

IIFL FINANCE LIMITED
TRANSCRIPT OF THE 26TH ANNUAL GENERAL MEETING OF THE COMPANY

Meeting	26 th Annual General Meeting
Venue	Held via Video Conferencing
Day	Wednesday
Date	June 30, 2021
Time	2.00 p.m. to 3.15 p.m.

- **Link Intime Representative (Host):**
- Ma'am, we are live now. You can start the proceedings.
- **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**
- Okay. Good afternoon everyone. My name is Sneha Patwardhan. I'm the Company Secretary and Compliance Officer for IIFL Finance Ltd. It is our pleasure to welcome you all to the 26th Annual General Meeting of IIFL Finance Ltd. held through video conferencing. We hope you all are safe and in good health. This was an unprecedented year with the COVID-19 pandemic affecting countries, businesses and individuals in India and across the world. Lockdowns and the restrictions imposed on various activities have called for extraordinary changes. In a view of the continuing pandemic, social distancing norms and in compliance with the circulars issued by the Ministry of Corporate Affairs and SEBI, we are holding this 26th Annual General Meeting of the Company through video conferencing. The Company has taken all the requisite steps to ensure that the members are able to participate and vote on the items being considered in this Annual General Meeting. All the members who have joined this meeting are by default placed on mute mode by the Link Intime Representative (Host) to avoid any disturbances arising from background noises and to ensure smooth and seamless conduct of this meeting. Once the question-answer session starts, the Chairman will announce the name of the members who have registered as speaker shareholders. The speaker shareholders will thereafter be unmuted by the Link Intime Representative (Host) to start the question answers. Members are requested to click on the Video On button. If the member is not able to join the video due to any reasons, the member can speak through audio mode too. While speaking, we would request the speakers to do the following:
 - Use earphones so that he/she is clearly audible.
 - Minimise the noise in the background.
 - Ensure that wi-fi is not connected to any other device.
 - No other background applications are running.
 - And there is a proper lighting to have a good video and audio experience.
- If there is any connectivity problem at the end of the speaker, we'll ask the next speaker to join. Once the connectivity improves, the speaker shareholder will be

called again to speak once the other speaker shareholders complete their turn. We would request the shareholders to kindly limit their speech to the agenda related to the AGM only. Members are requested to note that those who have not registered themselves as speakers with the Company and have any queries, are requested to write on the Question and Suggestion chatbox during the meeting so that all the valid queries will be addressed together after the completion of the proceedings. During the AGM, if a member faces any technical difficulties, they may contact the helpline number mentioned in the notice of the AGM. All the Directors including the Chairman Mr. Nirmal Jain, the Chairman of the Audit Committee and the Nomination and Remuneration Committee Mr. V.K. Chopra, the Chairman of the Stakeholder Relationship Committee Mr. A.K. Purwar and other directors are present through video conferencing from their respective locations, except Mr. Chandran Ratnaswami who is unable to attend this meeting due to his preoccupations. The representative of the Statutory Auditors V. Sankar Aiyar & Company, Chartered Accountant, is also present in this meeting through video conferencing. The Company has appointed Nilesh Shah & Associates, Practicing Company Secretaries, as a scrutiniser for remote e-voting and also for the votes cast by the members during the AGM by E-voting system under section 108 of the Company's Act 2013, to scrutinise the e-voting process in a fair and transparent manner. The representatives of the scrutinisers are also present in this meeting through video conferencing. Pursuant to the recent MCA and SEBI circulars as mentioned in the e-notice, the attendance of the members attending the AGM through video conferencing shall be counted for the purpose of ascertaining the quorum under Section 103 of the Company's Act 2013. The requisite quorum for this meeting is present. All the requisite statutory registers including the Register of Members, Register of Directors, Director Shareholdings and other relevant documents and referred in the notice, and the explanatory statement, are available to the members for inspection electronically. Now I request Mr. Nirmal Jain – Chairman, to occupy the chair and take the proceedings forward. Thank you.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Thank you Sneha and good afternoon ladies and gentlemen. The requisite quorum being present, I call the meeting in order. I welcome all the members to the 26th Annual General Meeting of the Company and I do hope that all of you are in good health and safe. I now request my colleague R. Venkataraman, who is Managing Director and Co-Promoter of the Company, to introduce all the Board Members as some of the shareholders may be new. But probably most of them already know all of us. And I'll just briefly introduce Venkat before I hand it over to him. Venkat is an IIT-Kharagpur engineer, IIM Bangalore management graduate and he became co-promoter in 1999 when he joined the Company. He has been contributing immensely to the establishment of various businesses and spear heading key initiatives for the group for more than 22 years now. And, he has a vast experience of 29 years in total in the finances services sector. So, over to Mr. R. Venkataraman now.

