



## **14<sup>th</sup> Annual General Meeting**

### **HDB Financial Services Limited**

**June 25, 2021**

#### **CORPORATE PARTICIPANTS:**

**Arijit Basu**

Chairman

**Venkatraman Srinivasan**

Independent Director

**Smita Affinwalla**

Independent Director

**Adayapalam Viswanathan**

Independent Director

**Dr. Amla Samanta**

Independent Director

**G. Ramesh**

Managing Director and CEO

**Haren Parekh**

Chief Financial Officer

**Dipti Khandelwal**

Company Secretary

#### **SHAREHOLDERS:**

**Aspi Bhesania**

**Dipti Khandelwal**

Welcome to the 14<sup>th</sup> Annual General Meeting of HDB Financial Services Limited which is being held through video conference. I have been informed by the Moderator that we have quorum for the meeting. I am Dipti Khandelwal, Company Secretary of HDB Financial Services Limited. I would like to take you through certain points regarding the participation at this meeting. The facility of joining the AGM through video conference or other audio video means is being made available to the members. All members who have joined the meeting are by default placed on mute mode by the host to avoid any disturbance arising from background noise and to ensure smooth and seamless conduct of the meeting. The name of shareholders who have registered as speaker shareholders will be announced one by one. The speaker shareholder thereafter will be unmuted by the host. To start speaking, the shareholder is requested to click on the video button. If the shareholder is not able to join the video for any reason, shareholder can speak through the audio mode. While speaking we would request the speakers to use the earphones so that he is clearly audible, minimise any noise in the background and there is proper lighting to have a good video and audio experience. If there is connectivity problem at speakers end, we would ask the next speaker to speak at the meeting. Once the connectivity improves; the speaker shareholder would be called again to speak after the other shareholders who have registered and completed their turn. We request shareholders to kindly limit their speech to 3 minutes per speaker. During the AGM if the member faces any technical issues, he may contact the helpline number mentioned in the notice of the AGM. May I request the Chairman to take the meeting forward.

**Arijit Basu**

Good afternoon to all the shareholders and on behalf of the Board of Directors, I, Arijit Basu, Chairman of HDB Financial Services Limited, welcome you all to the 14<sup>th</sup> Annual General Meeting of your Company.

With me here, I have Mr. Venkatraman Srinivasan, Independent Director, Ms. Smita Affinwalla, Independent Director, Dr. Amla Samanta, Independent Director, Mr. A. K. Viswanathan, Independent Director, Mr. G. Ramesh, Managing Director & CEO, Mr. Haren Parekh, Chief Financial Officer and Ms. Dipti Khandelwal, Company Secretary whom you just heard.

I now call all the directors attending the AGM on Video conference to introduce themselves.

**Venkatraman Srinivasan**

Good Afternoon everyone, my name is Venkatraman Srinivasan, I am an Independent Director of the Company and Chairman of the Audit Committee joining the meeting from my residence in Mumbai. I hope you and your family members are healthy and safe. Take care. Thank you.

**Adayapalam Viswanathan**

Good Afternoon everyone, my name is Adayapalam Viswanathan, I am an Independent Director of the Company and Chairman of the Risk Management Committee joining the meeting from my residence in Mumbai. Thank you.

**Dr. Amla Samanta**

Good Afternoon everyone, my name is Amla Samanta, I am an Independent Director of the Company and Chairperson of Corporate Social Responsibility Committee and the Stakeholders Relationship Committee, joining the meeting from my residence in Mumbai. I hope you and your family members are healthy and safe. Take care. Thank you.

**Ms. Smita Affinwalla**

Good Afternoon everyone, my name is Smita Affinwalla, I am an Independent Director of the Company and Chairperson of the Nomination and Remuneration Committee, joining the meeting from my residence in Mumbai. I hope you and your family members are healthy and safe. Take care. Thank you.

**G. Ramesh**

Good Afternoon everyone, my name is G. Ramesh, I am Managing Director and Chief Executive Officer of the Company joining the AGM from HDB's office in Mumbai. I hope you and your family members are healthy and safe. Take care. Thank you.

