chairman of the Board. I also Chair the Meetings of the CSR Committee and the Committee for Strategic Investments. I am participating in this Meeting through Video Conference from our Company's Corporate Office at Mumbai. It is with great pleasure that I welcome each one of you to the 30th Annual General Meeting of the Shareholders of the Company. 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.

At the outset I wish to inform you that Mr. V. Ravi, our Executive Director & Chief Financial Officer of the Company and one of its founding members has superannuated with effect from 25th July, 2020. The Board has placed on record its deep appreciation for his valuable contribution during this journey of making Mahindra Finance, one of the leading Financial Services Company in India. I wish him long life, good health and happiness. Our new CFO, Mr. Vivek Karve shall be joining us with effect from 14th September, 2020.

In compliance with General Circulars 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.

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 AGM.

I thank all the Members for joining this Meeting through VC.

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

I request Mr. Ramesh Iyer to introduce himself.

Mr. Ramesh Iyer: "Good Afternoon everyone. I am Ramesh Iyer, Vice-Chairman & Managing Director of the Company, participating in this Meeting from my residence at Mumbai through Vide Conference."

I request Ms. Rama Bijapurkar to introduce herself.

Ms. Rama Bijapurkar: "Namaskar. I am Rama Bijapurkar, I am participating from my residence at Mumbai. I am an Independent Director and Chairperson of the Stakeholders Relationship Committee."

Thank you Rama. May I request Mr. V. S. Parthasarathy to introduce himself.

Mr. V. S. Parthasarathy: "Namaskar. My name is V. S. Parthasarathy. I am Non-Executive Non-Independent Director for the Company. I am participating from my residence in Mumbai."

Thank you. Now I request Mr. Chandrashekar Bahve to introduce himself.

Mr. Chandrashekar Bahve: "Good Afternoon. I am Chandrashekhar Bhave. I am an Independent Director and Chairman of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Company. I am participating in this Meeting through Video Call from my residence at Bangalore."

Thank you Mr. Bhave. Now, I request Dr. Anish Shah to introduce himself.

Dr. Anish Shah : "Namaskar. This is Anish Shah. I am Non-Executive Non-Independent Director. I am participating in this Meeting through Video Conference from my residence in Mumbai."

I request Mr. Milind Sarwate to introduce himself.

Mr. Milind Sarwate: "Namaskar and Good Afternoon Shareholders. I am Milind Sarwate, Independent Director of the Company. I am also the Chairman of the IT Strategy Committee and Asset Liability Committee of the Company. I am participating in this Video Meeting from my residence in Thane."

I request Mr. Arvind Sonde please.

Mr. Arvind Sonde: "Good Afternoon Ladies and Gentlemen Shareholders. I am Arvind Sonde, Independent Director, attending this Meeting from my residence at Mumbai."

Mr. Dhananjay Mungale: Needless to say that Arnavaz Pardiwalla, our Company Secretary is also present in the Meeting.

We also have the representatives of Messrs. B S R & Co. LLP, Statutory Auditors and KSR & Co. LLP, Secretarial Auditors of the Company joining this Meeting from Mumbai and Coimbatore, respectively.

Since there is no physical attendance of Members, the requirement of appointing Proxies is not applicable.

The Register of Directors and Key Managerial Personnel and their shareholdings maintained under section 170 of Companies Act, 2013, Memorandum and Articles of Association of the Company and the Certificate from the Statutory Auditors relating to the implementation of the Company's ESOP Scheme under SEBI Regulations, 2014, and relevant documents referred to in the AGM Notice are available electronically for inspection by Members. Members seeking to inspect such documents can send an email to the Company's investor email id which is: investorhelpline_mmfsl@mahindra.com. These documents are also available for inspection on the website of the Company at www.mahindrafinance.com in the Investor Zone section.

In compliance with the MCA General Circulars and SEBI Circular dated 12th May, 2020, the Notice of the AGM along with the Audited Financial Statements for the Financial Year ended 31st March, 2020 together with the Boards' and Auditors' Reports have been sent only through electronic mode, within the statutory period, to all the Members whose email addresses are registered with the Company, the Registrar and Transfer Agent and Depositories.

The Company had through a Notice published in the Newspapers, provided the facility to all those Members whose email addresses were not registered, to register the same, for the limited purpose of receiving the AGM Notice alongwith the Annual Report and the login credentials for participating and voting at the AGM.

The Company also published a notice in the Newspapers furnishing the requisite information relating to the AGM, the remote e-voting and participation in the AGM through Video Conferencing.

The Company has made all the efforts, feasible under the circumstances for enabling Members to participate and vote on the business being transacted at this AGM.

The Notice of the AGM alongwith the Annual Report has been uploaded on the website of the Company and the websites of the Stock Exchanges and the Company's Registrar and Transfer Agent, Messrs. KFin Technologies Private Limited.