– **Mr. R. Venkataraman - Managing Director & Co-Promoter, IIFL Finance Ltd:**

- Thank you Mr. Jain for your kind words, and good afternoon ladies and gentlemen. I thank all the members and my fellow directors for joining this meeting. I hope all of you and your near and dear ones are keeping well in this unprecedented pandemic. I also take this opportunity to introduce to you all the directors of the Company, starting with our Chairman Mr. Jain. Mr. Nirmal Jain is the Founder and Chairman of the group. He founded India Infoline Group way back in 1995. It had its original roots and beginnings as an independent equity research Company in India. Over the last 26 years of our existence, he has led the dynamic expansion of the group, but at the same time, the expansion has been focused on financial services. He is an MBA from IIM-Ahmedabad and a rank holder Chartered Accountant and a Cost Accountant.
- Our next Independent Director is Mr. Vijay Kumar Chopra. He is also the Chairman of the Audit Committee and the Nomination and Remuneration Committee. He is a fellow member of the Institute of Chartered Accountants. He is a career banker and held several top positions during his 36 years of the experience in the Indian banking sector. Post his retirement as the Chairman of the bank, he also spent 2 years as a whole-time member of SEBI.
- Mr. Nilesh Vikamsey is an Independent Director of the Company. He is a senior partner of Khimji Kunverji & Co. LLP an 84 year old Chartered Accountancy firm in India. He is also the past President of the Institute of Chartered Accountants of India. He is a member of SEBI's Mutual Fund Advisory Committee. He is currently the member of IAASB Reference Group for Audits of Less Complex Entities and the Risk Management Committee of CDSL. He is also the past Chairman of Federal Bank of India and he was an IRDA Board member and a member of numerous committees construed by various regulatory bodies like MCA, CAG and IRDA.
- Our next Director is Mr. A.K. Purwar, who is an Independent Director of the Company. He is also Chairman of the Stakeholders Relationship Committee. He was the past Chairman of State Bank of India from the years 2002 to 2006, and the Chairman of the Indian Banks' Association during the period of 2005 to 2006. During his stellar career in the State Bank of India, which is India's largest bank, he won a number of awards including the CEO of the Year Award from the Institute of Technology and Management in 2004, Outstanding Achiever of the Year from the IBA and the Finance Man of the Year by the Bombay Management Association in 2006.
- Ms. Geeta Mathur is an Independent Director of the Company. She's a Chartered Accountant and she is specialised in the areas of project finance, corporate and structured finance, Investor relations, treasury and strategic planning. She is also bringing to the table a strong understanding and experience of operations and the commercial negotiations and contract. She was also Co-Chair of the India Chapter of Women Corporate Directors' Foundation which is a mission to foster powerful and a community of influential women corporate directors and increase the pipeline of qualified women Board members.
- Mr. Chandran Ratnaswami unfortunately could not join this because of prior commitments and time zone differences. He's a Non-Executive Director of the Company. He's the CEO and Director of Fairfax India Holdings Corporation, a Company which is listed in the Toronto Stock Exchange, and he's also the Managing

Director of Hamblin Watsa Investment Counsel Ltd. He is a civil engineer from IIT-Madras and an MBA from Rotman School of Management, Canada.

- Apart from our eminent Board of directors, we also have key executives. Mr. Rajesh Rajak – CFO, and Mr. Sanjeev Srivastava – Chief Risk Officer, who have joined this meeting through video conferencing. Now I request Mr. Nirmal Jain – Chairman, to continue to proceedings of the meeting. Thank you so much.
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- Thank you Venkat. Notice convening the 26th Annual General Meeting of the Company has already been circulated to the members, and therefore I take the same as read.
- So dear stakeholders, I welcome you all to the 26th Annual General Meeting of your Company. During the year 2020-21 we have progressed very well on our journey of fulfilling aspirations of the underserved to the financially included in the system. So, our small loans make a big difference in the lives of individuals and also society at large. On one hand we turn their dreams into reality, and on the other hand we also further the cause of financial inclusion in our country. Over the years, your Company has built a robust physical strategy which combines physical and digital elements. So we have a vast physical network. During the last year, despite pandemic challenges, we added 186 new branches and have also done a lot of pioneering and innovative work on the digital front. Our performance during the year has reinstated our faith in our strategy while highlighting the inherent strengths of our business model. We had healthy volume growth, we could reduce the cost of funds, improve liquidity and we could also keep our operating costs under control.
- They key numbers if you look at it, our loan AUM has grown by 18% and is now close to 45,000 cr., maybe around 44,700 cr. to be precise, and this was driven by 20% expansion in our core products which are gold loan, home loan, microfinance and business loan. Your Company's stringent credit and collection policies have also kept a check on the non-performing assets and we compare as far superior to the rest of the players in the industry. If you look at our net NPAs, it is just about 0.89% and our gross NPAs have been around 2% or a little lower than that. And during the last year, low cost of funds and cost optimisation efforts have helped us achieve 48% growth in our net profit to a level of Rs. 736.5 cr.
- During the year we formed strategic alliances and partnerships with reputed banks and also FinTech companies for co-lending and loan assignments. Now this is a core part of our strategy and this will help us enhance our return to shareholders as well as reduce our dependence on liquidity and the volatile environment there. NBFCs like ours can have win-win partnerships with banks where we can leverage our geographical reach, servicing capabilities, underwriting skills and trained workforce, and combine that with the bank's capital balance sheet and risk taking capability and have a win-win relationship.
- Being a responsible corporate citizen, we are also well aware of risk arising out of climate and we are committed to contribute to the cause of environment. Our housing finance Company has taken a number of innovative initiatives to build

houses in an affordable as well as sustainable manner. When I say sustainable, that means that without depleting natural resources or trying to minimise the depletion of natural resources. These focuses, as I said, on optimum need of natural resources, but in India the added challenge is to make it affordable. Going forward, your Company will continue to find avenues for improving the sustainability quotient.

- 2021 was another year wherein our team demonstrated their strong resolve and undeterred dedication towards the Company even as they managed their personal challenges. And I extend my heartfelt gratitude to every member of team IIFL for making sure that during these times we don't lose a beat to service our customers and also to maintain our values of financial integrity, follow robust processes and make sure the asset quality is also not compromised. This was otherwise a difficult year in terms of the social challenges that all of us faced. Our robust governance practices, improved disclosures and transparent processes have further helped us to deepen our stakeholder engagement. And we have been fortunate to be guided by a very competent Board that is committed to the highest standards of integrity, transparency and fairness. And I take this opportunity to thank our Board as well as all of you stakeholders for your continued support and faith in the Company. And I'm confident that together we shall achieve greater heights. Thank you.
- With this I move on to the next agenda. So the Statutory Auditor's Report and the Financial Statements of the Company for the financial year ended March 31, 2021 does not have any qualifications, observations or comments on financial transactions or matters which have any adverse effect in the functioning of the Company. Accordingly, the Auditor's Report is not required to be read out before the meeting as provided under Section 145 of the Company's Act 2013. The members may note that since the AGM is being held through video conferencing pursuant to the MC and SEBI circulars, the facility to appoint proxy to attend and cast vote on behalf of members is not available. And pursuant to the provisions of the Company's Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, shareholders have been provided by e-voting facility to enable them to cast their votes electronically. And in accordance with this, your Company has provided remote e-voting facility through the platform provided by Link Intime to the members, and also facility to vote during the meeting, for the members who are present in the meeting through video conferencing and have not yet cast their vote through remote e-voting. The manner of transacting the business contained in the notice of the AGM is through remote e-voting and e-voting during the AGM. The instructions for e-voting are provided in pt. 14 on page no. 8 of the notice. The remote e-voting period which commenced on Friday June 25, 2021 at 9 a.m. IST has concluded on Tuesday, 29th of June, 2021 at 5 p.m. IST. Since the AGM is being held through VC and the resolutions mentioned in the notice have already been put to vote through e-voting, no proposing or seconding of resolutions is required. And with this, I now proceed with the agenda as per the notice.
- Now, as an ordinary business, Resolution No. 1 – To consider and adopt audited standalone and consolidated financial statements of the Company along with audited consolidated financial statements for the year ended March 31, 2021, together with the reports of the Board of directors and auditors thereon by passing an ordinary resolution.

