



“JM Financial 36th Annual General Meeting Transcript”
July 28, 2021

BOARD OF DIRECTORS:

MR. NIMESH KAMPANI – NON-EXECUTIVE CHAIRMAN
MR. E. A. KSHIRSAGAR - INDEPENDENT DIRECTOR AND CHAIRMAN
OF THE AUDIT COMMITTEE
MR. DARIUS E. UDWADIA - INDEPENDENT DIRECTOR
DR. VIJAY KELKAR - INDEPENDENT DIRECTOR AND THE CHAIRMAN
OF THE NOMINATION AND REMUNERATION COMMITTEE AND
STAKEHOLDERS RELATIONSHIP COMMITTEE
MR. PAUL ZUCKERMAN - INDEPENDENT DIRECTOR
MR. KEKI DADISETH - INDEPENDENT DIRECTOR
MS. JAGI MANGAT PANDA - INDEPENDENT DIRECTOR
MR. P. S. JAYAKUMAR - INDEPENDENT DIRECTOR
MR. VISHAL KAMPANI - MANAGING DIRECTOR & KMP

KEY MANAGERIAL PERSONNEL:

MR. MANISH SHETH - CHIEF FINANCIAL OFFICER
MR. PRASHANT CHOKSI - COMPANY SECRETARY

Moderator: Dear shareholders, good afternoon and a very warm welcome to the 36th annual general meeting of JM Financial Limited through video conferencing or other audio visual facility. As a reminder, for the smooth conduct of the meeting, the members will be in mute mode and audio and video will be opened when they will speak at the AGM as per the pre-registration. Please note that for the requirements, the proceedings of the annual general meeting will be recorded and transcript shall be made available on the website of the Company. I now hand over the proceedings to Mr. Nimesh Kampani - Chairman of JM Financial Limited.

Nimesh Kampani: It is 4 o'clock. Good afternoon shareholders. I would like to welcome all the shareholders who are attending this 36th Annual General Meeting through video conference. This annual general meeting is being held through video conferencing and other audiovisual means in accordance with the general circular issued by the Ministry of Corporate Affairs in April and May 2020 read with the circular issued in January 2021 and in accordance with applicable provisions of the Companies Act 2013, and the rules stated thereunder and the circulars issued by the Securities and Exchange Board of India in April and May 2020 and January 2021.

Now, I would like to introduce you to the fellow board members. I am Nimesh Kampani - Chairman of JM Financial Limited. Other directors are; Mr. E. A. Kshirsagar - Independent Director and the Chairman of the audit committee; Mr. Darius E. Udawadia - Independent Director; Dr. Vijay Kelkar - Independent Director and the Chairman of the Nomination and Remuneration Committee and Stakeholders' Relationship Committee; Mr. Paul Zuckerman - Independent Director; Mr. Keki Dadiseth - Independent Director; Ms. Jagi Mangat Panda - Independent Director; Mr. P S Jayakumar - Independent Director; Mr. Vishal Kampani - Managing Director

And we also have Mr. Prashant Choksi - Company Secretary and Mr. Manish Sheth - Chief Financial Officer. The representatives of the statutory auditors, secretarial auditors and scrutinizers are also attending the meeting through video conferencing.

May I request Mr. Prashant Choksi - Company Secretary to confirm whether the required quorum is present.

Prashant Choksi: Yes, the required quorum is present.

Nimesh Kampani: I now declare that the meeting is in order. The Company has received 7 authorized representations in respect to 34,19,07,008 shares from some of the shareholders. The register of directors and KMPs including shareholding etc., are available for online inspection during the meeting. The Annual Report for the year 2020-21 inter-alia containing the notice convening the 36th annual general meeting, were sent electronically by email to the members in compliance with the MCA and SEBI circulars. With the consent of the members attending the meeting through video conference, the notice convening the meeting is taken as read. Statutory auditor's report on standalone and consolidated financial statements for the financial year ended March 31 2021 and secretarial auditor's report do not contain any qualification, observations, adverse comments, reservations or remarks which are required to be read at the meeting. With the permission of the members, the said reports are taken as read.

In compliance with the applicable provisions of the Act, the Company had provided to the members the facility to exercise, the right to vote on all the business items to be transacted at the 36th annual general meeting through remote e-voting between July 24, 2021 and July 27, 2021 in proportion of their shareholding as on the cut-off date of July 21, 2021. Ms. Jayshree S. Joshi – Proprietor of Jayshree Dagli &

Associates, Company Secretary, Mumbai, has been appointed as the scrutinizer in accordance to scrutinize in e-voting process in a fair and transparent manner. The facility of e-voting is also made available during the AGM and the members attending the AGM through VC shall be able to exercise their right to vote through e-voting facility provided they have not voted through remote e-voting earlier. There will be no voting by show of hands. The e-voting facility has now commenced.

Now, with this, I will readout my Chairman's Statement.

Dear Members, it gives me great pleasure to extend a very warm welcome to each one of you at the 36th annual general meeting of our Company. On behalf of my fellow colleagues and the board of the directors, I thank you all for joining us today. Your presence through electronic mode is a true testimony to your commitment towards the Company and I am proud that your unflinching support over the years motivates us to scale new heights. I am sure you have received and you would have gone through the Company's annual report for the financial year 2020-21 sent electronically. Covid-19 pandemic has been an unprecedented crisis for every individual across the globe. We have been extremely resilient amidst the ongoing crisis. We will continue to dynamically evaluate our strategies to grow your Company. Global growth in 2020 contracted 3% year-on-year sharper than during the 2008-09 financial crisis as the Covid-19 pandemic and the resultant lockdown wreaked havoc on economic activity. Vaccination drive across the world raised hopes whereas renewed wave, a new virus variant continued to pose concern for the outlook.

The IMF in April 2021 raised the global growth to 6% year-on-year reflecting additional fiscal support in a few large economies and anticipated vaccine-powered recovery in the second half of 2021. While Indian economy entered into a recession in 2020, data from the central statistical office, however, revealed sequential improvement in

quarterly GDP growth. We had last year -24.4% in the first quarter and then -7.3% in second quarter, 0.4% positive in the third quarter and 1.6% positive in the fourth quarter for 2020-21. This is driven by capital formation, possibly driven by center and state government's capital expenditure growth along the household capital expenditure and real estate, into private and government consumption expenditure. India witnessed surge of infection that reinforced growth pressure among several regional lockdowns, the RBI has reduced the real GDP growth estimate to 9.5% year-on-year for financial year 2021-22 from the earlier estimate of 10.5 primarily on account of the impact of the second wave of Covid-19.

Amidst every crisis lies great opportunity. Financial year 2021 post the unforeseen challenges that tested the resilience of mankind. At JM Financial, we consider this uncertainties as the decisive test of our ability to bounce back and excel despite the odds. While our diversified business model, market insights and experience enabled us to maintain the momentum, it is our people who were true heroes, driving value creation process throughout the year. Their grit and determination continued to deliver innovative solutions with focus on consumer delight, as we further garner our clients' trust and respect. The volatile business environment motivated us to unearth opportunity in crisis. Empowered by the decision making, we have geared up to pursue new possibilities. I must like to add here that most of our people are working from home and in spite of working from home, you have seen the results of the last year which is March ending 2021 and that is only because of the people who are the cause, they are our great asset. The Company has liquidity of Rs. 3,892 crore as of June 30, 2021. The gross debt to equity ratio stood at 1.09x and net debt to equity stood at 0.69x as of June 30, 2021. The Company continues to be rated as AA stable by various rating agencies.

