

TRANSCRIPT OF THE SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF HDFC CREDILA FINANCIAL SERVICES LIMITED HELD ON MONDAY, JUNE 28, 2021 AT 11:00 A.M. VIA VIDEO CONFERENCING WITHOUT THE PHYSICAL PRESENCE OF THE MEMBERS AT A COMMON VENUE, IN COMPLIANCE WITH GENERAL CIRCULAR NO. 14/2020, 17/2020, 20/2020, 02/2021 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, DEEMED TO BE HELD AT THE REGISTERED OFFICE OF THE COMPANY

Present:

Mr. V. Srinivasa Rangan	Chairman
Mr. Subodh Salunke	Vice Chairman & Member
Mr. Arunabh Bhattacharya	Representative of HDFC Limited, Member
Mr. Ajay Agarwal	Member
Mr. Sudhir Kumar Jha	Member
Mr. Dipta Bhanu Gupta	Member
Mr. B. Mahapatra	Independent Director, Chairman of Audit Committee and Nomination & Remuneration Committee
Mr. Sunil Shah	Independent Director
Mr. Rajesh Gupta	Independent Director
Mr. Arijit Sanyal	Managing Director & CEO
Ms. Vrinda Jain	M/s. BSR & Co. LLP, Statutory Auditors
Ms. Vinita Nair	M/s. Vinod Kothari & Company, Secretarial Auditors
Mr. Manjeet Bijlani	Chief Financial Officer
Ms. Akanksha Kandoi	Company Secretary

Mr. V. Srinivasa Rangan, Chairman:

I welcome all the shareholders to the 16th Annual General Meeting of HDFC Credila Financial Services Limited.

Five Members present in person would form quorum for the meeting.

It is past 11:00 a.m. now. As the quorum is present, I now call the meeting to order.

We also have Mr. Biswamohan Mahapatra, Independent Director, who is the Chairman of the Audit Committee and Nomination & Remuneration Committee, Mr. Rajesh Gupta, Independent Director, Mr. Sunil Shah, Independent Director, Mr. Subodh Salunke, Vice Chairman and Mr. Arijit Sanyal, MD & CEO of the Company.

Mr. Manjeet Bijlani CFO, Ms. Akanksha Kandoi, Company Secretary, Ms. Vrinda Jain from BSR & Co. LLP, Statutory Auditors of the Company and Ms. Vinita Nair, partner, Vinod Kothari & Co., Secretarial Auditors of the Company have also joined this meeting through video conference from their respective locations.

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(Formerly known as HDFC Credila Financial Services Private Limited)

Corporate Identity Number: U67190MH2006PLC159411

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Tel: +91-22-28266636



Email: loan@hdfccredila.com

I thank all the members for joining this meeting.

Due to the outbreak of the Corona virus pandemic, nation-wide lockdown and social distancing norms, we are holding the Annual General Meeting through video conferencing for the second time. This is in compliance with the General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021 issued by the Ministry of Corporate Affairs on April 08, 2020, April 13, 2020 May 05, 2020 and January 13, 2021 respectively.

The Company has received one Board Resolution from HDFC Ltd. appointing an authorized representative under section 113 of the Companies Act, 2013 in respect of 13,17,98,220 equity shares out of total 13,17,98,226 equity shares of the Company representing almost 100% paid up equity capital.

Since there is no physical attendance of the members at a common venue, the requirement of appointing proxies is not applicable. The registers required under the Companies Act 2013 are open for inspection online i.e. Register of Directors & Key Managerial Personnel (KMP) And Their Shareholding and Registers of Contracts & Arrangements in Which Directors Are Interested.

The Company has taken requisite steps to enable the members to participate and vote on the items concerned in the AGM. Members can cast their vote by way of show of hands.

The Notice of the 16th Annual General Meeting and the Explanatory Statement along with the copies of Audited Financial Statements for the year ended 31st March, 2021, together with the Directors' and Auditors' Reports were sent to the Members, Statutory and Secretarial Auditors and all the Directors of the Company through e-mail dated June 02, 2021.

Since the notice is already circulated to all members, I take the notice convening the meeting as read.

The Audited Financial Statements of your company for the year ended March 31, 2021 along with the Directors' Report, have already been circulated to you. With your permission, we may take them as read. The Audited Financial Statements are available for inspection for any member at the meeting.