- Resolution No. 2 – To appoint a director in place of Mr. Venkataraman Rajamani (DIN 00011919), who retires by rotation, and being eligible, offers himself for reappointment by passing an ordinary resolution.
- Now the next few resolutions are special resolutions. So as special business, Resolution No. 3 – To approve and offer or invitation to subscribe to non-convertible debentures in a private placement basis upto a limit of Rs. 10,000 cr. by passing a special resolution.
- Resolution No. 4 – To approve increase in investment limits for non-resident Indians and overseas citizens of India by passing a special resolution.
- Resolution No. 5 – To approve payment of commission to Non-Executive Directors of the Company by passing an ordinary resolution.
- Now, in the next few agenda items I am an interested person, and therefore I request Mr. Arun Purwar to take the chair and the proceedings of this meeting.
- **Mr. Nilesh Vikamsey – Independent Director, IIFL Finance Ltd:**
- You are on mute sir. You have to unmute yourself. Still we can't hear you sir.
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- Sneha can you hear?
- **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**
- Sir you are on mute.
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- You would have to call him I think.
- **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**
- Nihar, can you unmute him?
- **Link Intime Representative (Host):**
- Okay.
- **Mr. A.K. Purwar – Independent Director, IIFL Finance Ltd:**
- Are you able to hear me now?
- **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**
- Yeah sir.
- **Mr. A.K. Purwar – Independent Director, IIFL Finance Ltd:**
- Excellent! So now I... Thank you Mr. Jain. So let me go to the resolution.

- Resolution No. 6 – To approve material related party transactions in Samasta Microfinance Ltd. by passing an ordinary resolution.
- Resolution No. 7 – To approve material related party transactions with IIFL Facilities Services Ltd. by passing an ordinary resolution.
- Resolution No. 8 – To approve material related party transactions with IIFL Management Services Ltd. by passing an ordinary resolution.
- Resolution No. 9 – To approve material related party transactions with IIFL Securities Ltd. by passing an ordinary resolution.
- Resolution No. 10 – To approve material related party transactions with IIFL Wealth Prime Ltd. by passing an ordinary resolution.
- Resolution No. 11 – To approve material related party transactions with IIFL Wealth Portfolio Managers Ltd. by passing an ordinary resolution.
- Resolution No. 12 – To approve material related party transactions with IIFL Investor Advisors and Trustee Services Ltd. by passing an ordinary resolution.
- I now request Mr. Nirmal Jain to again take the chair and continue the proceedings forward. Thank you.
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- Thank you Mr. Purwar. Before proceeding with the e-voting in the AGM, I would like to invite the members who have already registered themselves as speakers with the Company, and if they need any clarification or have any observations with respect to the mentioned items here... I very humbly request all of them to restrict their speeches and comments only to the listed items as this meeting is specially meant for, and not to raise any other matters in any other capacity. Now I request speakers to remain muted till I call out their names and we'll do that one by one. The first speaker is Mr. Anil Champaklal Parekh.
- **Mr. Anil Champaklal Parekh – Shareholder:**
- Hello. Am I audible?
- **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**
- Yes sir you are audible.
- **Mr. Anil Champaklal Parekh – Shareholder:**
- Chairman Shri Nirmal ji, Venkataraman ji and other Board members, I'm extending good afternoon to you all and hope you are well at your respective ends. I would like to thank our CS team headed by Sneha for doing very well overseas. They are cooperating whenever needed. Sir Nirmal ji, I'm grateful to you for declaring a dividend of Rs. 3 despite a challenging year due to COVID-19 pandemic. This is the second challenging year and we have done exceedingly well as far as the financials are concerned. You have been able to keep control on net NPAs also, so I am

congratulating you for doing excellent all round performance. Sir, my question is pertaining to gold loans, how much you foresee gold loans disbursement will increase this year due to this Covid pandemic challenge. Many small and middle class families finding it difficult to survive so they are forced to sell their Gold or keep on taking loans on that, so what is your view on that I would like to know. How much branches we are adding this year in tier 2 and tier 3, I would like to know? And also customers as added this year we have 1.8, how many customers we are adding this year also. We are present in 20 states, will it possible for us to extend our wings in other states also. I would like to understand this all collaborations with leegality, Finbox, Karzaa, Data Sutram Setu, Credgenics and M2p Yap and these applications how it is helpful to us, and I would like to know about that in detail. I would like to understand our gold loan segment, home loan segment, business loan segment and microfinance segment, how much it constitutes our total revenues in percentage. Other things you have already said in your opening remarks and everything is available digital annual report, so I don't want to have much questions, since everything is available there, so I would like to save your time. I am thankful to you for allowing me to speak, and I am supporting all the resolutions. Thank you, sir.

– **Nilesh Vikamsey, Director:**

– Nirmal, you are on mute now.

– **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**

– Sir, you are still on mute.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Okay, I have unmuted but I don't know what is happening. Can you hear me, you can hear me, right?

