



REPCO HOME FINANCE LIMITED

TRANSCRIPT OF 22ND ANNUAL GENERAL MEETING
HELD ON MONDAY, AUGUST 22, 2022

TRANSCRIPT OF THE 22ND ANNUAL GENERAL MEETING OF THE COMPANY HELD ON MONDAY, AUGUST 22, 2022 AT 11:00 A.M. THROUGH VIDEO CONFERENCE (VC)/OTHER AUDIO VISUAL MEANS (OAVM)

Moderator: Good morning Chairman Sir, when the quorum is present you can start with, thank you so much.

Mr. T.S. KrishnaMurthy (Chairman): Very Good Morning Dear Shareholders, I, T.S. Krishnamurthy, Chairman of Repco Home Finance Limited, I hereby extend a very warm and hearty welcome to all the shareholders at the 22nd Annual General Meeting of the company, I would also like to inform that all the directors have joined the meeting except Smt. Jacintha Lazarus, IAS, who could not join us today due to health issues. I welcome all the directors. Also, the Chief Financial Officer and Company Secretary have joined the meeting. It may be noted in specific terms that the Chairperson of the Audit Committee, Smt. Sumithra Ravichandran, Chairman of the Nomination and Remuneration Committee, Shri K.Sridhar, and the Chairman of the Stakeholders Relationship Committee, Shri V.Nandanasabapathy, are all present at this meeting. The representatives of the Statutory Auditor and the Secretarial Auditor are also invited to be in the meeting and are participating through video conferencing.

In accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI, the meeting is being held through video conferencing for which the facility is being provided by M/s. KFin Technologies Limited. Since the AGM is being conducted through video conferencing, the facility for appointment of the proxies by the members is not applicable. Pursuant to the provisions of the Companies Act, 2013 read with the rules made thereunder and SEBI regulations, the company had extended the e-voting facility to all the members of the company who are holding equity shares as of the cutoff date i.e. 15th August, 2022 in respect to the businesses transacted at this Annual General Meeting. The e-voting commenced at 9:00 A.M. on the 19th August, 2022, and ended at 5:00 P.M. on the 21st of August, 2022. Since the AGM is being held through video conferencing and all the resolutions mentioned in the notice, convening the AGM has been already put to the vote through the remote e-voting facility hence there will be no proposing and seconding of resolutions. The members who have not cast their vote through remote e-voting may now cast their vote after the conclusion of the AGM and the e-voting platform provided by M/s. KFin Technologies Limited will be open for this purpose for 15 minutes.

It may be noted that there is no qualification, comment, or observation in the auditor's report of the financial statements for the financial year 2021-2022. With the permission of the shareholders, notice convening the Annual General Meeting, audited financial statements, auditor's report, director's report, etc. shall be taken as read.

Now, we will take up the following resolutions for the consideration of the shareholders. The following resolutions were set out in the notice of the AGM:

1. Adoption of accounts.
2. Declaration of dividend.

3. Re-appointment of Smt. Jacintha Lazarus, I.A.S. (DIN: 08995944).
4. Re-appointment of Shri T.Karunakaran (DIN: 09280701).
5. Re-Appointment of Shri K.Sridhar (DIN: 00034010) as Non-Executive & Independent Director for the 2nd Term for a period of 5 consecutive years.
6. Appointment of Shri C.Thangaraju (DIN: 00223383).
7. Offer or invite subscription for Non-Convertible Debentures (NCD) and Commercial Paper (CP) aggregating to Rs. 4000 Crore and Rs.1000 Crore respectively on private placement.
8. Enhancement of the annual remuneration payable to Wholetime Directors.

Item no. 5 and 7 are proposed as special resolutions whereas other resolutions are proposed to be approved as ordinary resolutions. Now, the moderator may open the question and answer session.

Moderator: Thank you Sir, with your permission, I'm inviting our first speaker Mr. R.Varadarajan, request him to kindly unmute yourself, switch on your camera and speak. In the meantime request Mr. Ramesh Shanker Golla, please be ready as the next speaker. Thank you.