**Arijit Basu**

A warm welcome to all the Directors attending the Annual General Meeting. Apart from the members of our Board, we also have the Statutory Auditors and the Senior Management Team joining through Video Conference.

I thank all members for joining the meeting. I hope all of you are safe and in good health. Due to coronavirus concerns, lockdown and social distancing norms, we are holding this Annual General meeting through video conferencing. This is in compliance with the directions of the Ministry of Corporate Affairs. Live streaming of this meeting is also being webcast on NSDL website. The Company has taken requisite steps to enable members participate and vote on the items being considered in this AGM. The registers as required under Companies Act, 2013 are open for inspection.

The notice convening this Annual General Meeting has been with you for quite some time. With your permission, I take the notice as read. The notice convening this Annual General Meeting is taken as read.

There are no qualifications, observations or comments in the Auditor's Report and Secretarial Audit Report for the FY 2020-21. The Auditors Report is taken as read.

It is with great pleasure that I present the Annual report of HDB Financial Services Limited's for the Financial Year 2020-21.

The past 15 months have been dramatic in a way we have not experienced before. The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. The spread of the COVID-19 pandemic brought economic activity to a near-standstill in the first half of FY 2020-21. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis. Government of India and Reserve Bank of India had announced various measures to support the economy during this period.

Despite these challenges, the Company had a steady year. Total income for the year grew to Rs. 10,944.78 crore and net interest income to Rs. 4,604.95 crore. The challenging economic environment resulted in increase in credit cost to Rs. 3,068.77 crore. As a result, the net profits for the Company was at Rs. 391.47 crore. The earnings per share was Rs. 4.97 and the book value per share grew to Rs.107.02.

The Assets under management increased to Rs. 61,561 crore from Rs. 58,833 crore in the previous year. The loan disbursement during the year were Rs. 24,990 crore.

As at March 31, 2021, your Company had 1,319 branches in 959 cities across India. The employee head count decreased to 1,04,960 employees. The outsourcing business (i.e. BPO operations), continues to deliver best in class services and contributed about Rs. 2,020.43 crore to the total income.

Despite the turbulent business environment caused by the pandemic, your Company continued to illustrate its commitment towards social and environmental priorities. Upholding the values of accountability and transparency amidst the chaos caused by COVID-19, the Company maintained a balanced approach in allocating CSR funds in different COVID-19 relief activities. I am also happy to inform the members that the employees of the Company have been participating in community outreach programs. Some of the program details can be found in the annual report.

I would like to compliment the management team under the able leadership of Mr. G Ramesh and all his colleagues in the management team for a good year and the agility with which they are transforming to face the future.

On behalf of the Board of Directors and the entire management team, I would like to take this opportunity to thank the Central and State Governments, the Reserve Bank of India and other Regulators. I would also like to thank all our shareholders, investors and customers for the support and faith that they have posed in us. Last but not least, all employees of HDB Financial Services Limited whose hard work at every level of the business has allowed us to achieve growth in the business.

Our constant endeavour is to keep pushing for continuous growth and improvement, and creating value for all our stakeholders.

**Dipti Khandelwal**

Thank you Sir.

Pursuant to the provisions of Section 108 of Companies Act, 2013 read with rules made thereunder, your Company had provided e-voting facility to the members of the Company. The facility for voting during the meeting has also been provided to the members who had not cast their vote through remote e-voting. Members may please go to the voting page of NSDL e-voting website and cast their vote while at the same time may watch the telecast of the meeting.

Mr. Mitesh Shah, Practising Company Secretary has been appointed as scrutiner to scrutinise the votes cast through e-voting. Since the AGM is held through VC and OAVM and the resolution mentioned in the notice convening this AGM have been already put to vote through remote e-voting, there will no proposing or seconding of the resolution.

Now, I would like to invite the speakers who have registered themselves as a speaker to ask questions. The replies shall be given after all questions have been asked.