– **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**

– Yes.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Okay, so thank you, Mr. Parekh, and the next speaker is Mr. Tushar Sodha.

– **Mr. Tushar Sodha – Shareholder:**

– Good afternoon, am I clearly audible?

– **Ms. Sneha Patwardhan - Company Secretary, IIFL Finance Ltd:**

– Yes, sir, you are.

– **Mr. Tushar Sodha – Shareholder:**

– Thank you so much for the confirmation. Very respected Chairman, Shri Nirmalji, Managing Director, Shri Venkataraman, stalwart directors of the Board, and my fellow shareholders, my name is Tushar Sodha. I acknowledge the timely receipt of the annual report of our Company, IIFL Finance through email and I thank the

efficient Company secretarial department headed by Ms. Sneha Patwardhan. The financial statements are descriptive and very informative. I am happy that this year onwards IIFL Finance has aligned to integrated reporting based on the framework of International Integrated Reporting Council which provides all stakeholders with a holistic view. Theme of this year's annual report, 'Small Loans for Big Dreams' is captivating and specific thrust of facilitating credit for aspirations of the common man is surely inspiring. IIFL Finance is among the topmost trustworthy financial service providers of our country and I am delighted that Team IIFL with their indomitable commitment and undeterred dedication during these tough times continue raising the bar. Many congratulations for the highest ever net profits of 736 crores, profit margins too have improved as compared to the previous year. Chairman sir, my warm wishes to entire team at IIFL Finance for a very healthy capital adequacy ratio for the highest ever that is 45.4%. I request you to kindly inform what is the statutory minimum capital adequacy that we are required to maintain. As a long term strategy IIFL Finance aims at focusing sharply on retail lending, there is also a mention of transferring substantial part of our construction and real estate loan assets to an alternative investment fund which has a target size of 3600 crores. I request you to kindly inform some more details on the same. There is a reference of new launch of Kutumbh that is the green affordable housing platform, I request you to kindly share more information on the same. Our Company expects to create substantial impact by March 2023 that is three years down the line. I also request you to kindly elaborate on IIFL branded campaign Karuna versus Corona. During these tough times of pandemic IIFL Foundation provided education to under privileged children through online platforms and also donated oxygen concentrators in Srinagar, Jammu and Kashmir and also in Palghar district which is very much appreciated sir. Reorganization of the IIFL Group a few years back was a masterstroke of the leadership think tank and it has proved to be beneficial for all the stakeholders. Within just last six years, Assets under Management portfolio of IIFL Finance has almost tripled to 45000 crores from 16000 crores in 2015. I am assertive and very confident that AUM shall surely cross the magical figure of 60,000 within the next two years. I am optimistic and hopeful that next year onwards we will meet personally at our physical Annual General Meeting at Nehru Auditorium at Worli. I thank you, Chairman sir, for giving me this opportunity to express my views. Thank you so much, sir.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Mr. Kirti Shah. Can everybody hear me?

– **Mr. Kirti Shah – Shareholder:**

– Good afternoon, sir. Mr. Jain sir, good afternoon.

- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Good afternoon, sorry, Mr. Kirti Shah.

– **Mr. Kirti Shah – Shareholder:**

– Chairman sir, this is a very good performance that you have given, last year's figure was 41 crores while you have shown a net profit of 125 crore this year. And it is a

lesson for other companies to learn that during the pandemic you can make profits and that there can be good management. It is an inspiration for others also that profit can be increased by three times.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Thank you, sir.

– **Mr. Kirti Shah – Shareholder:**

– Chairman sir, your PE is quite low still, the market share price is 12 PE, while the industrial PE is 48. Chairman sir, your shares are looking as if they are undervalued and your PE is only 12-13, while the industrial PE is 48. So you will have to think about that for the benefit of the shareholders. Our promoter holding is only 25%, what is the reason for that. Now SEBI has given you special powers so that you can go upto 75%, so why is your promoter holding 25%. The holding of FIS is 21.5% and the holding of DIS is 0.2% only. The statement of Mr. Purwar who was ex-chairman in the SBI Fund also the PE is so low, so there should be some suggestion of going forward. The team and the Board of directors should do something to make sure that the holding of DIS improves. Because the FIS holding of 21%, if anything goes wrong in the world or in the political situation here, the FIS sells off everything and goes away, they halve the price. So attention should be given so that the FIS holding is reduced and the DIS holding is improved. You mentioned that the NPA is only 0.89%, this is a very good thing that in such critical situation you have managed to maintain a low net NPA. Your proposal of 10,000 debentures which you have mentioned, in what will you invest that, are you going to diversify or expand in this only, I mean where will this be spent, if you can throw some light on this. You also mentioned that this year 186 branches were opened. What is the plan for the next two years? Your CSR activity is very good. Jain sir, Modiji has also appreciated that the CSR activity of Jains is on number one position. This is a good thing that the Jain community is doing great CSR work. You have increased your profit by 3 times, but the revenue growth is the same, it has increased by only 7 crores, so what is the reason that you are showing such a huge profit. Is it a one-time item, can you please highlight that, because your revenue is the same, in the current year it is 863 crores while last year it was 856 crores, the profit last year was 41 crores, and this year it is 125 crores. Can you please throw some light on this? Wish you all the best, thank you very much.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Thank you, Kirtibhai. Next speaker is Mr. Sharad Kumar.

– **Mr. Sharad Kumar – Shareholder:**

– Can you hear me?

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Yes, we can hear you, please go ahead.