Since the Notice and the Audited Financial Statements for the Financial Year ended 31st March, 2020 together with the Directors' and Auditors' Reports have already been circulated to all the Members, I take the Notice convening the Meeting and the Board's Report as read.

As the Statutory Auditors' Report on the Annual Financial Statements of the Company for the Financial Year ended 31st March, 2020 and the Secretarial Auditor's Report do not contain any qualifications, observations or comments which have adverse effect on the functioning of the Company, the same are also taken as read.

As per the Companies Act, 2013 and Rules made thereunder and the SEBI Listing Regulations, your Company had provided the facility of Remote E-Voting to all the Members of the Company, on the proposed Resolutions given in the Notice of the AGM, as on the cut-off date of 3rd August, 2020.

The Remote E-Voting through the electronic voting system provided by KFin Technologies Private Limited commenced on Thursday, 6th August, 2020 from 9:00 A.M. (IST) and concluded on Sunday, 9th August, 2020 at 5:00 P.M. (IST).

Members attending the AGM who have not already cast their vote by remote e-voting shall be able to cast their vote electronically during the Meeting when window for e-voting is activated. E-Voting during the AGM is integrated with the Video Conferencing platform of KFin and no separate login is required for the same.

Mr. S. N. Ananthasubramanian, or failing him, Mrs. Malati Kumar, of M/s. S. N. Ananthasubramanian & Co., Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

I will first proceed with my Statement as is customary.

Thereafter, I will move to the Business to be transacted at this AGM.

After that, we will move to our discussions and Question & Answer session. The objectives and implications of the Agenda items are set out in the Explanatory Statement annexed to the AGM Notice and for the sake of brevity, I am not going to repeat them. In case Members wish to seek any further clarification, they may raise it at the Question and Answer session.

Now, with your consent, I will go ahead with this flow of the proceedings of the Meeting.

“Ladies and Gentlemen, welcome to the 30th Annual General Meeting of your Company.

The Covid-19 pandemic requires me to address you all virtually and I request to excuse any inconvenience you may face in this format.

I sincerely hope that you and your family are safe.

Over the last 4 months, all of us have been through times which we have never witnessed before.

The impact of the pandemic is across and has not been restricted to any geography. We, as an organization, empathize with all our stakeholders who are going through these trying times. I urge all to take necessary precautions and follow directions laid out by the government and health institutions. I would especially like to thank the health professionals and community workers who have stood as warriors battling the virus. You would be glad to know that through our CSR and Group activities we have launched various initiatives to support our stakeholders in this environment.

The safety of our employees, customers and their families has been our top most priority. We are in constant touch with them and are happy to report that we have not seen any major unfortunate event.

As the norms of lockdown eased, over 1,100 branches have started operations in a phased manner. With staggered attendance in branches, employees have the flexibility to operate partially from their homes. Continuous sanitization and safety precautions are being followed.

Through regular interaction, we are finding customized solutions for our customers to minimize the impact of the pandemic. We are in continuous touch with all our employees and are ensuring their safety and well-being.

As you know the economy is now opening up. We had a good Rabi season. With monsoon expected to be normal, the outlook on Kharif crop is also positive. Many customers who availed the moratorium are now returning to make payments. New disbursements are beginning to gain traction.

Let's see how our Company is positioned to handle the present challenges.

We are of course, a part of the reputed and admired Mahindra Group. We are enjoying the best credit ratings. We have a very strong leadership team and committed and motivated employees. We have excellent access to banks and capital markets. We have maintained adequate liquidity buffers.

Our Rights Issue for Rs. 3,089 crores will be closing tomorrow. This will take the Company's Tier-I capital adequacy to a very healthy 20%.

With all these advantages, we are in a position to manage the present environment as well as harness post-Covid opportunities too. We shall continue to explore growth opportunities and focus on ensuring appropriate asset quality.

I will now like to share with you the performance of your Company.

This year, the Company's AUM increased to upwards of 77,000 crores, a growth of 12%. In-spite of lockdown in the crucial last 2 weeks of March, disbursement has

exceeded Rs. 42,000 crores for the year with acquiring over 7.50 lakhs customer contracts.

For Financial Year 2020, the revenue of the Company on a standalone and consolidated basis were at Rs. 10,245 crores and Rs. 11,996 crores, a growth of 16% and 15% respectively. The Profit after tax was at Rs. 906 crores and Rs. 1,086 crores respectively.

The Board has decided to conserve capital given the current situation and hence did not declare any dividend for this year.

You would have noticed from our first quarter results, Revenue on a standalone basis was at Rs. 2,654 crores, a growth of 10%. The Profit after tax was at Rs. 156 crores as against Rs. 68 crores, growth of 128%.