The consolidated profit after tax and non-controlling interest in the financial year 2021 increased to Rs. 590.14 crore as against Rs. 544.98 crore in the financial year 2019-20 primarily due to increase in the performance of investment banking, wealth management and securities business and treasury operations, during the year. Also, the statement of profit and loss for the year ended March 31, 2021 includes incremental gross impairment provision of Rs. 207.55 crore on account of the pandemic. The adjusted profit after tax for the financial year 2020-21 would have been 688.64 crore if this provision was not required. The board of directors of your Company has recommended a dividend of Re. 0.50 per share for the financial year 2020-21 compared to Re. 0.20 per share for the previous year. The dividend will be paid on or after July 29, 2021, if declared by the members at this AGM.

The performance highlights of the group's various businesses have been mentioned in detail in the Management Discussion and Analysis report. I would like to give you the first quarter results for the financial year 2021-22. I am pleased to report that the board of directors of the Company, at its meeting held today, has approved the standalone and consolidated financial results for the first quarter ended June 30, 2021.

The key highlights of the consolidated financial performance of your Company for the June quarter are; the total income increased by 43.62% to Rs. 992.55 crore from Rs 691.11 crore in the first quarter. Profit before tax increased by 95.69% to Rs. 360.40 crore from 184.17 crore. The net profit after tax and before non-controlling interest increased by 96.82% to Rs. 274.78 crore from Rs. 139.61 crore, the net profit after tax, non-controlling interest and share of associate increased by 117% to Rs. 203.14 crore from Rs. 93.61 crore. So for the first quarter, the profits of the Company are more or less doubled. I take this opportunity to thank my fellow colleagues on the board for their valuable contribution during the year. I also convey my sincere thanks to all our employees, regulators, stock exchanges, lenders and

other stakeholders for their continued support and cooperation at all times, especially during the times of Covid-19.

As always I welcome your thoughts and feedback as we move forward together. On this event today, I would like to remember our very old shareholder friend Mr. Beruz Pouredahi, who left for the heavenly abode. I extend my heartfelt condolences to the bereaved family for their irreparable loss. Let us pause for one minute of silence to extend our prayers. Thank you.

For a quick insight, we shall play a glimpse of a financial highlight for the financial year 2020-2021 and thereafter a short video clipping from the CSR activities conducted by the JM Financial Group through JM Financial Foundation. I am sure you will be pleased to see the film. I now request the moderator to play the video for members' viewing. Thank you. [Video is played]

Moderator: Over to you, sir.

Nimesh Kampani: Thank you. So we go to the next item in the agenda, in the notice. Mr. Choksi, will you read out the business as per the notice of the meeting please?

Prashant Choksi: Yes, sir. So,

Item - 1 of the agenda is for adoption of audited standalone and consolidated financial statements as of March 31, 2021, along with the reports of the board of directors and auditors thereon.

Item - 2 is for declaration of dividend.

Item - 3 is for reappointment of Mr. Nimesh Kampani, as a Director retiring by rotation and being eligible offering himself for reappointment.

Item - 4 is for appointment of Mr. P S Jayakumar as an independent Director for a term of 5 consecutive years, commencing from July 30, 2020 and ending on July 29, 2025.

Item - 5 is for continuation of directorship of Mr. Nimesh Kampani, notwithstanding he attaining the age of 75 on September 30, 2021 as required under regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

Item - 6 is for approval for entering into transactions with JM Financial Credit Solutions Limited, a related party for an amount not exceeding the 500 crore during a financial year.

Item - 7 is for approval for entering into transactions with JM Financials Asset Reconstruction Company Limited, a related party for an amount not exceeding Rs. 500 crore during a financial year.

Item - 8 is for approval for entering into transactions with JM Financial Products Limited, a related party, for an amount not exceeding Rs. 500 crore during a financial year and

Item - 9 is for approval for issuance of non-convertible debentures for an amount aggregating up to Rs. 1000 crore on a private placement basis and/or through public offer.

Prashant Choksi: So these were items on the agenda Chairman Sir.

Nimesh Kampani: Item - 6, 7 and 8, all these companies are our subsidiary companies and these items are in ordinary course of business. Every year they do it as a routine transaction.

Now, I would like to invite the members who have registered themselves as speakers to speak in seriatim and they can raise their queries, if any, also through chat box.

The e-voting facility has already started and it will remain open till the closure of the meeting. Now, I invite the members to speak for any of those resolutions, on nine resolutions and there is no show of hands and it will all be done through the e-voting. Who is the first speaker, Mr. Choksi?

Moderator: We will take our first speaker shareholder, Lekha Shah.

Lekha Shah: Respected Chairman Sir, the Board of Directors and my fellow shareholders, good evening to all of you. Myself, Lekha Shah from Mumbai. First of all, I am very much thankful to our Company Secretary Mr. Choksiji and especially, Dimple ma'am, Ajith sir for sending very good investor services and also sending me the AGM notice by email well in time in such a difficult situation. Sir, I am very grateful to our Company Secretary Choksi sir, Dimple ma'am and Ajith sir. Firstly, I would like to congratulate Nimesh Bhai on getting Hall of Fame award from Institute of Chartered Accountants. I would also like to wish you a very happy birthday in advance, sir. I pray to God that 75th Birthday brings good health, happiness and prosperity in your life. I would also like to congratulate our JM Financial Group for doing such wonderful CSR activities. Sir, I am happy to see all the good deeds that you have done during this difficult time. Sir, I pray to God that he always shower his blessings upon you. Sir, I would like to ask few questions. My first question is, can you tell us more about CSR activities, Shiksha Samarthan Project. My second question is, are all our Company employees vaccinated against Covid-19? My third question is, what is the roadmap for the next two years? My fourth question is, how many of our employees were affected by Covid-19? Sir, I would like to say I strongly propose all the resolutions for today's meeting and my best wishes, always to our Company and its prosperity. Thank you, sir.

Nimesh Kampani: Thank you, Lekhaji. Next speaker, Hariram Chaudhary.