– **Mr. Sharad Kumar – Shareholder:**

- I will talk, but can you see my video?
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- No, we can only see your name, not your video.
- **Mr. Sharad Kumar – Shareholder:**
- I will put on my video, can you see me now?
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- No.
- **Mr. Sharad Kumar – Shareholder:**
- The video is not coming on.
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- Sneha, has the participant put his video on.
- **Mr. Sharad Kumar – Shareholder:**
- Chairman, I will talk this way. I will first start talking about Sneha Patwardhan, I am congratulating her on her post of Company Secretary at India Infoline’s Panel, and I welcome her. I had just mailed her, I want to know whether she has received that mail, and if she has received it then when will she reply to it, I just want to know that. Secondly why did I send this mail to her, basically our share price like Kirti Shah mentioned that our PE ratio is less but our share price was only 90 in April and it has reached 345 at the end of the year and now at present it is 242, so if you reply to this question it will be very good. Now I come to R. Venkataraman so I have to speak only in English, R. Venkataraman cannot understand Marathi. I am very happy to see his photograph on page no. 45. But I would like to tell him as, Venkat sir, you are MD of IIFL Securities, and the fellow you have selected as a RTA is of no use, because I have asked him to list my name as a speaker, but I have not received a link from him. Only LinkTime called me and sent me the link also and so I am really happy with LinkTime. So here I want to tell you one thing, it is very important that you have got lot of people from and I am very happy that you have got people from SEBI, CDSL, SBI and let them hear what our present chairman of SEBI says, Ajit Tyagi, what he says the physical meeting is always better than VC because the manipulation in VC meetings is quite possible, but physical a chairman/managing director cannot ignore shareholders that is the main thing what Ajit Tyagi has said and I am attending these AGMs from 11th February in this financial year and this is my experience, sir. So what Ajit Tyagi says that you should keep in mind and take care of the main things. Now I come to the Chairman, Nirmal Jain, what he said in his speech is that small loans for big dreams. Sir, you are wrong, small dreams to live because they take Rs. 100, they purchase something and they sell something and the interest of 5%, they give next day, again they take 100 rupees, so it is basically the rate of interest comes down to 48%. So it is not their big dreams, it is for to live, they cannot live without your Rs. 100, and this is happening with Bandhan and earlier also one bank fellow was there who was doing this. Another thing what I have observed, you talked about NPA is

0.89, 0.89 but why you are not looking at the previous NPA which was 0.88, so it means the NPA has increased this financial year. And at the same time if you look into it, the bank, SBI, State Bank of India which was operating last 10 years but could not make profit, could not control NPA, this is the first year or after that this NPA is 1.5 and you can look at its size and definitely you can think of that from that angle. And what I have observed what Ajit Tyagi said is same thing, if I refer page no. 113, business responsibility report, there what you have done the email address is same as what Company's email address and who is the responsible person, again R. Venkataraman, so this is not correct, at least you should have a different person and different email ID because this experience I got yesterday when Supreme Petro I had written to them to their PR fellow, he has immediately acted, and I cannot expect the action from R. Venkataraman because I know him very well for long time. And another thing when I refer page no. 40 all things are of nurturing of human capital and all marks are 77 to 83, maybe nurturing of human capital but whether you also got same marks that is my question, Nirmal Jain and R. Venkataraman and what is another thing is Nirmal Jain you have got your opinion about Prime Minister earlier, and I would like to ask you whether you have changed your view or opinion about Prime Minister.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Sir, can we restrict our discussion to AGM agenda.

– **Mr. Sharad Kumar – Shareholder:**

– Yeah, we will restrict, now we will come to business also.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– We will talk about the Prime Minister over tea, now there is no time for all that.

– **Mr. Sharad Kumar – Shareholder:**

– What you said PCR, PCR is something like 186% and now I would like to know to what extent you can increase or stretch this which is not clear. And the provision made in this financial year that is also I could not find out the figures of provision, I could not find out the figures of slippages. Only thing what is good with this Company is the share prices have gone up so that is very good and I think I had done my job you have understood when you stopped me, you know me very well, I know you very well. We met two years back in a private wedding ceremony at BKC, after that we could not meet each other because of the VC. Thank you very much, sir, for giving me opportunity, okay, thank you.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Thank you, and next is Mr. Bharat Mulchand Shah.

– **Mr. Bharat Shah – Shareholder:**

– Respected Nirmal bhai, Purwar bhai anad Venkataramanji and other respected directors. My name is Bharat Shah. I do not have any queries and I am with you since the last 25 years and you have run the Company in a proper manner and have given

good returns. I wish the Company moves forward in this manner. You have also given good dividend, and I hope that you will continue to give good dividends in future also. I have one request, now the Company is doing well, and the rate has also increased 4 times, so I request you to give a bonus this year. I thank you for everything, Nirmal bhai. Please let me know what the Company has done for the Covid 19 CSR activities. Otherwise the Company is doing well. I welcome Sneha Patwardhan as our Company Secretary and this is her first AGM, and I thank her entire secretarial team, especially Niti Nakolkarji who is very hard working. We find it very difficult to join in this VC conference and your secretarial team has helped us a lot, so I thank the hardworking secretarial team, and they reply to us even if we call them at 9 or 10 in the night and guide our properly. And we should meet face to face next year and we should do that after Covid 19 has come under control, and I hope that happens. Our Company has completed 25 years but Covid 19 is going on and if next year everything is fine we should have celebrations in the next year with a get together with the shareholders. I also thank the team of LinkinTime. You have my support and thank you, sir.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– Thank you, Bharat bhai. Next is Smita Shah.

– **Ms. Smita Shah – Shareholder:**

– How are you, Nirmalji.

– **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**

– All well.

– **Ms. Smita Shah – Shareholder:**

– Respected chairman, Shri Nirmalji, Shri Venkatji and other esteemed directors, my name is Smita Shah. Sir, today is your 26th AGM and you have crossed Silver Jubilee, congratulations for your excellent performance. Your service is good and you have opened many branches also, congratulations for that also. Sir, there are many competitors in the market, so to perform excellently in future also what plans have you made, if you can please inform me about that. Our best wishes are always with you, and today too I wish that the Company progresses very well and give the customers excellent services and keep up its name in the market. During this pandemic some of your staff must have got affected, I would like to know what are the facilities you gave your staff who were affected by Covid 19. I thank the secretarial team, Sneha Patwadhan and Akolkarji, they are a hardworking team and are giving good investor service. We are facing a lot of issues due to this VC medium of connectivity and internet problem, there are many problems, but to get us connected to this AGM the secretarial team and LinkinTime also supported us well, both their services are very good, and because of them I got a chance to talk to you, so thank you to both of the teams and good wishes for their future. We are very old shareholders and have always been supporting you as we are your well wishers and today too I support you in all the resolutions. And I hope that at the next year's AGM we meet you face to face. Please stay at home and stay safe. Thank you.

- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- Sharad Kumar Shah.
- **Link Intime Representative (Host):**
- Sir, Sharad Kumar Shah has already asked his question. We can move to the next speaker.
- **Mr. Nirmal Jain - Chairman, IIFL Finance Ltd:**
- Next is Mr. Vinod Agarwal.
- **Mr. Vinod Agarwal – Shareholder:**
- Can you hear me? I am Vinod Agarwal speaking from Mumbai. Sir, I am happy with the Company's performance, you added 1.8 million new customers in the previous year. Your NIM margins are 6.8% which is very good because NIM margins by bankers are about less than 2%, 3%. Our NIM margins are 6.8%, very-very good sir. Our EPS was Rs. 20 in the past year, which is very good. Good growth. 7.6 billion of PAT which has been 17.6% 5-years CAGR, which has been noted, very good. We have also noted the awards that the Company has received – Best Brands from ET and Great Place to Work and all very good things, sir. I would only point out that we have got NPA, Net NPA of 9.89% and we have provided 186% of this. If those recoveries come in those 0.89, that will directly go to P&L account. It will be a profit in that future year for us. It is a very good thing that you have done and we have got 2563 branches, 83% in Tier-II and III. We donated 24 oxygen concentrators and sir, I am signing off. Vinod Agarwal from Mumbai and I wish the Company all the best and keep on growing and all the more and more. Thank you.
- **Mr. Nirmal Jain – Chairman, IIFL Group**
- Thank you so much Vinod Bhai. Now I will take the questions from all the members and thank you. Thank you everybody. There are some more questions on the chat. Maybe I will try and see how we can cover them. So first speaker Mr. Anil Parekh. How much gold disbursement growth we see this year? Now I can't make a forward looking statement, but the gold prices remain stable and in this environment people need loan then we are a good source because our loans are on reasonable terms. Many of these people when they go to pawn brokers or informal segment, then they end up paying a much higher interest, as well as having much harsher terms. New branches in Tier-II and Tier-III, we have taken approval from RBI for 700 new branches, which we can open over say the next 12 to 18 months. Most of them will be in Tier-II, Tier-III cities. Now I really can't say, because we don't know how COVID situation will pan out, at what pace these branches will be set up. But in the foreseeable future, we will grow our network by a good number of new branches. New customers, again, we are a growing Company and we are a part of a growing nation, so we will continue to grow. But any forward looking statements on that again is not allowed and also won't make sense because you really can't have precise estimate of anything. New states added. We are pretty much there in all the states, except for a very few states like Jammu and Kashmir or may be Nagaland, Meghalaya. But other than that, I think pretty much we are there in each and every

state. But I will still see the states left out where we can reach out, like say, Jammu and Kashmir. But unlikely, because more or less we have covered all the states. Leegality Karzaa, FinBox and there are many other fintechs that we have tied up with them. They are very helpful because they are innovative entrepreneurs, everybody has a new idea, some pioneering, good work they are doing. And, I think that the way the entire fintech and the ecosystem is evolving with technology and digital revolution and transformation happening all around, the beauty of partnership is that you can plug in many fintech players for a very specific activity. Like, some of them are very good at customer on Boarding, some of them will be very good in credit underwriting, or some of them will be very good at helping us in collections or scrapping a bank statement and giving us a very analytical details of bank statement. And then there are companies like legality, which are like DocuSign in the US, who basically allow you to do all the legal documents without any paperwork. And you can keep a trail and have a e-signature which should be valid in the court of law. So, there are many innovative fintechs, and we are really delighted to partner with them. And, I think we will continue to have more partners in this regard.

- Now, H&MFI, Gold all these shares are already there in our presentation, our analyst presentation, which is there on our website and therefore I will not take more time of everybody here. But you are free to go and look at publicly available information on breakup of all revenues for every quarter. Minimum capacity adequacy requirement is 15%, Tier-I and Tier-II put together out of which Tier-I which is primarily equity, should be at least 10%. And later this quarter if you see, our IIFL standalone was close to 25% as against the total capital adequacy requirement of 15%. Launch of Kutumb and more info on the same is available in our annual report, is our CSR initiative and where we are trying to build affordable housing. We are helping the builders to do that in greenhouses, and there is a book that we have published and we can give you a link of the book so, all of you can download the PDF book. It is a very interesting book and we are publishing it free and giving that knowledge away because we have done a lot of pioneering work in this. In that book, you can see how we can use the local material to build a new house at a low cost and yet which is a kind of a greenhouse and sustainable where we are trying to minimize the waste or use of natural resources, we can use recycled material yet house can be built beautifully and can be a greenhouse. So, that book is available or we can send you a link. Sneha can send a link or it will be available in our website also, or can send a QR code so that people can download the PDF version of it.
- Then Mr. Kirti Shah's questions. Why are PEs low when industrial PE is 48? So our job is basically to focus on Company's performance which is the revenue, profitability, the quality of assets and governance and, market activity or how market values it is something that you all know better. I think, we don't want to comment on it. And as far as IIFL Finance is concerned, Venkat or I, we haven't sold any shares. So, we are not really interested in day-to-day movement of the stock price. Promoter holding is 25%. It has evolved over a period of time. We raise capital from other investors. Our institutional investors as well as public to grow the Company, and we are first generation entrepreneurs. So, we haven't inherited any large stake or a Company with a capital so that... so, we are quite happy with that. And to increase the stake, it requires additional resources, and obviously, we don't have available free resources for this. So, I think we will to be content with the shareholding for the time being. FII

is 21% and DI is 0.2%. DII holdings should increase. I agree with you, but it is up to the DIIs to decide. Rs. 10,000 crore debenture issue, where will it be utilized? If you see our loan, AUM is close to Rs. 45000 crores and if you grow the book by even 20% and then do some repayments of earlier loan also, so there is an enabling provision and but this would be utilized privately for our existing businesses and growth therein. I mean, at least at this point in time we don't envisage any, adding any new businesses or new business lines. So, we continue to remain focused on our existing business and really grow that.

