



15th Annual General Meeting

HDB Financial Services Limited

June 23, 2022

CORPORATE PARTICIPANTS:

Mr. Arijit Basu

Chairman

Mr. Venkatraman Srinivasan

Independent Director

Mr. Adayapalam Viswanathan

Independent Director

Ms. Smita Affinwalla

Independent Director

Dr. Amla Samanta

Independent Director

Ms. Arundhati Mech

Independent Director

Mr. G. Ramesh

Managing Director and Chief Executive Officer

Mr. Jaykumar Shah

Chief Financial Officer

Ms. Dipti Khandelwal

Company Secretary

SPEAKER SHAREHOLDERS:

Mr. N Srinivasan

Mr. Gopinath Seshadri Chittoor

Mr. Birendra Kumar Sahu

Ms. Vedika Parekh

Mr. Nalin Shah

Dipti Khandelwal

Welcome to the 15th Annual General Meeting ("AGM") 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 the discussion, 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/she 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 speaker's end, we would request 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

Thank you Dipti. 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 15th Annual General Meeting of your Company.

Along with me, on VC I have Mr. Venkatraman Srinivasan, Independent Director, Mr. A. K. Viswanathan, Independent Director, Dr. Amla Samanta, Independent Director, Ms. Smita Affinwalla, Independent Director, Ms. Arundhati Mech, Independent Director, Mr. G. Ramesh, Managing Director & CEO, Mr. Jaykumar Shah, Chief Financial Officer and the Company Secretary Ms. Dipti Khandelwal whom you just heard.

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

Mr. Venkatraman Srinivasan

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

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 Stakeholders Relationship Committee, joining the meeting from my residence in Mumbai. Stay safe. Take care. Thank you.

Ms. Smita Affinwalla

Good Afternoon everyone, my name is Smita Affinwalla, I am an Independent Director of the Company, joining the meeting from my residence in Mumbai. I hope you are safe and well. Take care. Thank you.

Ms. Arundhati Mech

Good Afternoon everyone, my name is Arundhati Mech, I am an Independent Director of the Company, joining the meeting from my residence in Chennai. I hope all are keeping well. Take care. Thank you.

Mr. 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. Thank you all for joining this meeting. I hope all of you are safe. Take care. Thank you.

Mr. 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 and Information Technology Strategy Committee joining the meeting from my 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 representatives of the Joint Statutory Auditors of the Company and the Senior Management Team who have joined through Video Conference.

I thank all Members for joining the meeting. I hope all of you are safe and in good health. Due to the ongoing coronavirus concerns, we are holding this Annual General meeting through video conferencing. This is in compliance with the directions of the Ministry of Corporate Affairs. This meeting is available on webcast and also on the NSDL website. The Company has taken requisite steps to enable the Members to participate and vote on the items being considered in this AGM. The registers as required under Companies Act, 2013 are open for inspection till June 23, 2022.

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 the Secretarial Audit Report for the FY 2021-22. The Auditor's Report is taken as read.

It gives me immense pleasure to share with you the Annual Report for financial year 2021-22, as your company celebrates its 15th anniversary. Fiscal 2022, for us, was a year of disciplined execution and strengthening our core for the next phase of growth, while leveraging our solid foundation built over the past years. The fiscal began with an element of uncertainty, with the second wave of the pandemic threatening to nullify steps taken for normalisation towards end of fiscal 2021. As we moved to the second quarter of the year, with a large scale rollout of vaccination and as the pandemic ebbed, a broad based recovery was in sight. Your Company, with prudence, proactiveness and preparedness, waded through this ebb and flow to ensure business continuity and stability whilst building its core.

Your company's total revenue increased from Rs. 10,945 crore as on March 31, 2021 to Rs. 11,306 crore as on March 31, 2022 with Profit After tax increasing from Rs. 392 crore for financial year 2020-21 to Rs. 1,011 crore for the financial year 2021-22. Loan disbursements during the year increased by 16.2% from Rs. 24,990 crore in previous year to Rs. 29,033 crore in the current year. The Assets under Management (AUM) of the Company as at March 31, 2022 stood at Rs. 61,444 crore as against Rs 61,561 crore in the previous year. The Capital adequacy as at March 31, 2022 stood at 20.22% which is well above the minimum regulatory norms. Your company prioritised asset quality, prudence and stability, even as it significantly stepped up its provisioning coverage on bad debts. Your Company has also implemented the new provisioning requirements vide RBI circular dated November 12, 2021. Accordingly, the Gross Stage 3 as at March 31, 2022 is 4.99%. If the Company had availed the relaxation thereof referred to in RBI circular dated February 15, 2022, the Gross Stage 3 as at March 31, 2022 would have been at 3.72%. The management has created additional overlay provisions on loans amounting to Rs. 646 crore during the year to provide higher coverage against future uncertainties. There was enhanced focus on collections through an increase in on-field deployment of resources and leveraging technology which meant improvement in collections across all our products.