Mr. R.Varadarajan: Yes speaking.

Moderator: Yes Sir, please ask your questions, you have registered as a speaker shareholder.

Mr. R.Varadarajan: Yes, but this video is not opening. I don't know why.

Moderator: Sir, you have to enable it from your side Sir. There is no problem from our side. Thank you Sir, in the meantime, you can continue with your audio Sir.

Mr. R.Varadarajan: Okay, Good morning to everybody. Respected Chairman, Dear Managing Director and other directors and top management team. Greetings to you all. While I was going through the annual report of our company Repco Home Finance for the year ending 31.03.2022, I was sad on certain aspects. Page number six of the report shows the financial highlights, there was a de-growth in the loan book, probably for the first time in the history of the company loan book has gone down from Rs.12,121 Crores in the previous year to Rs.11,758 Crores during the current year. Sanctions and disbursements, they are also showing negative growth, CAGR is reported at -8% in the last three years, deep deterioration of asset quality, and gross NPA has gone up to 7% from the previous year's level of 3.7%. Return on assets and return on equity have also shown negative returns, profit after tax came down from the level of Rs.287.6 crores to Rs.191.5 crores. See this type of poor numbers will always have a telling effect on the investors' confidence, resulting in downward movement of the share prices, which has been reflected in the report on page number 26, where it has been shown that the share price during the year has come down from Rs.337 to Rs.176. I hope the parent bank which has 37% shareholding would have noted the steep erosion of its share value in the company. It is rather unfortunate that the company put shows on the last year of the tenure of our beloved Chairman, though the effect of the pandemic and also the Reserve Bank's new norms for NPA recognition may be the reason, we should not lose sight of that the peers have done well under the similar circumstances. However, I am very confident with the inherent potential of our dedicated workforce, the recent induction of Mr. Swaminathan a seasoned banker, a practicing banker, as CEO of the company and well experienced top management team, the company will bounce back in the coming

years, which is also shown in the first quarter of the current year. I would love to hear from the management, steps taken or proposed to be taken to achieve reasonable business growth during the current year and substantial improvement in asset quality. I understand that National Housing Bank refinance is linked with the NPA level whether our present NPA level allows us to draw the refinance. I understand that the pre-closure of the loan is also very high wherein the balance takeover by other financial institutions. Can we have the figure of how much was the balance transferred during the last year and the steps taken to arrest it? Employee attrition is also nowadays higher, Can we have the figure of your percentage of attrition during last year and the number of employees left the company during the last year? Normally employees leave an organization on three counts, their own low confidence or morale in the company or better future prospects in the other companies and better compensation packages in other companies. We have to study in detail and ensure that we are retaining talented employees within our company. Even last year, I made a mention that we should revise the salary, salary revision is long overdue in our company and it was agreed that it will be looked into but I think it has not been done, at least during the current year, the compensation package may be revised, at least on par with the industry level if not higher.

Moderator: Varadarajan Sir with due respect we would like to inform you that the time limit is three minutes, may I request you to kindly wrap up your question as fast as possible. Thank you Sir.

Mr. R.Varadarajan: Yes, within a minute, on page number 35 of the annual report says that Rs.7.88 Lakhs has been paid as penalty for certain violations to the stock exchanges. I request it can be elaborated. With this, I conclude my speech and I offer my respectful wishes to our Chairman and to Independent Directors who are completing their tenure shortly, my best wishes to the top management and his team for a successful year ahead. Thank you.

Chairman: Thank you very much, Mr. Varadarajan for your thought provoking statement. You asked for certain clarifications, I would request Mr. Swaminathan, the Managing Director to address some of these issues.