Hariram Chaudhary: Chairman, Shri. Nimesh Kampaniji, I am speaking from my home at Santa Cruz. My name is Hariram Chaudhary. Kampaniji, we have been meeting at India Merchant Chamber and I have been investing in mutual fund through JM Financial. Now, I request you for that one copy of annual report please send to me, because I am regularly investing through you in mutual funds and one copy you must have sent and many companies like Reliance Digital sends me the copy, so you can also please send me one copy. Now about CSR activities, Chairman Sir, you have given that information I complemented the video of activities carried out in Jammu and also in Bihar, in Palghar. But I would request you to please consider Mumbai also. Now, here are my few suggestions if suppose a shareholder is affected by COVID, he may be given Rs. 1 lakh financial assistance for treatment because total expenditure in private hospital is more than Rs. 15 lakhs. Secondly, whenever you organized camp for your employees for vaccination those who are present today they may also be invited. So this is my suggestion and the face mask may also be given to those who are being vaccinated. Now, kindly let us know how many shareholders are present today? Now Mr. Chairman kindly let us know, we could have provided here in Mumbai itself, the PPE Kits, ICU Beds, Ventilators, Oxygen concentrators and many more, we also appreciate that you have this community kitchen that we all appreciate, so, more can be done in Mumbai, sir can we kindly consider it? Finally let us know who is the Chairman of the CSR committee and who are the members of the CSR committee. Now Mr. Chairman, one suggestion is, that Diwali get together maybe arranged for those who are present today and if not them at least speaker, after all 4th November Diwali is, in second or third week of November we can have a get together of all those who are present today. Now I appreciate the secretarial staff, so Choksi sir never telephoned me but appreciate the efforts of other staff members of the secretarial department who have contacted us and helped us in joining today's meeting. And Mr. Chairman, I support

all the resolutions. Kindly let us know what digital technology we have adopted and whether digital India the program of Prime Minister, have you adopted and which are the other programs of Prime Minister which we have adopted, if you can kindly tell us. And I would be, since I would like to give the opportunity to others also and I convey my sincere condolence to Mr. Behruz also who was our colleague, who are speaking all the way to meeting today he is not there but I convey my condolences to this family and with this I convey my best wishes for all round progress and prosperity of the Company, my name is Hariram Chaudhary. Thank you, Kampaniji.

Nimesh Kampani: Thank you very much. Next speaker is Vinod Kumar Aggarwal.

Vinod Kumar

Agarwal : Respected Chairman, Nimesh Kampaniji, our young MD Vishal Kampani for steering the ship for the Company very well in these difficult times and our CS Prashant Choksi and his team including Rajas and Dimple, our CFO Manish Sheth. Sir, I have got observation from the annual report, sir. You have done lot of IPOs this year. I would like to know what was the fees collected from those within the BRLM IPO that you did in the past. I could not get these figures when I was going through this thing. Another thing which I have read in the annual report, it is an observation sir, the revenue last year was Rs. 3226 crore which is down 8%, but the profit was Rs. 590 crore which is up by 8% from the previous year just about rough figure and so our efficiency has increased. The profit margins have increased over past year which is a good sign sir and you have given a dividend instead of Re. 0.20 last year you have given a dividend of Re.0.50 this year which is also a very good sign, sir. When we normally in first quarter is saying, I am sure you will be rewarding our shareholders much more than what this Re. 0.50 is, we will come back to those Rs. 1.80 levels of dividends that you used to pay earlier. Sir, I have seen on pages 104 to 117, the excellent

CSR work that the Company has done. But on a very small note, on those CSR activity, sir you are mentioning that you have done for Dahanu farmers, support farming and mentioned that with the simple word for that Chiku, you could have mentioned that hindi word which is more familiar with us, you are writing Sapota, I am sure 80% of the people there do not know what, Sapota is a Chiku, or a naseberry is a Chiku, you could have mentioned Chiku, you will not mention Chiku out there. And Horseradish you mentioned for Moringa, Moringa is Singphalli, Indian words was early English words, which is difficult for you giving two English words for the same thing and not the Indian version which are very easy for us to know. This could have been done and your systemic rice and intensification program has helped the farmers to raise their yields from 2,987 kgs per this thing to 4217, this is more than 30%. You are helping in the CSR, the farmers, the villages in Bihar, very few people go to Bihar, because most of the corporates are listed in Mumbai, Delhi and the metro cities. There are very few which are listed in Bihar, they don't have much CSR activities getting done in Bihar. So it was a very good thing to learn that our Company has done so much in Bihar on CSR front. I am happy that our net worth is so high and even that you are conserving cash at the moment of Rs. 5,350 crore. This will help us to give more advancing in the loan that we may give and which may give us better yield to us and this is what I have observed and this is my this thing and I am signing off, Vinod Agarwal from Mumbai. Thank you, I wish the Company all the best.

Nimesh Kampani: Thank you Mr. Agarwal, thank you very much. It seems that you are a farmer as you know lot about farming. Next speaker is Bharat Mulchand Shah.

Moderator: We move on to our speaker shareholder Bharat Mulchand Shah and Smita Bharat Shah. Please continue with the question.

Smita Bharat Shah: Respected Chairman, Shri. Nimesh bhai, MD, Shri. Vishal and all other respected Directors. Sir, I am Smita speaking from Mumbai. I wish you best wishes Nimesh bhai in advance and I hope you stay safe and healthy with your family. I am talking to you second time through VC medium. There are many problems communicating through this medium. Plus, there is a distance created between you and shareholders. But considering the present situation it is good to conduct the AGM through VC. But we pray to God that the situation changes by next year and we get back to normal as before and physically able to conduct the AGM. And sir, you have received many awards, Best IPO, Best Rights Issues, Best Block Trade and along with that 14th ICAI in which Nimesh bhai you have received Hall of Fame award. Best wishes to you, sir and you have also won BSE awards. This is a great joy for us. And sir, our Company JM Financial in 2020, in India has done a great work; it has come in 21st position in top 50. Congrats. And you have also done many CSR activities and activities related to Covid-19 they all are good. Our wishes are with you. You have earned a great name in the world. Please go forward, keep it up. Best wishes for the future. And sir, your consolidated performance has been great but Nimeshbhai one thing I would like to tell you, that when we always see you there was a smile on your face, but now I see your photo in the balance sheet and you are very serious. Why are you so serious? When we are doing such a good work then we should be having smile on your face. It was great seeing you smile, so please keep the smile on. And sir, Vishalji's hard work is also there and also the help of the Board members and the work of all the employees. And because of all of you, the Company has prospered. And also please don't forget about shareholders. Our support was also with you. Today also we support you and I support all the resolutions and thank you for the dividend, Nimeshbhai. And sir, thank you for the opportunity to participate through VC medium, and the good information colorful

balance sheet and the providing good investor service, so would like to thank calm and peaceful, smiling company secretary Prashant Choksi and congrats to him. And also hank his team the hardworking, always smiling Ms. Dimpleji too and we also won't forget Ajith sir too, so thanks for his hard work too. So, thanks to the entire team. Wish you a great future and wish to meet face-to-face next year. Thank you, Nimeshbhai.

Nimesh Kampani: Thank you. The next speaker is Dinesh Gopaldas Bhatia.

Moderator: So, we will take the audio question from Dinesh Gopaldas Bhatia.

Dinesh Gopaldas

Bhatia: Sir, first of all I would like to congratulate the entire team. Thanks for maintaining the revenue during this pandemic. That is a good thing. Many financial companies are running in loss, but our Company has maintained it. That is because of your hard work. That is why the value is high for our Company. I am sure that Company will make more profits and give great dividends. Thank you.

Nimesh Kampani: Thank you.

Homayun Pouredehi: Can you hear me?

Nimesh Kampani: Yes. My condolences first to you.