As you would also know, Reserve Bank of India has come out with a moratorium programme which was offered by your Company to its customers. We are happy to report that despite 75% of the customers availing the moratorium, 40% of them have already started to make payments. The Company also undertook additional provision during the year end and first quarter which improves the overall strength of the balance sheet.

The housing finance subsidiary is well capitalized and has expanded to new geographies during the year. The insurance subsidiary continues to provide life and general insurance solutions to protect the life, health and property of its customers.

Our joint venture in USA, with Rabo Bank continues to progress as planned and currently manage AUM of upwards of USD 1 billion. During the year, we partnered with Manulife, a leading international financial services group. They acquired 49% in our asset management business.

With this, I would like to place my deepest gratitude to our shareholders and all our stakeholders who have reposed their continued trust on us.

I thank all employees of Financial Services Sector for their continuous commitment despite current adversities.

I also convey my appreciation to my colleagues on the Board for their valuable contribution.”

I will now move to the business to be transacted at this AGM.

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

I am presenting the Audited Financial Statements of the Company including the Audited Consolidated Financial Statements for the Financial Year ended 31st March, 2020, and Board’s and Auditors' Reports thereon. The Ordinary Resolutions set out in the Notice of the AGM in this regard, are as follows:

First - To consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Reports of the Board of Directors and Auditors thereon.

Second - To consider and adopt Audited Consolidated Financial Statements of the Company for the financial year ended 31st March, 2020 and the Report of the Auditors thereon.

The **Third item** on the Agenda is to pass an Ordinary Resolution for the re-appointment of Mr. V. S. Parthasarathy (DIN: 00125299) who retires by rotation and being eligible, offers himself for re-appointment.

The **Fourth** item on the agenda is to pass a Special Resolution for increase in Borrowing limits from Rs. 80,000 crores to Rs. 90,000 crores under Section 180(1)(c) of the Companies Act, 2013 and creation of charge on the assets of the Company under Section 180(1)(a) of the Act.

Before beginning with the question and answer session, I request the moderator to activate e-voting window to enable the Members attending the AGM who have not already cast their vote by remote e-Voting to cast their vote electronically during this Meeting.

The window for electronic voting shall continue to remain open for 15 minutes post the conclusion of the Question and Answer session, to enable Members to cast their vote. Thereafter, the same shall be closed. Members attending the Meeting who have not cast their vote through remote e-voting may choose to vote now.

To cast your vote, please click on the "VOTE" icon appearing on the bottom of the screen, on the left hand side. You will be re-directed to voting page while you continue to be a part of the Meeting.

Thank you all and I now open the floor to questions. I request Mr. Ramesh Iyer, Vice-Chairman & Managing Director to proceed with the Question & Answer Session.

Mr. Ramesh Iyer: Thank you Chairman!

Good Afternoon Ladies & Gentlemen.

A warm welcome to all the Members attending this 30th Annual General Meeting of Mahindra Finance, which is being conducted for the first time in a virtual mode. I hope our Members are safe and healthy!

We will now commence our Question & Answer Session. I will invite, those Members who have registered their names as Speakers, as per the list placed before me, and who wish to seek clarifications on the financial statements and the proposed Resolutions.

I request you to be precise, avoid being repetitive and limit your speech to 3 minutes.

May I now invite Mr. Aspi Bhesania for his questions please.

Moderator: I kindly request Mr. Aspi to unmute your audio and please proceed.

Mr. Aspi Bamanshaw Bhesania :

I congratulate the management on good results inspite of every problem in the economy. Sir, where will the growth come from? Retail or Corporates? In Retail, Housing or Electronics item? If Asset Under Management of MSME has declined by 2%, that's good, since most of the MSMEs were dead, they became alive only to take bank loan and again they die. Disbursements reduced from Rs. 46,210 crores to Rs. 42,388 crores which is again good. You can chase good loans where there are less chances of

NPA rather than just going for volumes. Sir, can you give break-up of our loans to auto, tractors, housing, infrastructure and real estate. Just explain the extra provision during the year, what is that for? Sir, I appreciate your decision to not to give dividend because it doesn't make sense of taking money from rights and at the same time giving a dividend. Sir, I would like to know why rights were issued at only Rs. 50 when the Market price was Rs. 200. Thank you and all the best!

Mr. Ramesh Iyer: Thank you. I now invite Mr. Anil Parekh.

Moderator: Mr. Anil Parekh hasn't joined the meeting.

Mr. Ramesh Iyer: Okay, I now invite Mr. Dinesh Bhatia

Moderator: Mr. Dinesh Bhatia request you to unmute your audio.