Mr. K. Swaminathan: Good Morning Mr. Varadarajan, I am thankful to you for having raised such issues. Let me answer point by point, one de-growth as you yourself also intimated, it is mainly because of the pandemic situation that was prevailing and after effects of the pandemic during the last year. As a Managing Director who has taken charge on 21st February, 2022, the issues related to the pandemic and related to de-growth have been pressed. I am confident that the company will bounce back in the current year and in the coming years. As you would have already noted that in the first quarter itself, there has been a turnaround. Hopefully, this turnaround will be completed during the current financial year and the current year financial results will be better than the last year. Many measures are being taken, the confidence-building measures at the field level have already been boosted up and the entire field force is energetic. By the numbers that are coming to me on a daily basis is giving the confidence to the present management that 2022-23 and the years after will be better. As far as GNPA going up, I would like to mention, one it is the result of the pandemic because we were mainly dependent on many self-financing institutions that do not make much as people who are in regular employment. So those people who are an employee in MSME units and all that, they're very much affected because of the pandemic that is one of

the reasons why the GNPA level is going up and the most important reason for the GNPA to go up was the circular issued by Reserve Bank of India in November 2021, whereby changed the norms of classification of NPAs in NBFCs including housing finance companies, as per the current guidelines and accounts once become NPA it cannot be upgraded to a standard account, unless the entire overdue are paid, that means the overdue should become zero, only then it can be upgraded, which was not earlier. So this was the main reason why our NPAs went up from December, 2021 and March, 2022. We have taken serious measures. Hopefully, in the current year, the NPA level for March 2023 would be far less than March 2022, notwithstanding the challenges that are being posed because of the restructure of various accounts that were undertaken during the previous year. Because of our provisions due to the NPA level that has gone up the ROA and ROE had gone down, especially during March, 2022 see we need to also provide one as per Ind-AS and second, for the stability of the finances also it is necessary to provide I think you'll be understanding. So, that is why we have provided a little more during the March, 2022 quarter and that is why the ROA and ROE levels came down, hopefully, this trend and this provision also will come down. We have made plans, and we have made a positive budget for the current year. Hopefully, all these bad things will become history from the current year onwards. Now pre-closure of loans, let me admit, pre-closure of loans is prevailing, and it will continue to prevail, please understand that companies like us, cannot cater to the creamy salaried segment because of our interest rates. We borrow and lend and our lending rates are dependent on our borrowing cost. So, as long as it is borrowing costs is going up to a higher level it will be very difficult for us to compete with many other organizations who are there in this particular industry for long and who will be able to get cheaper funds either from their parent or from the resources like equity and all that, for our company, most of our sources are from borrowing. So, naturally, we cannot compete with some of these things. So, now, as a measure, we are now targeting the middle level and the lower level segments of society, naturally our interest rates also will be slightly higher. But when we take a particular loan into our books, maybe at that time the cibil score of the particular customer may be less but over a period because of his good track record, his cibil score goes up and at this juncture, maybe a year or two years later from the date of his joining to this company, there is an opportunity for others to take off from this. So, this cannot be totally avoided, we cannot totally come down to the level of some of our peers especially nationalized banks or private sector banks, who have got cheaper funds in the form of equity in the form of Casa and all that. So that is why some of our portfolios are getting transferred. See we are trying to meet the customers and almost all the branches are trying to meet the customers. We are also getting some help from cibil and we are talking to the customer to prevent takeovers and all. Hopefully, the numbers will start coming down, last year to my knowledge, I don't have the exact number, but to my knowledge, it was around Rs.1800 Crores. This year we are planning it should be far less than this particular number. Now employee attrition, especially we're talking of salary revisions, I understand salary revision is already due. We have already employed a particular agency, an internationally reputed HR agency to go through not only the salary structure of our company to go through the employee graph, how he can grow up in a particular company and all that, the process has already started and the report is expected in one or two months. Based on the report definitely, the salary revision, which is a long due for this company will also get implemented and the employee attrition will come down. I'm happy to say that the employee attrition levels have already come down in the current year as compared to the previous year. This Rs.7.88 Lakhs penalty, I think there was an explanation. Anyway, this is one of the past issues whereby one of our directors who had crossed the age of 75 years, at the time of appointment, was supposed to have been cleared by a special resolution. Unfortunately, even

though there was an explanation of why that particular director has to be retained in the company, the Stock Exchanges have levied a penalty. In fact, though, we have paid Rs. 7.88 lakhs, we have taken up both the stock exchanges to reverse the penalty we have paid. We are still in discussion with the stock exchanges. I think I have already answered all your issues. Thank you. Thank you very much for bringing up all the points.