Your Company continues to benefit from the strong credit ratings resulting in a diversified borrowing mix at attractive rates. Our balance sheet continues to remain strong with sufficient liquidity in the form of liquid investments and undrawn lines to meet near-term obligations. With reduction in the interest rates during the fiscal 2022, your Company was able to reduce its cost of borrowing and maintain margins while also passing the benefit of reduced rates to its Customers.

Your company has also been working towards making technology and digital applications the fulcrum of improving customer experience as well as employee engagement. This transformation has meant a self-service culture with near real time underwriting decisions, quicker on boarding and disbursement, as we endeavour to move towards a frictionless customer experience. Central to this transformation has been leveraging data, as we tap into and utilise massive amounts of data into meaningful business insights across the enterprise. Your Company's active investment in the digitisation of lending services and solutions has allowed it to connect and cater to the New India and tech-savvy customers in a personalised manner. Several digital offerings have been launched for commercial and retail segments to provide integrated solutions and simplify the borrowing process. The focus on technology will continue and is continuing in the current financial year.

Our commitment to the community continues to be strong. Your company's CSR programs and activities have had a direct positive impact on the lives of over 600,000 families across the Country. Amongst our various activities, the Transport Aarogyam Kendra is India's first full-time physiotherapy program dedicated for truck drivers. Each Transport Aarogyam Kendra is well-equipped and adequately staffed to offer preventive and curative care for musculoskeletal disorders.

We have continued collaboration with NGOs to improve our infrastructure in healthcare, education and environment.

Fiscal 2022 has been a journey of two halves with Covid impacting us in first half and second half showing a strong recovery. However, your company waded through this challenge and ended the fiscal on a strong note. On behalf of the Board of Directors and the 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 our customers for continued faith in our abilities and the unwavering support in all our endeavours. Last but not the least, all employees of HDB Financial Services Limited whose hard work at every level of the business has allowed us to deliver in a challenging year. Thank you very much.

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 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 scrutiniser 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 be no proposing or seconding of the resolution.

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

May I request Mr. Gopinath Seshadri Chittoor to speak please.

Mr. Gopinath Seshadri Chittoor

Good morning to all the directors of HDB Financial Services. Congratulations for the wonderful performance of HDBFS post the pandemic this year. I have a couple of questions. First question is that page no. 89-90 of your Annual Report you have mentioned the dividend as Nil whereas on page number 233 you have mentioned dividend pay-out as 1 rupee per share. The second point is that in between last two financial years when the dividend was not declared, the Company has received approximately 1,403 crore profit after tax but the dividend payout is just 79 crore, of which we as retail investors who have only 5% of the shareholding, the total dividend distributed is just approximately 4 crore. I hope that in the current financial year with a large heart you can increase the dividend payout. The third point I wanted to place before you is that the automation in agriculture sector is growing leaps and bound, do you have a product whereby you can lend to poly houses under National Horticulture Mission? Post retirement I am doing some small farming, I found that unless somebody lends for this, the subsidy component of 50% will not be disbursed by the Government. The farm automation has huge potential. This is only a suggestion, if it is available I would be glad to hear from you. Thank You Sir.

Dipti Khandelwal

Thank you. May I request Mr. Sanjay Raghuraman to speak please.

Sanjeev Yadav from NSDL

The speaker shareholder has not joined the meeting. Request you to proceed to the next speaker please.

Dipti Khandelwal

May I request Mr. Birendra Kumar Sahu to speak please.

Mr. Birendra Kumar Sahu

Good morning all the attendees. First let me start by complimenting the employees, the Board, the management of HDB for their strong performance in spite of the pandemic last year. My question is also related to that. How has HDB performed during the pandemic, particularly in terms of its NPA? How it is trending currently? And specifically on the stage 3 provisioning, how much have you provisioned and how do you see that increasing or decreasing in the current year? Thank You.