The Statutory Auditors report and the Secretarial Audit report for the Financial Year 2020-21 do not contain any qualification, reservation, adverse remark or comments.

May I request the Members to take the Statutory Auditors report and the Secretarial Audit report as read. Thank you.

Conversion of Company from private to public Limited Company

During the year, pursuant to shareholders' approval at the Annual General Meeting held on June 29, 2020, the Company was converted into Public Limited Company from Private Limited Company. The Company received fresh certificate of Incorporation on October 08, 2020 issued by the Registrar of Companies, Mumbai.

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Review of operations

The COVID-19 pandemic, travel restrictions both domestic & international and constrained businesses activities has impacted the loan disbursements and there has been a marginal increase in delinquency.

During the financial year ended on March 31, 2021, the Company earned a profit before tax of ₹207.78 crore as compared to the profit before tax of ₹169.26 crore in the previous year – an increase of 23%. Profit after tax for the year was ₹155.23 crore as compared to the profit after tax of ₹123.10 crore in the previous year – an increase of 26%.

The Company's loan book has remained flat in this financial year and its total income marginally decreased although Net Interest Income was up 14% on a year on year basis. The Company continued to maintain the quality of its portfolio despite the above challenges with NPAs at 0.26% of loan book.

Capital Adequacy Ratio

The Company's Capital Adequacy Ratio (CAR) stood at 24.02% as on March 31, 2021, of which Tier I capital was 17.67% and Tier II capital was 6.35%. As per the regulatory norms, the minimum requirement for the CAR and Tier I capital as at March 31, 2021 are 15% and 10% respectively.

The Company had 279 employees as of March 31, 2021.

Steps taken by the Company during the pandemic

The Company has been encouraging its customers to use online and digital platforms to carry out transactions and has introduced new processes and enhanced systems to ensure seamless continuation of business yet taking required precautions for safety of employees and customers. The key initiatives taken by the Company are:

- *Established paperless tranche disbursement process by leveraging digital channels to offer enhanced customer experience and continuity of services.*
- *Rolled out KYC document upload and video-based customer Identification process (V-CIP) to streamline customer onboarding during the pandemic.*
- *Migrated IT infrastructure to Amazon AWS which is a more evolved, secure, and flexible cloud platform offering on-demand compute at a considerably lower cost.*
- *Transitioned to more secure and collaborative tools to enable staff to effectively work from home during the pandemic.*
- *Launched Helpdesk/CRM system to improve service team's efficiency and enhance our customer service and grievance redressal capabilities.*
- *Launched a new Sales CRM / Lead Management solution which is currently in implementation to improve the efficiency of the call-center, feet-on-street, digital sales efforts.*
- *Onboarded an Analytics company to help build data science capabilities within the organization which includes building data science roadmap and developing*

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analytical/statistical/machine learning models for the Company.

- *Implemented an application fraud management solution in order to prevent the Company from incurring credit losses. This solution would dedupe and highlight inconsistencies, and check for validations in the application, enabling the Company to take a more informed decision.*
- *Identified early warning signals to identify potentially vulnerable and stressed borrower accounts in order to monitor performance of the portfolio in a much more focused manner and to take timely action wherever required.*

Regulatory update

On 6 August 2020, the RBI introduced resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers. The Company also implemented the resolution plan based on parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company in accordance with the guidelines issued by the RBI. Under the resolution plan, the Company assessed and restructured the repayment schedule of these customers (total outstanding of 39.22 crores) to give relief in loan servicing obligations to customers who have been financially impacted due to loss of their income/jobs during the pandemic.

The Company is currently shortlisting potential accounting firms to be appointed as statutory auditors of the Company in line with the guidelines issued by the Reserve Bank of India on April 27, 2021 for the appointment of statutory auditors for banks and NBFCs. The Guidelines provide necessary instructions for appointment of Statutory Auditors, the number of auditors, their eligibility criteria, tenure and rotation as well as norms for ensuring the independence of auditors.

The Company shall formulate a Board approved Policy containing a broad framework for appointment of the statutory auditors viz eligibility criteria to be considered for appointment of auditors, criteria for ensuring independence of auditor, manner and procedure of appointment etc

Business Update

Currently, 41% of the Company's education loans portfolio is secured and 59% is unsecured. Both these product categories continue to perform well.