Mr. Dinesh Gopaldas Bhatia: I would like to congratulate Chairman and the Board of Directors for increase in revenue as compared to the previous financial year. It is because of your hard work that the revenue has increased in spite of the tough competition. Also, I would like to congratulate for the awards mentioned on page nos. 34 and 35 of the Annual Report. We are always proud of the Mahindra Group companies and confident of their success and growth. I want to ask that even though EPS for the year is Rs. 14. 74 as compared to Rs. 25.33 (last year) why hasn't the Company declared dividend? Shareholders expect dividend and it would be great if the Board considers the same in its Board Meeting, if possible. I approve all the resolutions laid down in the notice. especially resolution no. 3 for appointment of Mr. Parthasarathy who is well qualified and has varied experience. Also, it is appreciable that we have presence across 3.83 lakh villages which also gives benefit to the villagers. As this will also reduce our NPA. It is a great that the Company along with helping the villagers is also concentrating on earning income from the same. Thank you to you and your whole team.

Mr. Ramesh Iyer: Thank you. May I now invite Mr. Beruz Pouredahi please.

Moderator: Mr. Beruz Pouredahi I request you to kindly unmute your audio Sir and proceed with your question.

The speaker is facing trouble, we can proceed with the next speaker Sir.

Mr. Ramesh Iyer: May I now invite Mr. Ami Shah please.

Moderator: Sir, Mr. Ami Shah has not joined the meeting.

Mr. Ramesh Iyer: May I now invite Mrs. Homayun Pouredahi

Moderator: Mrs. Homayun Pouredahi, I request you to unmute your audio please. The speaker is facing trouble, we can proceed to next speaker Sir.

Mr. Ramesh Iyer: May I now invite Mr. Rajesh Sharma please.

Moderator: Mr. Rajesh Sharma your video is active. I request you to unmute your audio and proceed with your question please.

Mr. Rajesh Sharma:

Thank you Sir for your efforts and I don't have any question regarding anything.

Thank you.

Mr. Ramesh Iyer: Thank you, May I now invite Mr. Rajendra Prasad Joshi please.

Moderator: Mr. Rajendra Prasad I request you to unmute your audio and switch on your video and proceed with the question Sir.

Mr. Rajendra Prasad Joshi :

Respected Chairman Sir and others who are attending this meeting. Good afternoon all of you Sir. Our Secretarial team is giving good Investor services to the shareholders. I received the soft copy of the Annual Report well on time. My thanks to Ms. Arnavaz Pardiwalla and team including Nishant Shirke who contacted me before AGM to guide me for the meeting. I am fan of the Mahindra Group Companies and have invested in most of these companies through shares, NCDs and mutual funds. Sir though I am thankful to Mahindra Company. I have faith in the Mahindra group companies. Sir, though the total income of Mahindra & Mahindra Financial Services Limited is 16% this year, PBT, PAT , EPS, etc., have reduced because of a very difficult economic last year. Sir we continue to support our Company in difficult times. We are confident that our

Company with its sound business model and very dynamic leadership of Mahindra group management will surely sail through troubled waters and come out as winner among the other NBFCs. Sir, the Company's dividend pay policy is to pay 20 to 30% net profits as dividend. However, this year dividend wasn't paid to conserve the capital. Apparently, it is a sound decision but I feel the Board should have considered at least 5% of net profits for dividend so that the Company could have continued the dividend list. Skipping dividend can send a wrong message to the market, so the Company could have given some dividend. Anyway now I have some queries, what is our foreign exchange earnings and the percentage of revenue generation for these earning? Second, any new area as the Company is going to focus in the microfinance level? Third, any strategic plans of how to overcome the business uncertainties posted by the Covid-19 pandemic and lockdown? Fourth, how our Company is managing to mitigate challenges posted by the liquidity crisis started from September onwards. I wish all the best to the Company and support all the resolutions. Thank you very much Sir.

Mr. Ramesh Iyer: Thank you, May I now invite Mr. Mohini Chainani please.

Moderator: The speaker has not joined the meeting Sir.

Mr. Ramesh Iyer: Okay, May I now invite Ms. Asha Harjani.

Moderator: Speaker, Ms. Asha Harjani also has not joined the meeting Sir.

Mr. Ramesh Iyer: Okay, May I now invite Mr. Doki Lakshminarayana

Moderator: Mr. Doki Lakshminarayana, I would request you to unmute your audio, switch on your camera and ask your question Sir.