Homayun Pouredehi: Thank you. I heard everything. You kept a minute of silence in remembrance of Behruz. I am so much touched and I feel so good. Thank you so much, Mr. Kampani. You don't know, you were very close to Behruz's heart, really. You are also close to my heart right from the very beginning. Thank you very much for remembering him. It was all of a sudden, all of us lost, wrong diagnosis, otherwise he would have lived today, like the way I am living today. But thanks for remembering him. Sir, we have always supported you and also your Company. We are very proud of you. We want you to continue in

your company. I have always been saying right from the very beginning if you remember, you are an authority yourself Mr. Kampani. You are a genius, I have been even saying that and I really mean it and thank you very much for all the CSR activities which you are doing from your heart, you and all your family members. We are aware about it. Now if the pandemic has not affected us sky would not have been the limit for our Company. You would have gone beyond that and just one question I have. Sir, it is about this 1000 crore non-convertible debentures, sir they are for a business purpose, right?

Nimesh Kampani: Yes. If in case required.

Homayun Purudehi: Yes, enabling resolution. So I wish our Company all the best. I heard your speech in detail. Even your video, your CSR activities, we wish you all the best. Also, all your family members, all the board members and we hope the pandemic goes away and the Company will reach to great heights. No doubt about it. Thank you very much once again.

Nimesh Kampani: Next speaker is Himanshu Upadhyay.

Moderator: Thank you. We move to our next speaker shareholder, HimanshuUpadhyay.

Himanshu Upadhyay: My first question was, see philosophy of the group on building new businesses and when do we decide to reduce stake in the business? Philosophically as long term investors, authorities if we own good businesses run by competent management for long period of time the returns will be good. But in our group you have reduced the stake even before when the businesses have grown or matured to a significant size. So our stake in JM Credit has gone down to 47%. Would we like to raise the stake at some point of time or there can be a further reduction in Stake in JM Credit Solutions. As a Company we have over the years build this business and today even today this has matured our stake has gone below 50. Secondly, INH Mauritius, our

partner has more stake than us in JM Credit Solutions. What is the mandate of INH Mauritius? Does it have a date when it may have to exit the investment? Who are the other large investors in it? Also if you exit do we have the first right to buy the asset from them? Third question is, in comparison to our competitors we have come out much more strongly in the builder finance segment. What advantages do we expect for ourselves over the coming 2-3 years in this business? Four, has our cost of funding, especially in bond market improved significantly versus our peers? If peers with less troublesome assets in the portfolio, do we expect that we can get much better clients in the market and can have a higher market share in the large chosen market over the next 3-4 years? This was again four. Drift is on the growth side, so builder financing is a very large market and we have a miniscule share in it. What are the challenges to growth in it? Also, we have 67 customers in our book as of now. Do you think over the next 3 years the growth will predominantly from existing customers or expect number of new customers will get added. Sixth, is again on the business and new business we are venturing. Our ticket size in builder loan book is roughly Rs. 111 crore for borrower group. But there is a huge market size for even Rs. 10 crore and Rs. 50 crore in the markets where we are present in Bombay and Pune and Chennai and all these markets, what are the challenges to build a business around these customers? We are trying to build a SME or MSME finance book, but why not leverage our own understanding of the mortgage lending and build a business around lower ticket size mortgage book? So it would be helpful on your thoughts if you can share? Next is on some retail mortgage. We aim to take JM Financial Home Loan to Rs. 1000 crore by March 2022 and combine book of products and home finance to 3000 crore by March 2022. Why is there so much urgency to grow this book when we have not even seen one complete business cycle and our book has not even seasoned once or one cycle? We are seeing players getting reduced in builder finance and even the number of builders, would not that space be a good hunting ground for growth than getting

into retail mortgage? Again on retail mortgage, non-retail mortgage and SME is not yet the most competitive segments. We see all banks and large NBFCs focused on these two segments. Even if we are in the separate market but want the domino effect will affect this market and the margins will also come down in this business, it being a highly competitive and focus for every player in the market. Next is what is unique to us in retail mortgage business model? what will make us succeed in this business we want to build and grow from here on?. Next is, there are few general questions. We are in the broking business on retail where there is intense competition and yields have been falling. How big is the risk of it moving in direction of the AMC business we have? What efforts are we taking to grow and maintain profitability in this business? Next is, does at any point of time we have thought of hiving off some of our businesses as we are adding newer segments? Also, how do we decide how much to invest in each of our businesses? So today we have become more at the capital allocation business company, with number of businesses. So can you throw some light on your capital allocation strategy? Next is, we have an NBFC in the country which has not raised capital since it got listed. It is predominantly focused on vehicle finance, general and other businesses and generates a very healthy ROE. If there is something which we can emulate in our future vision for the Company and I have written the name of it and again one of the other large housing finance company, it has raised capital many times but if we look at the stock price return, one has given 80x the other has given 70x with much less capital infusion and being more conservative. What type of business model do we emulate or we think we want to be? The last question is, given a choice between 20% ROE and 15% growth without equity dilution and 15% ROE and 20% growth with equity dilution, which of the two business models will be our preference and why? So these are some of my questions. It will be helpful if you can reply point by point and it will help me make a good judgment about the Company. Thank you very much.

Moderator: Thank you. So before we move to our next question, we will take the speaker shareholder #5, Mr. Bharat Shah.

Bharat Shah: Respected Nimeshbhai and Vishalbhai and other respected members, I am Bharat Shah. Sir, I have been shareholder for a long time. I am attending AGM for a long time. Sir, you have prospered the Company even at this difficult time. The value of the share is also good. So for that I thank all the board members and all other employees. And I wish the Company prosper like that in future too. Sir, I am thankful to the hardworking Company Secretary Prashant Choksi and Dimple and Ajith from his team for this. Sir, they give respect to the shareholders and solve their queries. They have also helped very much to connect you through this VC medium. So I am very thankful to Prashant for running CSR activity very well. And sir one request from my side, if possible please try to give bonus next year. Rest, next year if possible please conduct physical meeting and pray to God to make this change. I support all the resolutions. I wish you for the Diwali in advance. Thank you, sir.

Moderator: We move to our next speaker shareholder, **Aspi Bhesania**. Please unmute your video and go ahead.

Aspi Bhesania: Chairman Sir, at the outset I congratulate you on getting Hall of Fame award from CA Institute. Sir, page 2 of the annual report snapshot of FY20-21, I request you to please give previous year figures also, sir, for comparison if possible. Only current year figures are given, previous years are not given.

Nimesh Kampani: Okay, we will see.

Aspi Bhesania: As on March 2021, our company is having cash of Rs. 5,350 crore, as per page 8. What are your plans for the utilization? Sir, in Q1 our investments are appreciated by Rs. 237 crore which is very good sign. I hope our investments continue to appreciate with the appreciation in

the market. So what is your outlook for equity market considering economy is not growing and market is at peak? Sir, during COVID when you have done so much of CSR, what have you done for the shareholders. We take vaccine after paying Rs. 800. Still we are not sure if we have received the genuine one or the fake one. What have you done about that? Thank you and all the best.

Chairman: Next speaker, Lata Bharat Negandhi.

Moderator: Sir, Lata Bharat Negandhi have registered as a speaker but not logged in. Will move to the next speaker Rajgopal Ramanathan. Please unmute audio and video and please go ahead.