During the first half of the financial year, the number of loan applications (logins) were down by 3%, sanctions by 7% and disbursements by 56% against the corresponding period of the previous year. However, the second half of the year saw an upswing in all of the above business metrics with applications up by 38%, sanctions by 66% and total disbursements by 30% against the corresponding period of the previous year.

On an annual basis, the total number of loan applications and sanctions have grown by 19% and 32% respectively. Disbursements are down by 25% - Rs. 1,578.7 cr. against Rs. 2,094.2 cr. in the previous financial year. The strategy to diversify and expand business has resulted in significant growth in disbursements to students pursuing higher studies in Canada and India, recording a growth in disbursements by 51% and 21% respectively.

In the previous year the Company availed External Commercial Borrowing (ECBs) of USD 100 million for further lending of education loans as per the ECB guidelines issued by Reserve Bank of India. As

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on March 31, 2021, the ECBs outstanding stood at ₹ 730 crore in rupee terms. Further, HDFC Credila's cost of borrowing has been reducing consistently over the last few years and this has enabled us to compete more aggressively on pricing and should help us to penetrate into markets including the India higher education market which has been dominated by the nationalized banks.

The Company has spent about Rs 3.07 Cr towards CSR contribution for fulfilling its CSR objective of "empowerment of underprivileged children, empowerment of girl child, health and education, various activities related to COVID-19 under Schedule VII of the Companies Act 2013"

I now move the Resolutions for voting by the members.

A. ORDINARY BUSINESS:

"ITEM NO. 1

To receive, consider and adopt the audited financial statements of the Company for the financial year ended on March 31, 2021 and the Reports of the Board of Directors and Auditors thereon.

"I now move the resolution in respect of Item No. 1 of the Notice."

"I request any one of the Members to propose the resolution."

Mr. Dipta Bhanu Gupta: "I propose"

"I request any one of the Members to second the resolution."

Mr. Ajay Agarwal: "I second"

Mr. V. S. Rangan: If there are any queries with respect to financials, we shall be happy to answer them. Are there any queries.?

(He paused for a few minutes. There was no query)

Mr. V. S. Rangan: "I now put the resolution to vote".

"Those in favour may please raise their hands".

(All members raised their hands)

Mr. V. S. Rangan: "I declare the resolution as passed."

"ITEM NO. 2

To appoint a director in place of Ms. Madhumita Ganguli (DIN: 00676830), who retires by rotation and being eligible, offers herself for re-appointment.

"I now move the resolution in respect of Item No. 2 of the Notice relating to Re-appointment of Ms. Madhumita Ganguli as Director who retires by rotation."

"I request any one of the Members to propose the resolution."

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Mr. Ajay Agarwal: “I propose”

Mr. V. S. Rangan: “I request any one of the Members to second the resolution.”

Mr. Sudhir Kumar Jha: “I second”

Mr. V. S. Rangan: “I now put the resolution to vote.”

“Those in favour may please raise their hands.”

(All the members raised their hands)

Mr. V. S. Rangan: “I declare the resolution as passed.”

B. SPECIAL BUSINESS:

“ITEM NO. 3

Reclassification of the Authorized Share Capital and amendment of Clause V of the Memorandum of Association of the Company

The members are informed that the Company proposes to reclassify the Authorized Share Capital and amend Clause V of the Memorandum of Association of the Company:

“I now move the Special resolution in respect of Item No.3 of the Notice relating to Reclassification of the Authorized Share Capital and amendment of Clause V of the Memorandum of Association of the Company”

“I request any one of the Members to propose the resolution.”

Mr. Ajay Agarwal: “I propose”

Mr. V. S. Ranagn: “I request any one of the Members to second the resolution.”

Mr. Dipta Bhanu Gupta: “I second”

Mr. V. S. Rangan: “I now put the resolution to vote”.

“Those in favour may please raise their hands”.

(All the members raised their hands)

I declare the resolution as passed.”

Vote of Thanks:

“I would like to thank all the Shareholders for attending the 16th Annual General meeting. I now declare the proceedings of the 16th Annual General Meeting of the Company as closed. Thank you everyone.”

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