Mr. Doki Lakshminarayana:

Thank you. This is first time I am able to attend the Annual General Meeting of the Company. Previously, it is all the physical meetings, we were not able to attend. This is the virtual meeting. I hope in future also the Company will conduct virtual meetings and regarding, i got a letter that dividend is outstanding and it will be transferred to government account unless you claim. In June, I replied but so far it is not been paid. After reminder, I got a reply that your application has been forwarded to the higher office to the consideration. KFintech gave the reply that your provided information we have updated this, you see this and you confirm that you are account details are correct

or not. Again, when I have given the copy of the cheque everything is there in the cheque but again they are giving a mail that you check the bank details that you have updated is correct or not. Another thing is, I hope that you are not paid so far but it is given in the letter that within July if you do not apply we will transfer it to the investor education fund, what has been done I don't know. Dividend has been skipped, it should have been given. Another thing regarding the Rights Issue, I got the letter and I applied but is there any eligibility to apply for extra shares. I am eligible to 175 shares. Whether a shareholder is eligible to apply more or not that I want a clarification. I hope that in this pandemic situation the Company will do well and will take the necessary steps for improvement of the Company. Thank you for giving the opportunity to talk in this AGM.

Mr. Ramesh Iyer: Thank you, May I now request Dr. Arun Kumar Boppana.

Moderator: We are losing the audio in between please proceed.

Mr. Ramesh Iyer: Sorry, Arun we cannot hear you clearly. Maybe we can comeback.

May I now invite Mr. Harsh Yadav please.

Moderator: Mr. Harsh Yadav has not joined the meeting Sir.

Mr. Ramesh Iyer: May I now invite Mr. Mihir Soni please.

Moderator: Mr. Mihir Soni, I request you to proceed with your question.

Mr. Mihir Soni

Respected Board of Directors, as a stakeholder I just wanted to know what are plans of conducting the internal audit pan-India during the financial year in this pandemic.

Mr. Ramesh Iyer: Thank you. May I invite Mr. Prabhash Kumar please.

Moderator: Next speaker, Mr. Prabhash Kumar has not joined the meeting Sir.

Mr. Ramesh Iyer: Alright. May I now invite Mr. Sharadkumar Shah. Mr. Shah you have given us some questions. If those are the once then I have got them with me but if you other questions you can go ahead and ask.

Moderator: Mr. Sharadkumar Shah you might want to unmute your audio and proceed with your question Sir. The speaker is not responding Sir. We will connect to the speaker.

Mr. Ramesh Iyer: I have got his questions though. In case he wants to come back we will see. May I now invite Mr. Ravindranath Peddineni to go ahead with your question.

Moderator: Mr. Ravindranath Peddineni has not joined the meeting Sir.

Mr. Ramesh Iyer: Alright, May I now invite Mr. Polina Dinesh?

Moderator: Mr. Polina Dinesh I request you to unmute your audio sir. We are not getting your audio sir. Kindly unplug your earphone and speak. Mr. Dinesh I request you to please join back because we are not getting your audio. He is unable to get his audio on Sir.

Mr. Ramesh Iyer: May I now invite Mr. Mastansab.

Moderator: Mr. Mastansab has not joined the meeting Sir.

Mr. Ramesh Iyer: May I now invite Mr. Shailesh Mahadevia.

Moderator: Mr. Shailesh Mahadevia request you to unmute your audio, switch on your camera and ask your question sir.

Mr. Shailesh Mahadevia :

Respected Chairman, distinguished Directors and Members of the Company participating in the Meeting here. Sir, to begin with let me appreciate the excellent performance of the Company during the year under consideration. Sir, I would also like to appreciate the report which has been presented to the Members, which is quite exhaustive and contains all the information which one would like to have. Sir, further one of the most important thing which I appreciate in the Report is the combined integrated activation in the three fields which have been done together that is Digital, Analytics and Technology. This not only helps the Company but we understand the whole thing much better. Sir, at this point I would also like to remember the founder of

our Company Mr. Bharat Doshi, who has been responsible for the excellent foundation of our Company and the results in the subsequent years. Sir, I would like you to convey our appreciation to Mr. Bharat Doshi. The last point of appreciation, there are many points but one more is, we are one of the major financer for Maruti cars that I would like to appreciate. Sir, with this I would now like to put my questions with a view to understanding and appreciating the whole Report in a much better way. Sir, my first question, actually it is a request that we should prepare Internationally Accepted Integrated Report which takes into account all the six capital resources of the Company, financial as well as non-financial and how the same are being utilised. Sir, this is my request, many companies have already accepted the suggestion and it gives us a very good idea about the Company. The latest to accept also Larsen and Toubro Finance Holdings Limited. Sir, my question is regarding the stimulus package which was disclosed by the Finance Minister sometime after the budget. In that a number of changes have taken place related to village economy related to agriculture and various other activities. Sir what I would like to know is this is my belief, this is likely to encourage agricultural sector in a very big way and also the rural economy and serve the main thrust of all our activities are in villages, are in smaller towns so I would like to understand how this is likely to benefit our Company in the times to come. Sir, my next question, is regarding the attitude of Reserve Bank of India in relation to NBFCs. Most of the financial companies including NBFCs are often not satisfied with various facilities or encouragement given for the purpose of financing for example facility given for moratorium as far as our debtors are concerned. This of course was an appreciation and as you have already said in your statement that this amount is getting reduced and it is now only about 40% or so and you are sure that it will get paid in the times to come. The NBFCs all the same are requesting to RBI for further concession, I would like to know whether RBI is likely to agree to some of the requests made by the NBFCs. Then my next question is regarding the population of landless labourers. I believe there is as large as 27% of the labour force in the country. Sir, I would like to know in what way these landless laborers are made use of in the economy of the country and in what ways we facilitate their participation. Sir, my next question is regarding the mobile facilities which are available in the country. We are told that 300 million mobile phones in India as of now are still operating on 2G and therefore they are not in a position to take full advantage of the development in this field particularly internet facilities. Sir, what I would like to know is whether any efforts are being made to take them in the mainstream of this mobile services? If and when it takes place, is it not likely to benefit in encouraging or in helping our business still further. Sir, then I would also like to know that how much of our financing is being given to the group companies and how