Rajgopal Ramanathan: Good evening to everybody on the board. I had already sent in my questions as an email. I will try and just capture most of them as a gist. So first one is, it would be nice, I am a relatively new shareholder. So I would like to understand the merit of holding diversify suite of businesses as just one listed entity versus possibly looking at spinning off these businesses separately and allowing them to discover their fair value. Another question is, the group has been right under constructive on the nature of the wholesale risk underwritten over the last few years. But the challenge for long term profitability is how do you go out and leverage business. And we all understand that for an NBFC prospects to be healthy, you need adequate support from the financial sector communities particularly the bank and the banks have been risk averse and are in a cycle where clearly they are undercapitalized and they would want to sort of in a way restrict their accommodation to the NBFC sector. So in such a backdrop, where we have a capital adequacy of almost 40%, do we run a risk of being perpetually over capitalized which essentially goes towards diluting shareholder returns for all minorities and obviously even for you as majority shareholders. So therefore isn't there a greater value in probably taking capital out of certain businesses and returning them to minorities either by way of dividends or in any other form. Another question that I have is, on the

housing finance segment, I think one of the earlier speaker pointed to it, you have been able to keep the risk under check, which is good, but at the same time aren't we too small in this market, which is already seeing a lot of competition from various other players and therefore in such a backdrop what are your realistic aspirations in terms of book size, profit, your network distribution presence and so on and so forth. Also, are you thinking about possibly looking at experimenting with some bank by way of co-origination agreement or something of that nature? Any development on that, we would obviously appreciate some lift from your side. Another question that I have is, generally if you look at financial services and valuations of financial services firms, most of the financial services which are more retail oriented, at least in the last decade have seen their valuation go through the roof, whereas those businesses which have pursued wholesale businesses have not necessarily attracted the valuations which they should rightly deserve. Now, I don't subscribe to this school of business and therefore I believe that the wholesale business that you are pursuing, is sensible and given their risk protection in the overall covenants that you have and guard rails, I think over a period of time risk adjusted return would be healthy. But in such a backdrop, is there some merit in thinking about changing the business form into what could be a wholesale bank. Now we are all aware that the RBI had sort of put out guidelines in terms of looking at various banking models and do you think the wholesale bank model becomes relevant particularly for the corporate finance and the wholesale financing businesses that we have. Another question that I had, which is, obviously you can obviously weigh this and respond, but as an NBFC there are certain limitation on the liability side of it and if you look at the overall sector and if you look at lot of banks, lot of banks have reasonable liability franchise. And there are times when some of the franchises are available at very reasonable valuation and some of them are actually available at deep discounts and I am talking about say private sector needs. So I am not necessarily suggesting a very large possibility of say an amalgamation, but are you

sort of looking at the possibility of say an acquisition or an amalgamation with a bank which has a good liability franchise and which you can essentially leverage for your business and overall deliver better value to shareholders of both the bank and our Company as such. Another question which I had and this is actually an observation and a thought which I want to leave with the entire management team here. Now we all know that dividends that obviously shareholders approve or get are post tax and notwithstanding that from a Company standalone it is a thing which is actually paid out after tax, so technically the cost of capital is higher. If you look at it from a recipient standpoint it doesn't mean much, because once I get it I still have to pay tax. But why don't you think about a possibility of doing something like a bonus debenture. Now, this is a concept which has not gained a lot of popularity, but you had firms like Hindustan Lever explore this at some point in time, you had an NTPC which has gone out and tried this out. Now, why I say this is, even if you think about, say your capital structure the way it is and potentially look at say issuing a bonus debentures of anywhere say from say around 500 to 1000 crore, you are essentially getting long term money and let us even if you talk about an interest of say around 7% to 9% whichever, it could be anything, but I am just sort of basing it on say whatever bond yields are, you are actually getting long term money at that rate without necessarily leading to both of the wholesale market or to the bank for funding. On one side what that does is, it helps you correct a little bit of the over capitalization that you have. Shareholders obviously get compensated by way of the interest that is paid and effectively from a company standpoint there is better use for the capital that it is deploying. So I would just want to leave this thought with the management team and I would appreciate if no the rest of the question the management gives me a point by point answer. Thank you very much and all the best to everybody.

Moderator: Thank you. Our next speaker shareholder is Bimal Kumar Agarwal on the audio question. Please go ahead.

**Bimal Kumar
Agarwal:**

Good evening to everyone. First of all, I thank the Company Secretary and Mr. Chairman sir for announcing Behrouz name. I was also touched with that feeling you have for the shareholders. I must say 25 years back, I could have never imagined that company would progress so well. The share price had escalated so much that I can't believe. I know it was Rs. 3 and face value of Rs. 10. That time, I was noticing this Company. Now, it has Re. 1 face value and Rs. 150, that is extremely good and what rate now we are getting dividend is like excellent and I think so that nowadays all the companies are doing very well in the pandemic time, everyone is saying there is no business, how every companies are doing very well, anyone I am asking says no business and everything is going up, only share market. Please let me know, thank you very much.

Moderator: Speaker shareholder, Rajendra Prasad Joshi, your line is muted. Please unmute your microphone and camera.

**Rajendra Prasad
Joshi:**

Respected Chairman Sir, Nimesh Kampaniji; our Managing Director, Vishal Kampaniji and Company Secretary, Prashant Choksi, good evening to all of you. At the outset, my compliment that Prashant Choksi that the CS team as well as finance team for preparing a very comprehensive report presenting detailed information on the Company's performance. I appreciate the services extended in this meeting. Sir, I also appreciate the services rendered by CS team specially Dimple Mehtaji and all others, they have always cooperated us and always firm to reply to our queries. Company's management was successful to surpass the challenges thrown by the pandemic crisis. Sincere efforts of the management and staff had made the Company bounce back to the further progress. Despite the difficult time of the Corona-19 pandemic, Company delivered satisfactory financial performance. Though the total income of

2021 was slightly low, over the year Sir, book value of share has notched Rs. 72.92 which was 66.41 last year. We are happy that board increased the dividend to Rs. 0.50 that is 50% from Rs. 0.20 last year. Company's net debt to equity ratio is just 0.73 times which is very negligible and very comfortable to meet the debts. Sir, now, out of the curiosity, I have very few two questions, one, which biggest segment of our Company is earning maximum revenues for the Company? Second, will our Company proposed to enter insurance business? Third is out of our 15 subsidiaries, how many are in profits? Sir, what is the effect of second wave of the COVID-19 on the numbers of the Company and how we are managing with the progress of the Company? And also strongly support all the resolutions. Thank you very much sir.

Moderator: Thank you. Our next speaker shareholder is Manoj Dua. Please go ahead. Unmute your microphone and video.