- How many new branches in the next two years? I said that we got an approval for 700 new branches over the next 12 to 18 months, or maybe the next two years' time. Profit, has grown three times, but the revenue has remained the same compared to last year. So, if you see the last year first quarter or the last quarter of the first hit of pandemic and this year our product mix and business mix also has changed. So, there are a number of factors that have converged for profitability growth. One, our product mix has changed, and our dependence on CRE or construction real estate finance has gone down. That is where we were required to make higher provisions. Our gold business has grown which has slightly higher view to our operating costs we have been able to control, and we have also benefited from COVID. So they were under control. Three, with our improving credit acceptability by lending institutions, we have been able to reduce the cost of funds. And as the businesses grow on the same infrastructure, you have an operative cost or operating leverage advantage as well. So, all these factors have contributed to our profitability growth whereas the revenue has not grown because in this time period, obviously the loan book growth in that time period also would be not very significant, and the mix has changed. There was a question about Corona also. We had taken a number of initiatives about Corona and many of them are there on our website. And in fact, I can take more than one hour to discuss what all we had done. But that may not be the best use of time, but we can put it up on our website and a lot of stuff is already there in our annual report and website. But still, if you want to know precisely some more details then we are happy to get in touch through Sneha with our CSR team.
- Mr. Sharad Kumar had asked why share price is too low. So, I mean, it is a matter of perception and I can't have any comment on that. Our provision coverage ratio is 186%. So, there is no limit on this in terms of...so, RBI's requirements are much lower than the provisions that we are carrying. But this is based on the prudent estimate and what we believe we need to carry. So, I mean, there are no limits or no upper cap on this. But there is a minimum threshold that can be derived based on provisioning requirements of RBI. But we are well above that. The provision numbers are there in the balance sheet. The amount of provision is very clearly written in the balance sheet and the new provision made during last year was Rs. 1, 336 crores and the total P&L hit is around Rs. 484 crores. So, these numbers are there in the report. Bharat Bhai asked that what is the CSR activity that we had done for COVID? We had done a number of initiatives for this. We had distributed oxygen concentrators. We had done camps. We have been educating our people. When we do CSR initiatives then we educate the girl children in Rajasthan villages. We have provided them with tablets. We are taking a number of electronic initiatives. So, many of these initiatives are mentioned in our annual report and as I said, in the CSR section of our website,

you can find more details. So, the NPA is 0.89%. What if recovery comes? So, NPA is net of provision but the recovery comes out of provision obviously that gets added back. But incrementally as we keep growing our business, so there is a requirement of provision every quarter and from there recoveries get netted. So, I think these are the questions that were asked and hopefully I have answered them to the satisfaction of our dear shareholders.

- A few more questions have come in the chat. Geeta Babubhai Mehta. What are the major opportunities and challenges facing the Company? And how does management plan to respond? A good question. So opportunities for the Company, last two years have been quite challenging years for NBFC sector as a whole, starting from IL&FS crisis and then DHFL and Reliance Capital and there have been quite a few other fiascos including Yes Bank. So, there have been issues related to many of large financial institutions and, so that has posed challenges for the sector and many companies in terms of liquidity and also the perception about the Company. I think that the Company that has survived and have remained focused on retail and a high quality credit and collection will have a huge opportunity because of the economy divides with the government initiatives, with the reforms initiatives, with the stimuli that government is putting in, there will be a faster growth and therefore there will be faster growth in the demand for credit. We are partnering with banks so we meet demand for credit which come in through bank and directly also. So, opportunity will be very good. The challenges again, are, we don't know about the COVID pandemic, how it will ultimately pan out, one. Two, we don't know about inflation, how it will impact the interest rate and the group going forward in the medium term? And three, we are still a little cautious about liquidity situation although it had improved. But what management plans to do is that we try to mitigate risk, and we discuss each and every risk in our risk management committee, as well as our Board. Our Board is very experienced so they guide us on how to deal with them when we try to be conservative there. And for opportunities, as we are seeing that we have aggressive plan to roll out our physical strategy which is branches as well as digital technology so we are very well placed now after 26 years, in the financial services sector and with 2,500 branches, 4 million customers, we are well placed to seize the opportunity.
- Next question is from Kanhaiyalal Gehmal Danwani. Dear sir, I request that convertible debentures should be considered instead of non-convertible debentures. See if you are a shareholder already, then the convertible debentures will dilute you, because then you will be owning lesser of the same Company. And obviously it may be, I mean, if you want to invest in Company's equity you can obviously buy the equity. But there is a purpose for convertible and non-convertible debentures. So convertible debentures will be like equity shares. So, whether our Board decides that we need equity capital, we can decide the form, whether it be equity or direct equity or convertible. But the non-convertible is what we need at this point in time. We have a very good response for our non-convertible debentures that we raised for NBFC, and this was subordinate bonds, which basically come as Tier-II capital. I would like to inform all the shareholders that we are also launching our housing finance Company's subordinate bond issue, just in a weeks' time, maybe by 5th or 6th. Now these bond issues will offer you 10% per annum yield, which to my mind is very good as a fixed income instrument, because if you put your money in fixed income in

bank deposits, you may end up at 3, 4 or 5%, and here is a Company that you already know. And why we can offer higher rate of interest is, although we are able to borrow it around 8-8.5% from the banks is because they are subordinated bond therefore longer tenures; 7 years and 3 months I think and they are unsecured. But they are rated the same AA, CRISIL has rated AA. So, in CRISIL, rating agencies knew we don't have any additional risk for them vis-à-vis the secured instrument that are also rated as AA. So, those who want to put in money in fixed income or a part of your assets to fixed income from equity, then I think this bond issue will be very good for you. I would strongly recommend housing finance Company subordinate bonds so that will come. But it will be again a non-convertible but long-term so, you can lock in your interest rate there. So, thank you Kanhaiyalal ji.