much being given the companies outside our group. If you can throw some light on that, it will be of great interest to us. Sir, then as we understand it because of Covid there are certain losses which are likely to be of a permanent nature, we may not be able to recover or we may not be able to recover for a long period. Ofcourse these are profits which may go down as far as our case is concerned. To give an example, if a farmer is not in a position to sell his fruits on the day when they are ready or within 2-3 days it is a loss forever. It can never be recovered in the years to come and similarly on various festival occasions. Once the occasion is gone the loss on that occasion is of a permanent nature. Institutions have started working out how much are the losses of this nature which cannot be recovered and therefore return to be provided once and for all. Sir, may I know what is our estimate of the loss in business which we may not be able to recover even in the years to come. Sir my next question is regarding our activities in the state of Jammu and Kashmir. There we also have our offices and I believe there are as many as representatives there. Sir, I would like to know whether all of them are safe, whether we are trying to increase our activities in that area now since the removal of Article 370. It is now one year old and more and more activities are being conducted or are supposed to be taken up in the years to come. Sir, have we made any progress in this particular direction? Sir, lastly I would like to refer to two things; Mr. Bharat Doshi on the occasion of Lalit Doshi memorial lecture given by the Chairman of Tata Group, Tata sons Mr. Chandrashekharan has asked questions on behalf of members who are attending the lecture, what will be permanent effect of Covid after the particular pandemic is over and there were two things out of several suggested by him which are great importance to us. One of the thing he said was that the home will be the center of attraction for a number of activities and therefore our planning should be done in such a way taking into account this new way of life after the Covid. Sir the second thing he had also suggested was digitalization should take place as fast as possible and the faster you are, better advantage you can take. The third thing which was pointed out during those discussions was his book "The Digital Nation". It is now a bestseller and it gives lot of information about how to bring up the existing economy by about 20% or so without or with our own existing resources and by utilising the resources which are already able and by re-imagining the whole system of value change. Sir, I would like to know whether we are also taking steps in this particular direction and I am sure we must be taking them in a number of ways but the more it is employed the better it would have been. Sir, normally I am in the habit of giving such books on the occasion of the festival day of our Company which is our AGM. Today I am not in a position to do that otherwise I would have gifted that book but in any case Sir, I would strongly recommend that one should go through that book and try to follow it. With this, I wish

our organisation every success and I sure we will be making progress and profits in the times to come and the fact that you have given Right Shares at the rate of Rs. 50 only when the market was hovering around 200 rupees shows the confidence that even after doubling the capital of the Company we will be in that position to go higher and higher as far as market capitalisation is concerned. With this, I wish all the Members and all the Directors good health and prosperity in the times to come. Thank you very much Sir.

Mr. Ramesh Iyer: Thankyou Shailesh Bhai. May I now invite Mr. Anoop Kumar.

Moderator: Mr. Anoop Kumar has not joined the meeting Sir.

Mr. Ramesh Iyer: Alright, May I now invite Mr. Rishabh Jain.

Moderator: Mr. Rishabh Jain has not joined the meeting Sir.

Mr. Ramesh Iyer: May I now invite Mr. Tanil Khanna.

Moderator: Mr. Tanil Khanna has not joined the meeting Sir. Mr. Rishabh Jain has just joined the meeting. Mr. Rishabh Jain, please proceed with your question.

Mr. Rishabh Jain:

Good afternoon Sir, I am Rishabh Jain from Ajmer, Rajasthan. Sir I have one question which is, how are you planning to use technology for the growth of the Company and particularly in this Covid time what aspects of Technology do you feel you can utilise which can be powerful and recovery from the bad impact of Covid-19 by the Company. That is my question and thank you for this AGM and best of luck for the growth of the Company.

Mr. Ramesh Iyer: Thank you very much. May I now invite Ms. Lekha Shah

Moderator: I request you to kindly unmute your audio and proceed with your question.