Manoj Dua: Good afternoon sir. I think most of the question has been answered by the two speakers and I think I will get the benefit from there. I had one broader question. In good time we are conservative in lending and then the bad time, we are diluting our stake, so it is good for the survival of the Company and for the organization and for the majority, where minority who is investing always look because equity being a riskier asset, they want more appreciation, so that the Company grow. Is it our business model is like that, that we can't grow faster or we have been hit by lot of pre sigma events in last 4-5 years like Demon, RERA, IBC that has led to that situation. My only thinking is that we have diluted that stake in a bad time and we haven't grown as compared to our peers in the good time. So I want to understand as a minority shareholder how to look at this lending business, so that you can let some respectable valuation of our Company and the shareholders earn a respectable return. I am not saying that we haven't done, but we have to look what we can get from the present business we are in and second, my question is, when I see there we are holding 35%, JM Asset Reconstruction is holding 35% of Alok Industry,

can you if possible give color of this effect and this transaction, how we will get benefit from this deal? Are we having equity risk as well as gain in this or it is a service income? Thank you.

Moderator: Thank you. Our next speaker shareholder is Kirti Shah. Please go ahead with the question.

Kirti Shah: Chairman Sir, you have said so many things. I have some queries, please look into that. Now at this Corona time your ARC business must have gone down, that it has not gone high. So how is the income for ARC and how would you like to proceed? Please explain. Sir, how much is our investment on shares? Please highlight. And what is the market valuation right now, please highlight too. Chairman Sir, it will be good if you keep on investing in the share market compared to other lending and all this thing. Sir, when will you give the subsidiary company valuation, please? Chairman Sir, it will be good if you can provide provision of 10,000-15,000. Because you have asset of 50 lakhs and the senior citizens, if you give loans to them it will be great. So our CSR activity will be completed. No bank is doing these things. So please look into it. Sir, how much is our finance cost, please highlight. Either you give convertible debenture, 5% with Bank FD. I had 2000 shares, now I have 5000 shares. Now as Agarwal said, it has been more than 5 lakhs valuation. If help us earn at the right time. Now suppose if this 2 years it is not given, but I have 100% hope that as soon as Covid ends then it will come back to track and you will get good return. Why have you kept shareholding so less? You had restriction in 2008 that you cannot hold more than 55%. Now 2008 that you have got around 75%, but still promoter holding only is 54%. So that you have to take care of, as it is a great big company and your holding is so less, that you have to think about it. And first risk is for FII holding. You have 23% FIIs holdings. As the situation gets worse in the world, they sell and leave. The market will come to a stop. You are doing investment of thousands of crore and hence people are thinking about it and getting

surprised because very big IPOs are getting subscribed. So you have to take convertible debentures or rights issue. The promoter equity is 19%. They have now taken right issue at the same price at Rs. 9 and now the current date the holding cut at 16%, promoter. So you will not need any other permission. You take rights issue permission and give share at Rs. 80- Rs. 90, then your book value will be maintained and your promoter holding will be also 75%. So please do that and your Company will run very well even after 2 years, and then only you can work very well in QIP and we can proceed much better. Chairman Sir, do we have any ICD business, please highlight that, the inter corporate deposit. Sir you have all the online system, so for shareholders you can make a system with zero brokerage for shareholder benefit. So if you can do that it will be great, just like how IIFL did for Rs. 500 they have given full life time demat free. You can also do like that for shareholder benefit. Please think on that line too. Sir, one investor has also told that you are going towards bank and all, so what can you do about M&A, you can highlight that too. And my personal request for Nimeshbhai is, sir, I have shares of two big companies. Kotak Mahindra I have 2000 shares and Navin Fluoro 455 shares, please could you give me personal advice, personal email will be better. Wish you all the best. Thank you very much.

Moderator: Chairman Sir, that was our last speaker shareholder. Over to you.

Nimesh Kampani: Thank you. First speaker, Lekha Shah, who really praised the Company, what is the roadmap for next year? I think roadmap for next year mainly depends on whether the third wave comes or doesn't come. At the moment we are reasonably confident about the current year, you must have seen the first quarter results and the Company has done very well in the first quarter, so this year, this current year I think we hope that the Company will do much better.

Mr. Choudhary, second speaker, talked about the mutual fund industry CSR activity and suggested to undertake CSR work in Mumbai. You

have a point, selectively we do the work in Mumbai also. Out of all CSR activity undertaken, most of them we have done in Mumbai, setting up 110 bed hospitals for Covid and some other hospital also we have helped them, GT Hospital, we have worked with them. So activities we have done for Covid in Mumbai. You want to distribute the mask to the shareholder from the Company, we will see what we can do about it. The members of CSR committee, I act as the Chairman, Mr. Keki Dadiseth is another member and Mr. Paul Zuckerman is the third member. He wanted a get together, I think I will pass on that message to our HR people who handles all these things.

Mr. Vinod Agarwal, overall fees we received from IPO, Manish if you can answer that question, revenue down, and profit up is good, very few go to Bihar. Actually, we have decided that where nobody is going, we will go and that is why we chose to go to Bihar and we are conserving cash. Thank you, Mr. Agarwal.

Now, Smita Shah. Thank you Smitaji, you only praised the Company. Dinesh Gopaldas Bhatia. We don't have much question from Mr. Bhatia. Homayun Beruz, thank you and take care, 1000 crore NCD is only enabling resolution. Every year, we pass that, it is not necessary that we are going to raise the money. If it is required only, then we will raise the money.

Himanshu Upadhyay, some of the questions, Vishal will answer on builders financing, better client, Vishal, will you be able to take care of his questions, please? Small ticket transaction for Rs. 110 crore to Rs. 50 crore, Rs. 60 crore, details of mortgage, how do you get 1000 crore book capital allocation?

Vishal Kampani: Let me start with the builder finance question, so in the segment, you rightly said is seeing very less competition, the competition has reduced a lot and we will definitely look to increase our book. So only

reason why we have been holding on and not increasing is because of Covid.

Covid wave 2 has caused lot of challenges and you would understand that we have to travel, we have to do complete diligence, all is that we are going to underwrite and land that we are going to underwrite and that has become very difficult because of the challenges that we faced in quarter 1. Hopefully, we should overcome those challenges in quarter 2 and quarter 3 and the book will see decent amount of growth. On the cost of funds part, your question, yes, our cost of funds from the bond market has gone down, but there is still scope for the cost of funds in the bond markets to go lower as you know that there is a big spread even today existing between AAA and AA, and AA and A. And I think in heightened times of uncertainty, the credit risk always stays very high, but as things normalize and Covid is behind us, we will sort of reduce and therefore I see that the cost of us raising money in the bond market relative to the AAA borrowers will reduce over that. So yes, we will have a cost of funding advantage. We are one of the only NBFC groups that had managed to keep the rating intact, right through IL&FS, COVID wave 1 and COVID wave 2 which again is a very big achievement.