Moderator: Thank you Sir. Our next speaker is Mr. Ramesh Shanker Gola, I request Ms. Celestine Elizabeth Mascarenhas to be ready as the next speaker shareholder in the meantime, Mr. Ramesh Shanker Gola kindly unmute yourself, switch on your camera and speak. Mr. Ramesh, Sorry Sir, we are not getting any input from Mr. Ramesh so we are moving to our next speaker, Ms. Celestine Elizabeth Mascarenhas, and in the meantime, request Mr. Kirti Shah to be ready as the next speaker shareholder. Thank you. Celestine Ji. Sorry Sir, we are not getting any input from Celestine Ji. So, we are moving to our next speaker, Mr. Kirti Shah, kindly unmute yourself and speak.

Kirthi Shah: चेयरमैन सर (Chairman Sir) Good morning, chairman Sir.

Moderator: We can hear you Sir kindly continue. Thank you.

Kirthi Shah: Chairman Sir, मैंने आपको एक ईमेल भेजा हुआ है आप उसका पूरा reply करेंगे अभी जैसे अपने first speaker ने जैसे बताया कि negativeness काफी है आपका NPA बढ़ा हुआ है अभी यह सब आप curtail कैसे कर पाएंगे वह जरा आप थोड़ा बताएं और मैंने e-mail में काफी detail भेजा हुआ है पूरा ईमेल का आप reply करेंगे, (Chairman Sir, I have sent you an email, please respond to it. As the first speaker has highlighted that the NPA is high and please explain how it will be curtailed. Also, I have sent you a detailed email, please reply to it.)

Wish you all the best. Thank you very much.

Chairman: Thank you, Mr. Shah. As far as NPA is concerned, already Mr. Swaminathan has explained to Mr. Varadarajan, आपका ईमेल जरूर देखूंगा और उसके लिए जवाब भेज देंगे। (I will see your email and it will be answered).

Moderator: Thank you, Sir. Our next speaker is Mr. Krishnan Pattamadai Srinivasan Sir, Krishnan Sir, may I request you to kindly unmute yourself and switch on your camera and speak in the meantime, I request Mr. Vinay Vishnu Bhide Ji to be ready as the next speaker shareholder. Thank you. Krishnan Pattamadai Srinivasan Sir, Sorry Sir, we are not getting any input from Krishnan Sir. So, we are moving to our next speaker Mr. Vinay Vishnu Bhide Ji and I request Mr. P.Jaichand to be ready as the next speaker shareholder. Thank you. Vinay Ji kindly unmute yourself, switch on your camera and speak, sorry Sir, we are not getting any input from Vinay Ji. We are moving to our next speaker, P.Jaichand Ji.

Chairman: I request we can stop with this. We have already taken 5 speakers.

Moderator: Yes

Chairman: Please go ahead.

Moderator: Thank you Sir, so the next speaker is Mr. P.Jaichand Ji. Jaichand Ji.

Mr. P.Jaichand: Chairman Sir, am I audible?

Moderator: Yes you are audible kindly continue, one second Sir in the meantime, Mrs. P.ShyamSundari Ji to be ready as the next speaker shareholder, thank you.

Mr. P. Jaichand: Mrs. P.ShyamSundari is my Aunty, she has not joined, anyhow I will convey the message, Sir.

Moderator: Thank you.

Mr. P.Jaichand: Mr. P.Jaichand, Mr.Abhishek, all belong to the same family because we had some issues registering in the Kfin portal. That's the reason I've registered in the name of Mrs. P.ShyamSundari, because of any technical issues I should not miss the AGM.

Moderator: No problem Sir, you can continue with your question.