Dipti Khandelwal

Thank You. May I request Ms. Vedika Parekh to speak please.

Ms. Vedika Parekh

Good morning. My question is balance sheet shows significant increase in investments, is it not a drag on returns? Thank You.

Dipti Khandelwal

Thank You. May I request Mr. Nalin Shah to speak please.

Mr. Nalin Shah

Good Morning to all the Directors and people on the dias of HDB Financial Services and the people participating in this annual general meeting. I would like to congratulate the Board as well as the team for the improved performance from 394 crore to almost 1000 crore+ profitability. Some of the questions that comes to my mind is that, the employee cost and the number of employees of HDB is far greater at almost more than 1,21,000 when compared to top line companies like Bajaj Finance by far the largest Company in the sector has only about 30,000+ employees, whereas Muthoot Finance has 27,000+ employees, Hero FinCorp has only about 1,800+ employees. What is the reason for such high number of employment and employment cost for this Company? When I compare this and work out the per person business of HDB Financial Services, it works out to only about Rs. 9 lakh per employee whereas in case of Muthoot it is Rs. 46 lakh, for Bajaj its more than Rs. 1 crore, for Cholamandalam or Hero it is more than Rs. 2.62 crore. Employee cost seems to be very big stress on the performance of the Company. Secondly, because of this plus many other reasons, we find that the PBT ratio compared to the top line remains one of the lowest in the industry in spite of HDB being rated AAA, you are able to raise the resources, obviously you are the subsidiary of the largest Banking Company in India. But the advantage is not percolating down into the profitability of the Company. If I see the PAT margin it hardly works out to 9% when compared to all the others which are more than double digits as high as your 29 to 30% for some of this Companies which are in NBFC business. Your best performance was in the year 2019 where you posted PAT of around 1,400 crore or 1,700 crore, when do you feel you will be able to return to that kind of profitability and top line achievements as well as expand the book? The book is around 57,000 crore to 60,000 crore for last three four years. What kind of growth we can see in the current year and next two three years? Lastly my question is, there is lot of unlocking of values happening by many companies, when do you feel HDB would access the capital market and come with an IPO and unlock its value? With this I would be very grateful for granting me this opportunity. Thank you very much.

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Dipti Khandelwal

Thank You. May I request Mr. N Srinivasan to speak please.

Mr. N Srinivasan

Good afternoon everyone. At the onset let me congratulate the management and the shareholders for the commendable performance specially in the light of trying conditions and pandemic which we all went through. It is very heartening to note the digitization focus which the Company has, it's absolutely the way forward. It's mentioned in the director's report, even the chairman mentioned in its opening remarks about the kind of focus which the Company has on digitization. Do we have a number regarding what is the percentage of digitization, when it comes to logins, underwriting and disbursements at the currently and how do you want to take it forward from here. Secondly, is there any kind of focus on co-lending like other NBFCs planning to get into which is another space for increasing the business. You have about 1,000+ branches today, what are your plans for increasing these branch network? Even after digitization are you going to increase brick-and-mortar branches across? What is the focus there and how we are going to penetrate there? What would be the ratio of urban, rural and metro branches? Lastly, there is one item in your balance sheet about deferred tax asset of almost about 1,051 crore. Can you please explain what that is? Thank you so much for this opportunity.

Arijit Basu

Thank you Mr. Srinivasan and thank you once again to all the shareholders who asked questions. They were very interesting covering the whole gamut of things that the Company does. I would make few observations at the outset in response to some of the questions asked. Then I request our MD & CEO, Mr. G. Ramesh and CFO, Mr. Jaykumar Shah to respond in detail to some of them. Broadly, there was one question related to dividend. As the Chairman of the Board I can say that our prospective was that, in Covid times we should conserve as much as we can and hold on, which was also regulatory guidelines for Banks during Covid. That philosophy is what we encourage and we are being doing that. The technical question regarding dividend mismatch would be answered by Ramesh. On NPAs there was a question about how NPAs are going and about of exact numbers for stage 3 assets provisions would be answered by Ramesh. As the Chairman of the Board, I would like to say that we have been much focused over the last two years since the Covid started, that this should be top priority for the Company. We were prepared to sacrifice little bit of the growth but make sure that this is the Company that comes from HDFC Bank group who have set the best standards for themselves in terms of not just for complying with RBI regulations but going beyond that and that is what has been done by the Company by making provisions of Rs. 646 crore, which if compared with any other peer NBFC, we soared far higher than any of them in this regard. As Board, we would like the Company to continue to peruse this philosophy of stress management/ NPA management. On employees there was a question, details will be shared by the management. I want to highlight that HDB has two distinct lines of business, one is core NBFC business which roughly has around 30,000