On the question of market shares, so I think see, when you look at any kind of lending business, you cannot look into our lending business perspective, I think it is dangerous to try and go for market share lending businesses, risk based businesses and you have to look at your returns from a risk adjusted perspective. So we will improve the market, but we will never gun for a high market business. I think a good growth rate is around 15% to 20% for builder finance over long periods of time. When I say long period of time, I am talking about around we are able to grow our book at a 15 to 20%, I think it is very good growth rate. On the small ticket category, yes, we can look the transaction but we would not risk for the transactions which are very

small, so below Rs. 30 crore – Rs. 40 crore becomes very small. Our teams are not equipped to handle many transactions, so we have 67 clients today, around 100 loans and I think today our teams can handle may be up to 130 to 140 clients and may be 300 loans and I think there is enough growth above the Rs. 40 crore - Rs. 50 crore ticket bracket for us to be able to grow. On the home loan, it is a high growth business from decade to decade perspective in India, home ownership in India is extremely low. While there are lots of players on the salary side, there are very few players on the affordable and self-employed side and there will be a lot of demand for home loans. Even if you see all the news flow as well as announcement from the government, everything is very positive and so I think for us, today the book is small book compared to our builder finance book of Rs. 7000 crore, the home loan book is around Rs. 700 crore, but we look to grow it. We think we can grow it at comfortably 25% to 30% at least for the few years and we feel that there are tremendous opportunities for us being a AA player to be a very large player in the home loan business. That is the business of key interest and high priority for us.

You asked only SME business, SME business we are not interested. We went into the business, 3 years – 4 years, we have almost 1.5-2 years of experience in that business. We found that the business has very stiff competition as you rightly said from the PSU and the private banks. Second, the security which we underwrite there is always in question. We have found that the underwriting is not feasible and therefore there is always some sort of adverse selection which is possible and based on the risk adjusted return, we decided to exit the SME lending business and we will not look to grow that again. You asked questions on broking business as well as our trials over there. As you can see that the broking business actually has performed decently well for JM, but having said that we are facing stiff competition from the digital brokers, but again today, our clientele is not really very retail or very young and therefore we need to invest as a Company; as

a business into the younger generation much more of digital initiatives as well as internet based advertising on social media, etc., That is one of the reasons why first quarter result, this year you will see how we have demarcated the IWS business between IB which is investment bank which caters to institutions and WS which caters to basically individual investors and you will see over the next 3 years to 4 years, a tremendous investment from our side which will grow the platform AWS business. Our focus in this business is going to be on market share, our focus will be on client acquisition and our focus will be on revenues and we will do the same at the cost of profitability if required. We are very clear on that we do not want to lose market share in the younger generation in this platform business.

The last point was on capital allocation. I think it makes sense for us to be choosy about how we allocate our capital. I think that in tough times that we have seen right from demonetization, IL&FS, Covid 1 and Covid 2, I think being overcapitalized is the better place to be than being undercapitalized. You are looking at it from an equity shareholder perspective, but you have to understand that we also have a lot of people who provide us bank finance and provide capital. Even the ratings have remained the way we are and the reason are our cost of borrowing has remained low and the reason we have been able to get through all of these challenges comfortably has been the overcapitalization of the balance sheet. The positive today is that we do not need to raise more equity, we are highly adequately capitalized at least for the next 3 years to 4 years and that gives us a very strong base and a very strong platform to leverage and grow our audience. Capital allocation, I think incrementally we can allocate more capital to platform AWS business. All of the other three businesses are very well capitalized and do not require any further capital. From the all-time distressed fund, yes if you see interesting opportunities, we may allocate some part of free capital, move those funds as well as into some of the transactions that we need here. Outside of that the main

two businesses which are almost 85% of our business which is the investment bank as well as the mortgage lending business we are adequately capitalized as I said and do not require any equity for the next 3 years to 4 years.

You compared to Sundaram and HDFC, everybody has a different model. Sundaram has always been corporate owned NBFC. There is a big difference in the borrowing profile, the rating profile of a corporate NBFC versus a standalone NBFC which is a group like us and HDFC, of course, there is no comparison, there is no NBFC, the size of HDFC in this country and the question of choosing growth over equity or equity over growth. I think that is dependent on business cycles. It is not a decision that you can keep consistent over long periods of time. There are times in the plans of a company when you would choose growth over returns and there will be a time of your company that you will choose returns over growth. If I were able to ask you the question, what would I choose today, I think today we will choose growth and this growth you will see higher returns. I think India and the world has seen a lot of challenges and hopefully those challenges are behind us and if we don't have a stinking wave 3 in terms of Covid, then I think there is lot of growth opportunities available to our Company. Thank You.

Nimesh Kampani: Mr. Upadhyay, you had one question on the JM Credit Solution, why it has gone down to 47%. This happened before IL&FS crisis at that time we had just raised the money from financial institution and we came down from 50.01% to 47%. At that time, we had an option to go back to 50.01% by adding some warrants. Did we choose not to exactly warrant because the whole market has become very bad at that time and our investors belonging from Mauritius, Singapore or American hedge funds would require exit. You asked also question on, INH Mauritius, who is INH Mauritius. INH Mauritius is promoted by Vikram Pandit and he himself is the investor in that company and he is

also managing it. There are other shareholders also which are American Hedge funds and the private equity funds and the financial institutions and also Singapore based very solid name institutional investors. So someday, this is going to happen in next 3-4 times, those people will require exit, so we will have the option to either list the companies or do some other transaction and to see what do we can do. We also have first right of refusal to buy the shares from INH Mauritius at that particular point of time. I hope that answers that question. Thank you.

Bharat Shah only thanks giving and bonus next year, he wants. We are already overcapitalized by share capital and we are sitting with lot of cash. I don't think we can issue a bonus share now, but we can consider this in future if things are better and if we need to do that. Snapshot of financial results, Aspi Bhesania said to give it for previous year as well, this is not a statutory requirement. Manish Sheth, you have answer for that? it is usually something generally given page 2 of our balance sheet.

Manish Sheth: Sir, you are right, it is not a statutory requirement, this is just a highlight of the year.

Nimesh Kampani: So I think there is no statutory requirement. Cash utilization of Rs. 5,000 crore, if the 30th of June, the cash has come down to around Rs. 3,500 crore – Rs. 3,600 crore that we will deploy in the next one year, one and a half year time on some of the new businesses which are the platform business which we are there, part of the cash may go there. Outlook for equity market, I can't say anything after all. How long will it continue, only you know and the God knows, so make hay while the sun shines, you can make a quick profit and get out, what you can do byyourself. Raj Gopal Ramanathan, what is the merit of holding diverse suit of businesses as on listed entity. I think you must understand that in India, we cannot have all the businesses in the one company, mainly because there are different regulators and every

regulator wants a separate company. The SEBI wants a company under its control nothing to do with RBI. The RBI wants a company which is under their control and regulation which cannot be mixed with the SEBI as a regulator and Insurance regulator wants the company which is with them and it cannot be done with the other same regulator and therefore this vehicle naturally requires to have subsidiary company. We don't have a choice of having leveraging one company and therefore, we have no choice and therefore it is structured like that. You tell me, HDFC also got HDFC bank, separate HDFC Insurance company separate, all those companies have separate asset management company, mutual fund is separate, so every business it works like that.

You talked about dividend post tax and talked about the bonus debenture. You said bonus debenture will get money. I think you are mistaken. There is no money available in a bonus debenture. Bonus is a bonus. If the bonus is there, you are giving the debenture free, so there is no question of raising Rs. 500 crore – Rs. 600 crore from bonus debenture, the company will not get any money, the shareholder will only get a bonus and we will have to service the interest. So we understand this structure and all those things are inappropriate. We will do which is in the best interest of the shareholder. You also have to become a wholesale bank. Wholesale bank to become you require RBI permission and then it was not as per their guideline, we did try sometime with RBI, but this follow our guidelines and follow the growth and therefore it was not possible for us to convert our NBFC into a wholesale bank. Only thing is the merger but some merger RBI accepting some is not accepting and then we don't know those banks have brought, how much loans are coming, etc., how big is there, what technology is there, so I think there are lot of issues on that basis and therefore that risk we are not able to take at the moment. The housing finance business, I will request Manish Sheth to answer that question, why we have the good business and what we can do about it. Manish?