May I request Mr. Aspi Bhesania to speak please.

**Aspi Bhesania**

At the outset, I welcome Mr. Arijit Basu as Chairman and I hope that he contributes more to the Company since he is getting more income as compared to other Independent Directors. Chairman has pleasure in presenting the Annual Report, what is the pleasure? The impairment has increased from Rs. 1,400 crore to Rs. 3,000 crore, is this NPA provision or additional provision?. Dividend has been skipped, which I appreciate. The Company should give minimum dividend and plough back the money. Do not follow HDFC Bank which gives more dividend and now and then goes for QIB. You should follow Kotak Bank Policy which gives minimum dividend, on Rs. 1500- 1700 price it doesn't give Re. 1 dividend and do not go for QIB. Thank you and all the best.

**G. Ramesh**

Thank you sir and we have noted your observations. We also had some questions that came by email so I will start with those questions first. First question was on statutory auditors. As you may be all aware, BSR & Co LLP has been our statutory auditors for last 8 years and pursuant to the provisions of the Companies Act, 2013, it allows the Company to appoint Statutory Auditor for 10 years. In last week of April 2021, there been a new regulation which mandates a 3 year cycle for auditor. Given the size of the Company, we will have joint auditors going forward. We have time till end of September to identify and appoint the joint auditor. We are working on that and we will take up the matter with our Board and come back to shareholders for approval. We expect to complete the process in second quarter of the year. Second question is around, some of the initiative and actions taken by the Company. Broadly, we can classify this into three areas. On the employee front, we try to make sure that as many employees get covered in the vaccination drive, encouraging customers and employees to take vaccination so that they are as safe as possible. We also make sure that we follow all the government guidelines in term number of employees in the office and safety for people who come and leave the office. A larger number of employees continue to work from home in a secure environment so that they are safe and Company's data is safe and they are able to access and be as productive as if they are normally at work. Given that our business is primarily meeting customers, not every employee can work from home but wherever possible we make sure of it. On customer side, we introduced lot of digital feature for customers to interact with the Company including mobile app, WhatsApp, bot. I think we see significant interaction and we have had a lot of customers started paying us digitally or talk to the customers through WhatsApp or email channels. I think it's been a very different year, with second wave of pandemic we had SOPs in place in terms of the way we work digitally with our customers and internally. One of the important thing we did was to make sure that we pay our suppliers on time irrespective of the challenges as many of them are small companies and depend on us for their cash flows. For us, our suppliers are also important stakeholders. The big analysts and rating agencies forecast that it's expected to be a good year ahead in terms of GDP growth so we should see good time ahead. Shareholder, your suggestion on dividend policy are noted. We will discuss and make sure that we take note of your feedback. Our credit cost include both NPA provisions and provisions for Covid. As you may be aware, we prepare financials in IND AS, where we make provisions not only for impaired assets but also for standard assets. In a year, where GDP growth was negative, we obviously have to make more impairment provisions even for standard assets as compared to NPAs. The credit cost is a mix of provisions that we normally make and also provisions for standard assets taking a conservative view. You had other comments, we understand your sentiment and take note of the same. Thank you.

**Arijit Basu**

Thank you Ramesh for clarifications and answers to the questions. I now take this opportunity to thank all the shareholders for their presence in this meeting. The e-voting facility will be enabled for next 15 minutes for those members who have not cast their vote yet. The results of the e-voting will be declared after the conclusion of the 14<sup>th</sup> Annual General Meeting. The results shall be published on

the website of the Company. The proceedings of the AGM will be available on the website of the Company.

I now declare the meeting as concluded.

**Dipti Khandelwal**

I thank the Chairman for sparing his precious time and gracing the Annual General Meeting and for his wonderful speech. I would also like to thank the directors and the shareholders for attending the meeting. Thank you. Good Evening everyone. Stay safe and stay healthy.

**Arijit Basu**

Thank you very much.

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(This document has been edited to improve readability)