Mr. P.Jaichand: My name is Abhishek, I am a shareholder of the company my DP ID is IN301637 and my client ID is 41359155. First of all, I congratulate the management on the eve of the Annual General Meeting Sir, trust all is well with the company. Sir, can you hear me? Am I audible?

Moderator: Yes.

Mr. P.Jaichand: Trust all is well with you and your family. In this challenging situation, our company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability, and dividend history and becoming one of the strongest brands in our respective segment. Sir, I would like to know our business has been impacted in these past three years of this Covid time, the Coronavirus and the subsequent lockdowns have left virtually no industry untouched. After the Covid, whether any employees have been sacked, hired, salary cuts in percentage. I would like to know from you Sir, this is our 22nd AGM we are celebrating this year Sir and we are marching towards the 25th Year. So the shareholders have a lot of expectations from the management, hope that the management will fulfill the wish and desire of the minority shareholders in the years to come and we can expect a bonus in the year 25th AGM. So then, in the past three years AGM, 19th AGM, 20th AGM, and 21st AGM our company has passed a resolution of an offer to invite subscriptions for non-convertible debentures and commercial paper aggregating to Rs. 4000 Crores and Rs. 1000 Crores respectively on private placement, the same special resolution we are passing from past three years. So, have we achieved that? How much we have achieved? What is the retrieves we have got with the help of the Special resolutions, kindly enlighten us on that particular special resolutions Sir. In the Kfin portal most of the shareholders are facing some technical glitch and the Kfin takes a lot of time for the investor to respond, that is why most of the shareholders are not able to join Sir, kindly look into it Sir so that in future we shall not face any discrepancy or if the company shares a direct link of this particular Kfin portal it will be very easy for the investor fraternity to attend and because most of the time our account is getting locked and we are unable to unlock and in order to unlock we need to input the OTP in the Kfin portal, whereas, we are not getting the OTP neither in the email nor in the telephone number. So, that is the reason we are facing the technical glitch Sir. Anyhow, I'm able to join and attend our 22nd AGM, my best wishes to our company and we can

see that the performance was declined and we can see that even during the recession time, even when there were difficulties in the company we can see that stock price came down to Rs.150 but we are really proud that the management has declared Rs.2.50/- as a dividend and the standard dividend is being maintained this year also. So we hope that the management will recover and touch the previous height and reward the minority shareholders in large numbers. We are really grateful to be a shareholder of the company. I had done all the e-voting in the favor of the company and there has nothing much to answer. I wish the company and the Board of Directors, great success and prosperity in the coming future, and thank you for giving me the opportunity Sir. In the previous AGM also, requested for the legal empanelment, you can kindly put me to the right person so that I can share my credentials with them. Nothing much to ask Sir. Thank you very much. Thank you for giving me the opportunity, hope to see you in the physical AGM Sir next year, Thank you.

Chairman: Thank you. Thank you very much. Mr. Jaichand and your point regarding technical connectivity, I will certainly have it examined and whatever things need to be done will be done. And as far as the issue relating to performance, I would request the Managing Director, Mr.Swaminathan to give you clarification.

Mr. K. Swaminathan: Thanks, Mr. Jaichand for the sentiments expressed and all, see you have raised two issues, one related to any salary cuts during the Covid times, I would like to mention that this company has not reduced the salary of any of our staff members during the two years of Covid. No salary cuts took place and some employees resigned but that is a different issue not because of salary cut. Second, regarding NCDs and CPs, this is an enabling solution because this is required for us if at all we need to raise capital. For the last two or three years, there was no necessity for raising capital this year if the necessity arises and if the markets are favorable, if the interest rates are favorable, definitely the company will look into that option as well. Thank you. Thank you once again for your sentiments.

Moderator: Thank you, Sir.

Chairman: Thank you very much, moderator. I would request Mr. Ramachandran, the scrutinizer to conduct the e-voting at the AGM in an orderly manner and submit the scrutinizer report on or before 24th August, 2022. The combined results of the remote e-voting and e-voting at the AGM would be declared within 48 hours as required by law. There being no other business to be transacted hence I declare the meeting as closed. Thank you very much.