employees and the balance employees are for the outsourcing work done by the Company for HDFC Bank and they are effectively working for the bank, that really does not impact our profits. There was a question about profitability and growth, how is it likely to go. The early trends and we are always a cautious organisation, on behalf of the Board of Directors assure all the shareholders that because now hopefully covid is behind us, right from the beginning of this financial year, the Company has been focusing on getting back. We talked about high number in 2019, we will not discuss numbers here, but the internal targets that has been set both by the management and ratified by the Board both in terms of growth and quality growth while ensuring that the stress assets do not rise, is significantly higher than what we had kept in the past. I will not take the question on branch networks etc., because suffice to say that there has to be a very good balance that will be struck between increasing of physical presence and using of digital. Regarding technology there was a valid question, I mentioned in my speech and emphasised that this is what will be the fulcrum of Company's growth. The Company is also investing in this, both in terms of resources and in terms of actual quantum of money that we are doing on technology. Thank you very much, these are all questions we ourselves debate in the Board, so it is very good that shareholders have raised this. I would now pass it on first to Ramesh and Jaykumar might need to supplement on answering some of the specific questions that you had asked.

G. Ramesh

Thank you sir. I will take up answering all question in no particular sequence, let me start with first question regarding dividend. Yes, we acknowledge that we have not paid dividend in last two years, it was primarily strategy to conserve capital, given the extreme uncertainty that we all faced as an organisation, we felt that we need to conserve our capital base to make sure that we are able to rise through the challenges faced due to the pandemic. We need to make sure that next time there is such disruption we don't face this kind of challenges. Having said that, we have proposed dividend of Re. 1, it's because we want to conserve capital for two reasons; one is for growth and also for making sure that we are not caught of the guard in case there is any uncertainty that comes in overall economic environment. Under IND AS, declaration of dividend and its approval by Shareholders is a post balance sheet event and hence no provision is made for the payment as on March 31, 2022 and hence if you look at page no. 89 & 90 of annual report, no provision for Dividend is made and we did not pay dividend last year. Now dividend is taxable in the hands of the investors and Company does not pay dividend distribution tax. Hence, the dividend distribution tax is mentioned as nil. It is always a challenge that how do we balance dividend and capital conservation for growth and we believe that for investors capital conservation is more tax friendly strategy than dividend.

Second question is regarding agriculture loans, we do have products currently that specifically address the customers who are farmers. We have both consumer products and other products like tractors which serves farmers, we are large financier of tractors. We haven't specifically looked at lending to Polyhouse under the NHM. We will review it as product and also review the literature and

understand how does the subsidy work. We will review it as an opportunity and see how we can deliver value to our customers.

There is a question from another speaker about NPAs, so let me just give background around the November 2021 circular issued by RBI. Under Ind AS, we have defined assets as stage 1, stage 2 and stage 3. Stage 3 assets are considered to be credit risk, which means that we believe that there is certain weakness associated with the account and we might have to start making higher provisions for it. Under Ind AS, we have Expected Credit Loss approach which means that using historical data or forward looking data, we make provisions for all assets whether they are NPA or non-NPA. The historical term NPA is referred to as stage 3 assets. Any account which is 90 days past due is to be classified as stage 3. If an account is classified as stage 3, it means that the customer has not paid at least 3 instalments. If the customer ends up paying 2-3 instalments and came back to 30 days past due then the account would get upgraded to stage 1. But under the new guidelines issued by RBI in November 2021, the account will continue to remain under stage 3 till all the dues are paid. Our Chairman mentioned in its speech that our stage 3 as on 31st March 2022 was 4.99% including 1.27% assets which are not 90 days past due currently but have been 90 days past due in the past and are not zero dpd now. The PCR i.e. Provision Coverage Ratio for Stage 3 book stood at 54%. The PCR on secured book is about 44% and unsecured book stood at about 87%. We believe that we are adequately provided for any uncertainties including the management overlays that we have carried for future uncertainties, which gives us some leeway for looking at opportunities for growth this year. Last year our loan book was flat, primarily because we focused on strengthening the balance sheet, collections and to increase credit to customers. It was conscious choice on what we do and take this forward. If you look at the macroeconomic environment, last two years have been challenging for lot of our customers like business shut downs and also lowering of income because of overall slowness in the economy. We believe that a lot of this things will come back with a vengeance, we have seen in the news reports for example travel has come back to normal, eating out has become normal, most restaurants were shut for past 18 months. The other side, the inflation challenges that are coming through and increase in the interest rates. During the last year, the interest rate were lower because of which we could offer fine pricing to the customers. We have balance of non-pandemic related factors that are coming to play, we are watching these factors closely. One of the things that we have done historically as a Company is to manage a very conservative balance sheet, so even through last year when the rates were very low, we had very little exposure for example to commercial paper to make sure that our assets and liabilities match with our conservative and well balanced book so that we are not caught by any surprises that we haven't planned for it.