Lekha Shah:

Respected Chairman Sir, Board of Directors and my fellow members, Good afternoon to all of you, myself Lekha Shah. I very much thankful to our Company secretarial team for extending very good investor services and also sending me annual report well in

time, which is full of knowledge, facts and figures in place. Due to pandemic Covid-19 we all are facing crisis and how to stay home. This is the first AGM we are joining the video conference for giving speech. Before 1 week and yesterday also our Company secretarial team, specially Nishant ji has phoned and given guidance and proper instruction for attending the meeting through Video Conference. I am very grateful to the Company and its team. First of all, I would like to congratulate our Company for winning various awards and being honoured with the IDF CSR Award 2019 for participating in Resource Mobilisation for Humanitarian Causes. Second, awarded the 16th National Award for Excellence in Cost Management - 2018. I am happy our Company is doing very good in the field of CSR activities which includes promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes and a lot more. I would like to ask only one question, what is the Company's strategy to combat situation arisen due to Covid-19. So I wish all the success and support all the Resolutions. Thank you Sir.

Mr. Ramesh Iyer: Thank you so much madam. May I now invite Mr. Prakashini Shenoy.

Moderator: Speaker Prakashini Shenoy has not joined the meeting Sir.

Mr. Ramesh Iyer: Well with that we come to the end of all speakers' questions. We will collate all the answers. In the meanwhile, I request the video on monsoon be played for every ones benefit and we will collate the answers and return back very soon. Thank you everyone for the questions.

Mr. Ramesh Iyer: Mr. Aspi Bhesania asked about the growth. Just to tell you, rural has definitely bounced back and is doing well and compared to the urban cities. Even in the previous year we did see the rural economy was holding up and that has helped the Company maintain growth. Mainly coming from the tractor portfolio but more importantly also recoveries were good. For a finance company if the recoveries are good it does help the growth of the Company when it comes to the profitability. There was a question as to why the extra provision was being made. We took a review of various locations, various customer segments as well as various products that are being used by the customers and given the current Covid situation, we did take a conscious decision to make extra provision in the segments that we think will take longer to bounce back especially, the taxi operators, the vehicles attached to the tourism segment, hotel segment etc. and that is the reason in both the quarters, we had made extra provision.

Mr. Dinesh Bhatia while congratulating us wanted to know why was that dividend skipped. Sir as was mentioned by the Chairman in his initial speech itself that you know looking at the situation, we did feel it necessary to conserve capital and we thought it prudent this year to skip the dividend and conserve capital for future requirement but surely we always keep in mind the requirements and at every stage and as you would have seen in the past that has been our approach.

Mr. Rajendra Prasad Joshi wanted to know about the PBT and PAT reduction. You will see from our P&L that we have made the extra provision in the last year for about Rs. 574 crores and I just explained the reasons for why did we did it and we believe that will help the Company and strengthen the balance sheet going forward and therefore we did that.

About the dividend I just explained the reason for why we skipped the dividend, we definitely take your point of view that you know in future at least we should give some dividend to remain a dividend paying company, you have recommended that we should have considered at least 5 Rupees but definitely we will take that into consideration. You asked the questions on the foreign exchange - as far as our US operations are concerned it contributes to about 4.22 % of our consolidated profits and the Sri Lankan operations which has just begun contributes about 0.01% of our consolidated profits. So far as the opportunities/possibilities are concerned, we definitely as a Company keep looking at different emerging opportunities in the market. We have looked at possibilities of microfinance etc., but the way the Company is structured, we are an Asset Financing Company and therefore we will first look at any opportunity in that space before we really venture into any other but we are very confident that the way rural is shaping up and we definitely to believe that the Company has a good opportunity of growth from the rural market. Even in the fields of vehicle financing overall as well as the liquidity position is concerned, we are very happy to report that we have been able to sufficiently mobilize funds from the market through different sources and with this Rights Issue that we are just going through, as was again mentioned by our Chairman in his initial speech that our capital adequacy will go up to 20% and with sufficient funds in our custody, I think we are already to embark on the growth opportunity that rural will offer us.

About the dividend that was asked by Mr. Lakshminarayana I would request our Company Secretary to take a note Sir and they will come back to you surely with what is the current status. If we have reached out to you and have given you some information definitely they will update you on what is the current situation.