- Then next question is, have there been disagreements between inside and outside Directors and how are they resolved? So I would say that we have constructive argument, and even if there is a disagreement then the best logic wins, and then ultimately we hand to the consensus because the argument is always free, fair, and fearless and we are always guided by our Directors who are by and large each of them is more experienced than us. So there can be disagreement, but it is constructive. It has never been a dysfunctional or a destructive disagreement. It has never been in the negative light, thankfully touch wood. We are blessed. So, the disagreements have been constructive and they are resolved by logical arguments. With increased globalization, what has the Company done to increase the international breadth of knowledge and experience of the Board? A good question. And till now we don't have any international Board member, except the fact that we have two Indian Directors who have international experience and out of that one had just stepped down for personal reasons, but we have two large investors in our Company. Fairfax that is founded by Mr. Prem Watsa who is known to be Warren Buffet of USA, he is a Canadian citizen and Mr. Chandan Ratnaswami who is on our Board is also from Fairfax. So, they bring a lot of international expertise. They are very highly regarded internationally. Not in India, but even in the US or Canada investment community they are very well respected. Then CDC, which is owned by UK government again brings tremendous perspective, knowledge and experience of global economies, and we are guided by CDC. Mr. Srinivasan has been on our Board for a long time and the other members, they have been investing in other emerging markets including Africa, Asia, and they have very rich experience. So, that way we have been fortunate to get international experience from these marquee investors, who are there on our Board. And as a group, we have also General Atlantic on the IIFL wealth Board. So we are very well connected with the international best practices and we are guided by them.
- As we speak, few more questions have come. Mr. Amit Mantri. What has been the status of RE book transfer to AIF? What percentage of RE book has already been transferred and how much more is to be transferred? That I think, has progressed well where two transactions have happened so about half the book has already been transferred. The remaining will happen in next...I think it is already in very advanced stage. So, entire transfer process the diligence is nearing completion. So, I mean, I don't have the precise number, but about half has happened. The remaining half will happen in the next two to three weeks. How much more is to be transferred? So I think our target is about 3000 crores, so more or less will be there in some time.

Does the Company have a comprehensive work-life initiative that recognizes the link between work-life programs and business success? Very much, we try our best. And in fact, all our people also enjoy work as much as life. So, they enjoy our life at work and some of them enjoy work at life also. But I think we tried to do our best to make a balance of it and not only balance of it, but also blend of it. So, many times I get calls, I go on Saturday, Sundays for work, but because I enjoy my work it never, so does my family. But the same time, we also take our holidays and enjoy our family lives also. Does the Company have a process to identify all significant business risks? What type of process? How does it work? How is it performed? Who has responsibility for it? Good question. And we have a slide on this in our presentation, I will see if it is...I think it is there, at least in our internet presentation it will be there. So it is a framework. So, the Board gives the guidance and then the risk management committee and we have a Chief Risk Officer. So, Mr. Sanjeev Shrivastava is our Chief Risk Officer for NBFC, and we have independent Chief Risk Officers for our housing finance as well as microfinance. So Ms. Abhishikta is our Chief Risk Officer for housing finance. There is Mr. Shiva is for our microfinance Company and we have a team. So, they continuously assess all kinds of risks and obviously financial and credit risk would take significant part of the bandwidth but the technology risk or our reputational risk and we covered in the annual report also. I believe that we have a robust process for risk management, and that has been one reason that in last 26 years, through the roller coaster of business cycles, global crises, we have sailed through touch wood pretty well. I have continued to remain afloat and also grow very steadily and consistently over time. And we thank all our shareholders also for the support.

- Next question is from Kanaiyalal Gehmal Dhanwani, my humble suggestion is that the question of rights equity shares issue should be considered in this AGM. No, there is a process we can consider in this AGM. So, the process will start with the Board assessing the need for capital and then deciding the best way in which the capital can be raised. So at this point in time, sorry to disappoint you, but we can't take up a proposal like this in an AGM like this. It has a lot of prior work in terms of regulations, as well as in terms of approvals. Thank you with this. I think, we end our question and answer session. So now I request all members who have not voted through remote e-voting to vote via e-voting system which is provided by link in time. The instructions for same I have given in the notice of the AGM whereby the members can vote during the AGM in terms of a Sec 108 of the Companies Act 2013 on all the ordinary and special resolutions or all the ordinary and special businesses as set out in the notice of the AGM. Members are requested to note that those members who have already voted electronically through remote e-voting are not eligible to vote in the AGM. Obviously you can't cast your vote twice. Members also please note that e-voting facility during the AGM is open for the next 15 minutes, and the members are requested to vote on the proposed resolutions number 1 to 12 as set out in the notice of the AGM in the next 15 minutes.
- So the scrutinizer shall submit his report in the prescribed manner to me within 48 hours of the conclusion of this meeting and the results of the e-voting will be informed not later than 48 hours of the conclusions of the AGM to the stock exchanges; that is NSE and BSE and will also be uploaded on the Company's website www.iifl.com. The scrutinizer has verified the process for remote e-voting and e-

voting during the AGM. Members are requested to vote on each of the resolutions. So Sneha, we can continue I guess, they can vote in for 15 minutes. We don't have to wait for that. So, I believe that all the members have voted on all the resolutions and if not, then members are requested to vote the same and scrutinizer shall disable the e-voting in some time, after the time period is over. Voting results on each resolution will be an aggregation of remote e-voting and votes cast through e-voting during the AGM in favour or against. All resolutions contained in the Notice if carried with requisite majority shall be deemed to be passed on the date of the AGM. With the completion of all the above agenda items I declare the meeting as concluded. I would like to thank all members for their valuable time and taking initiative to attend this annual meeting to VC and we request all of you to be extremely careful during this pandemic period and take care of yourselves and your family. Thank you.