Manish Sheth: So on housing finance business, this is a very granular retail business which we are building, although there is a competition what Vishal has said just now that this category of people who are of cash, salaried and self-employed nonprofessional are still not getting money in tier 2, tier 3 cities, so as of now, as we speak we are in the 50 cities in tier 2 and tier 3 cities of India and this business is really a very good business in terms of low delinquency and this gives us a granular book and idea is to grow this business to support a franchise so that we can diversify from the wholesale kind of mix to retail.

Nimesh Kampani: You also asked the question on, why did we raise the capital and become overcapitalized. You must appreciate the timing. We raised the capital in 2020 and that time, the Covid was going on and we didn't know how much money will be required specially for ARC businesses, what delinquencies will be there, even the builder financing, so it is a caution, we have raised the money as an abundant caution. We have not used that money so far. It is still lying with us at the moment. We are a little bit overcapitalized because of that and promoters and all shareholders have diluted also the capital, so considering the best interest of the Company at that time, so we have done that.

Next is Bimal Agarwal, I think he is a happy shareholder, no question. Rajendra Joshi good annual report, which business earns the most. Last year and current year, I think investment banking business is earning the most. Insurance business, we are not going for, but we are going for insurance broking and that license is applied for and we have received the license from the Insurance regulator and so that they will do the distribution of the insurance products. The overall subsidiaries are in profits, may be one or two which may be breaking even.

Manoj Dua, he is saying good time we are conservative and the bad time we are dilutive. We want descriptive valuation. This year, good time was where in May 2020 when the Covid was there and uncertainty was huge, warranted good idea to have a capital with you,

so that you can go through any problem. I think that is the decision we had taken at that point of time, may be right or wrong, but I think at that time, it was in the best interest of shareholder and good time this capital will certainly be helpful to the Company. In fact, the promoter also has diluted because of this, but we have to take a bold decision to dilute ourselves and the best interest of the Company. As far as Alok industry is concerned, I will tell Vishal to answer that question. Vishal.

Nimesh Kampani: You have some holding in Alok industry, so what is going to happen to that?

Vishal Kampani: No, we have the holding through the SR structure in partnership industries and they are running the company now and the company is doing well. When the security receipt trust is unwound, we will get our capital plus our returns back.

Nimesh Kampani: What is the outlook on wholesale lending, growth for this financial year and next 3 years respectively, Vishal?

Vishal Kampani: So I think, wholesale lending business comprises of basically 2 segments, broadly it is real estate and corporate and the corporate is divided between basically regular corporate which are manufacturing services institutions that we lend to which will be NBFCs, etc. I think the growth outlook for real estate and for the financial institution lending will be very positive. The growth outlook of corporates is not very good because the corporates don't want money. The demand for credit is all time low. You have seen the bank credit deposit ratios are at all-time low and there is lot of capital, but most of the capital has been grown for working capital only and not really for growth capital, but we are positive on M&A financing, acquisition financing which we do in our group through a business unit called Bespoke where we help a lot of companies, doing bridge funding, acquisition funding, but those are more short term in nature. There are rarely loans that we keep in our books beyond one year, so overall I think real estate and

financial services lending would be positive, but corporate lending will be on a slow rate. So I were to give you indicative growth rate numbers, I think on the real estate side, next two years we should be able to compound a book between 15 and 20%. The financial service lending business, we should be able to compound between 20 and 25% and I think the corporate will kind of remain flattish.

Nimesh Kampani: Last shareholder Kirti Shah, he wants to know about ARC business. I think this year, the ARC business in the first quarter, very good profit, mainly because of we have been able to resolve the Kingfisher Airlines funding, so that money has come in and so that business has done first quarter very well, but yes, some of the cases are pending in NCLT, so we depend on when it gets resolved. On that basis it works. Secondly, is the how much interested in equity in the stock market. I don't think we are a large equity player in the stock market and we do much trading activity, but yes, there is some small amount of portfolio in the equity market and in the stock market. Vishal, what is the portfolio?

Manish Sheth: Quarter equity share portfolio is around 65 crore, sir.

Nimesh Kampani: Unlocking of Subsidiary company, please understand that there are some of the business in subsidiary companies and therefore unlocking means you are getting out of that businesses, so whatever is our core business that we will like to continue, we will consider the appropriate time, if we have to dilute in some of the company. What you want, I understand that you want a listed subsidiary company, so we will consider at appropriate time we have to do that. So suggestion of senior citizen to give 15 lakhs of loan again Rs. 15 lakhs of property. I only hope that they are not able to repay 10 lakhs-15 lakhs if they go after the house and they are not able to repay those money. So there must be some clear objective of why they want to borrow money, what is the purpose and home loan people, we can tell them to look at it on a case to case basis, but if interested, even they can come out. What is our average cost of borrowing Manish?

Manish Sheth: Sir, 9.7%,

Nimesh Kampani: Okay. Why promoter holding at 54%, actually we were at 62% which we raise the money in the last June, in the best interest of Company and therefore we have come down to 54%. We are not unhappy that we are diluted because it has been the interest of the company, so we can't look at our promoter holding all the time. So it was always do what is the best interest of the company. The FIIs holdings are 23% why not HNI, see the HNI will not get out fast and get out faster than your financial institutions. So I think anybody will get in and get out, you must just run your businesses, don't have to worry about what the shareholder wants to do. They have the right to get out whenever they need to get out. They can get out, we have no problem with that. We don't expect that everybody to stay there permanently like promoter. ICD business is only with the group company, many of group companies need some funding, the holding company gives them the money, so there is no ICD business as such to give outside company. You want shareholders to be given benefit of demat account and other benefit etc. We will pass on that message to JM Financial Services CEO. You wanted our M&A transactions, sorry, we can't give any information on M&A transaction because they are very confidential and we enter into confidentiality agreement with the management of those company and therefore we cannot give you any information on that, but I can only tell you that we have substantial number of mandates in capital market transaction as well as M&A transaction and that all will likely to get executed subject to the market condition. So with this, I have answered all the questions, I hope to the satisfaction of the shareholder. Are there any other chat box or something has come, Prashant or is all fine?

Prashant Choksi: No, so far nothing has come.

Nimesh Kampani: Now, I would suggest the shareholder that they can vote for the next 15 minutes after the closure of the meeting and the result of the remote e-

voting immediately will be declared after receipt of the scrutinizers' report, the same will be intimated to the stock exchanges and will be uploaded on the website of the company and NSDL. So with this, I would close the meeting and thank you very much shareholders for attending through video conference meeting and meeting stands closed and you will know the results through stock exchange and the next 15 minutes the e-voting facility will remain open, so if you have not voted in the past in the last few days, then you can still vote just now. Thank you. Thank you very much.