On the specific question around technology initiatives, so about 90% of our customers today have either assisted digital mode or pure digital acquisition mode. Assisted digital mode is when HDB representative helping the customers through its digital journey. Most of our consumer finance products we have score cards which are build, developed and refined in-house, so the customer who wants to buy low value products or even a car or two wheeler gets instantaneous results whether we

are willing to offering him a loan and how much we will offer. In low value consumer finance the unassisted journey is working quite fine, the customer logs into our app or comes to our website and logs in and does an e-sign or e-NACH and gets disbursement in real time. A lot of other products where there is decision making in consumer purchase, the focus is on assisted digital at this point in time. The other areas where we have spent significant amount of investments and time is on internal workflow journeys. So just like our customers who get digital journeys, we felt that for increasing our customer growth our employees also need that. For example, today if an employee joins the Company, his joining formalities, his training and induction is largely digital. So it helps us to save lot of time in on-boarding employees. Other areas where we have seen significant attractions in our digital journey is collections. Our payments through digital mode has almost increased by 25% on quarter on quarter. Lot of our customer who miss payments on due date, ends up making payment using the online tools that are available. We have multiple options available for our customers, this reduces the number of visits that we make to the customers to collect cash. So the transactions happen complete digitally and that is working quite well.

There is question regarding employee count and cost, which our Chairman has briefly addressed too. We have two business, one is the lending business and other one is BPO business. The BPO business which we have been doing since inception of the Company, it's a business that is capital light, it consumes very little capital, the returns or ROA/ROE are accretive. However, the challenge to that business is, given the nature of business, it does not have the kind of margin that you expect, the cost to income in that business will be much higher than the lending business given the nature of business and nature of competition in that business. The BPO business employs about 82,000 employees. That business obviously generates lower return on balance sheet basis but is ROA/ROE accretive because that business hardly uses any capital. Whereas every time I make out a loan I end up setting aside some capital from our side as it is not fully funded by debt.

Co-lending is an arrangement where we work with banks and we originate loans but is jointly underwritten with the banks and we agree to keep the assets in certain ratio. For example, we originate a loan of Rs. 100 rupees of which Rs. 80 goes to the bank and Rs. 20 is retained by Company. We might have an escrow arrangement with the bank whereby when the money comes in we split the money in the agreed ratio and we continue to service the customer and collect from the customer for which we take fee. We have explored co-lending with couple of banks, having said that at this point of time, we are quite comfortable on our own liquidity position. I think the biggest benefit of co-lending has been for the lenders who have not being able to raise money or are starved of liquidity at this point in time. The other customer sets whom we don't service for whom if we are able to originate co-lending would make sense, we will explore the opportunities in the days to come.

There is another question on branch network. We currently have about 1,374 branches in about 989 cities in India. I think branch network is a great signal to a customer and that we are there and we need business. In as much as origination can be done digitally today a lot of services still requires

person to be there. And I think our customer sees a lot of confidence on our physical presence and our ability to meet his requirement needs in case he has some requirements out of the ordinary. In that sense we believe that in near future branch network will be complementary to our digital tools we increasingly investing in. Lot of our existing customers have moved to digital platform but lot of new HDB customers still prefers certain amount of assisted digital method of working with us. In last quarter of FY22 we opened about 46 new branches, most of our new expansions happened in Q4 2022, we continue to look for territories in terms of places where we are not covering for business and we keep looking at GDP growth data to look at market where new opportunities are there. We will continue to look at physical distribution opportunities. I would request the CFO to take forward questions related to finance.