There was a question by Mr. Mihir about the branch audits being carried out in the current situation. Our internal audit team has worked out an approach to do the audit remotely and they would come back and present the plan to the Audit Committee and to the Board and we are very confident that we would be able to cover major aspects of the audit requirement of these branches and they are completely geared up to handle this. As you must be aware that we operate through various audit firms appointed locally and therefore we will link up to them and will definitely find solutions in this difficult time. So far as the question that was asked by Mr. Shailesh Mahadevia - thank you very much Sir for all your questions are very important and we do continuously discuss even in our strategy meetings as to what are the changes that we must really bring about. I will first touch on the Digital initiative and our readiness. As you must have seen even from our Annual Report, we have reported about what we really supposed to do and as a Company, our investments are in digital and analytics which we believe are the future of the Company looking at the various possibilities. We have created a very strong team which looks at what are the activities that can be converted, what are the businesses that can be inherited through the digital means and we are very confident and comfortable to say that our initial steps will get good results and we are very much on the job to get all the benefits for sure. As far as the stimulus package is concerned I am the Chairman of the NBFC committee of the Federation and we are representing this to the Regulator, to the Finance ministry, to SEBI and to various levels and they are very happy to report that over a period of time there has been a very strong recognition of NBFCs being very important partner for economic growth. The various packages that have been announced and the regulator is continuously reviewing them and we do believe that all steps that they take are going to help the NBFCs overall as an industry to be able to partner their economic growth. Definitely there are some more things that need to be done but largely the smaller NBFCs and midsize NBFCs are the ones who find it difficult in this situation so far as the large NBFC are concerned we are definitely able to resource funds, we have been able to get the benefits of various packages that are announced and we do believe that all these packages will go in a big way in helping the Company's growth prospects. So far as the initiatives for the rural is concerned you are very correct that various initiatives that the Government has taken are towards prosperity for rural and even in the past we have seen, with the good monsoon followed by a good farm cash flow supported by various Infra cash flow the rural bounty does come back bouncing and we exactly believe that is likely to happen to the rural market in the next two or three years and we are all ready to embark on a journey and get the benefit. So far as the mobile penetration is concerned, we have various applications that we have initiated and we have given to

our customers as facility. Just to report on one of them, we used to have physical collections from all our customers upward of about 80% plus or 90% of the collection used to be physical. During this Covid period we have seen that the digital means of collection has gone up, to as high as 35% and therefore this has been one very good facility that has been provided to the customers. We are continually looking at what else that could be done by taking advantage of the mobile penetration and with our Company's presence in such deeper corporates, we believe that digital is the way forward that is our physical presence that can help consumer as well as the digital initiatives that we put in place. The two together can help our customers really get all the benefits. These are the various benefits which we also believe are absolutely required and that would help us in a big way.

Similar question was asked by Rishabh Jain on how do we propose to use technology, I want to tell upfront that we have created a very strong team for technology, relooking at our technology and various initiatives through technology. Our confidence is that we are on the right path, we are using the available data extremely well and we are going to use the data both not just for the business growth but also for forecasting better recovery and we have built a very strong team which is working on it. We have a strong team on the analytics side and strong team on the digital side and also have a separate strong team for the technology implementation side. So I think three together is going to help us really penetrate this market even deeper and get all the benefits that we could get from that market. Then having worked with all the OEMs like M&M, Maruti and every other OEM, they are also investing adequately in this space, the dealerships are investing in technology adequately so i think it's all going to be a very strong partnership approach through which we will really address the requirements of the consumer of this market and we think that we are correctly positioned to take benefit of that. The question that was asked by Muthu Kumaran is that why have you kept the share price so low i.e. Rights Issue price so low. You know when we give the price of 50 rupees I would humbly request that it is not to be looked as a discount, it is not in any relationship to that. This is mainly because this is our 25th year and if the year was not with Covid we would have liked to celebrate it very differently and therefore we were kind of debating on what is the best way to look at thanking our shareholders who have been with us for the time from 2006 till now and the conclusion was that keep the price to be as low and as attractive as possible for every shareholder to be able to participate and that's the only reason why we have kept the price so low. We completely recognise the fact that with this kind of price we will actually be doubling our pace and we will need to work hard to be able to service them and which as a management, as a Company we are very confident of going and as I said our very strong belief is that the

rural market is all poised to grow in the period of next three years, clear visibility with the government initiative and we are very well placed take advantage of that. I think with that I come to the end of various questions that were raised by various shareholders and in case if anyone of you has not been able to connect, you may please send us your mail, you can send an email to our Company Secretary and we would ensure that we provide you with the necessary reply to your question and even after this session of replying to your questions if there are any further clarifications, you may kindly send us a mail and we promise to reply to the mails forthwith and immediately. May I now handover back to the Chairman to take forward the proceedings. Thank you so much.

Mr. Dhananjay Mungale: Thank you Ramesh!

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 AGM and make a consolidated Scrutinizer's Report of the total votes cast in favour of and against the Resolutions.

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 AGM 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.

Shailesh Bhai, I will certainly communicate to our ex-Chairman Mr. Bharat Doshi, your message and compliments. 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 Annual General Meeting shall stand closed.

The Annual General Meeting concluded at 4.37 p.m. (IST).