Jaykumar Shah

Thank You. I would answer the two questions, one was on investment saying that we had much higher investments. So approximately we had Rs. 1,200 crore investments, primarily in G-sec and liquid mutual funds as at the year end. One of the primarily reason why we did that was, we saw opportunities that the borrowing rates were low which we have seen increased over the last few months. So we took up those opportunities towards the end of the year, borrowed slightly early and locked in some good rates for two to three years so that's the advantage we took over the year end.

On the deferred tax assets, we have approximately Rs. 1,000 crores of deferred tax assets and if you look at how we account for, we account for it under the Indian Accounting Standards which allow us to only provide based on certain statistical model which looks at probability of future losses or where the book can go down. This is based on past data and past trends. However, the Income Tax Act only allows us to take benefit of this provisions when we actually write them off. At this point in time based on what has happened in last two years due to the pandemic, etc., the model obviously gives us clue and ask us to provide a higher amount of provisions, which is exactly what we have done and it helps us against future uncertainties. At this point in time the difference is what you see as provisions which is approximately Rs. 4,000 crore on the balance sheet and the pure resultant of that is the deferred tax asset. The benefit we gain out of this is that at certain point in time as the provisions go down as we don't need them anymore or it is written off then this entire asset monetises in the form of benefits in tax.

Arijit Basu

There was also question around whether there are any plans for IPO, here I would just like to state two things, one is we are very well capitalised and much above the regulatory norms of 20%. We would very closely continue to watch the situation and in case there is any need felt to raise capital by going to the market that surely would be examined but this would be done in consultation with the HDFC Bank and other the Shareholders.

G. Ramesh

There is one more question asked by one of the shareholder through chat mode on the impact of the HDFC Ltd merger with HDFC Bank on the Company. The way the merger is being planned is HDFC Limited will merge into HDFC Bank and HDFC Limited will cease to exist as an entity and HDFC Bank will continue to remain as an entity. We are subsidiary of HDFC Bank and to that extent we see no impact of the merger. We have the same owner with slightly different set of shareholders other than that we see no impact of merger on our Company.

One more question that was raised through chat is that, what are the promising opportunities we see for growth. I think number one opportunity for the growth of India is the market and I think as a Company we are placing our full bets on India being the promised land for future. Most of the western European countries have had high growth rate and had successful growth rate for almost 30- 40 years, they have an ageing population and also the market challenges they are dealing with. We believe that India is likely to be in the market in future, we have a huge leeway as a Country to grow because of its manufacturing business and even providing basic services to its citizens. Our GDP today is about 2.5% percent of the global GDP. The second opportunity we see is that, over the last 15 years as a Company we have made lot of investments in developing product suite. We are not a single product Company, we have multi product suite and each of these product categories have reasonable market share. The third area where we find opportunities is technology, the real benefit of technology is ability to service requirements that historically would not have been profitable. In the past, if the customer wanted a small value loan for small period of time, the challenge would have been how we service him and how do we make it profitable. I think technology seems to be solving that problem through our ability to reach out to the customers who are not necessarily next to our branch, have a small requirement and we can actually deliver services and product and also collect remotely. I think that itself will create huge opportunity. India is still a young demography, their aspirations are high and as we say HDB services the aspirational India. Again because of the technology today the aspirations of what urban consumers get, the rural markets too get. One of the other things that we have done in last 15 years is that we have invested extensively on distribution. For our Company which is in business for about 14 years we have about 1,500 branches. It was a conscious investment that we have made for the future. In our view these are the few opportunities we can quickly think of, these are itself huge opportunities. Today we have about 135 crore people and the number of people who are formally served through organised lending is miniscule proportion of the total demand. Today one of the shareholder highlighted about National Horticulture Mission. I am sure that there are another hundred opportunities we haven't still touched because we not been able to either physically be there or not thought about it. So those are the big opportunities we believe that it's still a long way to go.

Arijit Basu

Thank you Ramesh. I would like to thank all the shareholders and my fellow Directors for their presence in this Annual General Meeting today. 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 15th 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.

With that, I declare this meeting as concluded.

Dipti Khandelwal

I thank the Chairman for sparing his precious time and gracing the Annual General Meeting. I would also like to thank the directors and the shareholders for attending the meeting. Thank you and Good Day.

Arijit Basu, G. Ramesh & Jaykumar Shah

Thank you.

(This document has been edited to improve readability)