

SUMMARY OF THE PROCEEDINGS OF THE 18TH ANNUAL GENERAL MEETING OF IDFC FIRST BHARAT LIMITED

The 18th Annual General Meeting ('AGM') of the Members of IDFC FIRST Bharat Limited (the 'Company') was held on Tuesday, September 14, 2021 at 11.00 a.m. (IST) through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM').

The MD and CEO welcomed all the Members present through VC / OAVM.

As the requisite quorum for the meeting was present, the Chairman declared that the meeting to be in order and started the proceedings of the meeting.

The Chairman introduced himself and the other members of the Board present at the meeting. The Chairman of Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and the Corporate Social Responsibility Committee were present at the meeting. He mentioned that the Board of the Company has been constituted in compliance with applicable regulations including the requirement under the Companies Act 2013.

The Company Secretary informed that the Statutory Auditor's Report and Secretarial Auditor's Report as prescribed under the Companies Act, 2013, and other documents as mentioned in the Notice of the 18th Annual General Meeting were available in electronic mode for inspection of the Shareholders, upon their request.

As required under the Act, the Register of Directors and Key Managerial Personnel and their shareholding were made available in electronic mode and same was also made accessible for inspection by the Shareholders through electronic mode during the continuance of the Meeting. The Chairman informed the members that the Statutory Auditor's Report, Secretarial Auditor's Report and the Registers required to be maintained under the provisions of Companies Act, 2013 were available for inspection of the members.

CHAIRMAN'S SPEECH

Mr. M. S. Sundara Rajan welcomed the members to the 18th AGM of the Company. He added that the trust and support from the members over the years had provided the management the necessary confidence to face the challenges and complexities and to deliver a consistent performance on a sustaining basis.

He further added that during the FY21, the Company had a healthy revenue growth of 23% over last year amounting to Rs. 463.70 Crore. In addition to the existing product base viz., Joint Group Liability Loan (JLG), Micro Housing Loan (MHL), Micro Enterprises Loan (MEL), Two-Wheeler Loan (TW), Housing Loan & Loan against Property (HL & LAP), during the year, the Company has started distributing Consumer Durable Loan (CD) and Personal Loan (PL) and in the process of introducing additional products viz., Commercial Vehicles (CV), Gold Loan (GL) and other allied products in the FY 22. During the year Profit After Tax (PAT) increased from Rs. 18.95 Crore to Rs. 28.70 Crore and the Board has not recommended any dividend for the FY21.

The Chairman further briefed the members about the recommendations of the Board of Directors with respect to the appointment of Ms. P V Bharathi as the Independent Director of the Company, effective August 18, 2020 and Mr. Praveen Vecha as the MD & CEO of the Company, effective from February 17,

2021, and added that their expertise and experience will provide valuable insights to IFBL Board in further strengthening the business. He further informed the members about the decision of Board in recommending the re-appointment of Mr. Ashish Singh who retires by rotation and being eligible offers himself for re-appointment, which would facilitate continuance of his rich expertise. During the FY ended March 31, 2021 Mr. Arjun Muralidharan, citing personal reasons had tendered his resignation from the post of MD & CEO with effect from November 05, 2020. The Chairman placed on record the appreciations of the Board Directors and the Members for the services rendered by him during the tenure as MD and CEO of the Company.

The Chairman appraised the members that, the Management continue to invest in the most valuable assets of the Company i.e., 'people', who are the invisible assets in the Balance Sheet. He further added that the Management continued the training of employees and ensured that the Company would maintain Portfolio at Risk (PAR) under control and also added that the collections were in line with the acceptable industry standards. The Company continued to strengthen the talent pool by recruiting young, energetic and dedicated employees.

The Chairman also touched upon the fact that the Company as a part of its Commitment towards COVID-19 relief, the employees including the Top Management had contributed their one-day salary to the Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) in addition to distributing Masks, sanitizers, etc., to the front-line worriers of COVID 19.

Mr. M. S. Sundara Rajan also briefed the members about the existence of adequate systems of Internal Control Systems to ensure compliance with policies and procedures which was being constantly assessed and strengthened with new / revised standard operating procedures and tighten Information Technology controls. He further added that there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and the Company has in place a Whistle Blower Policy, to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Audit Committee of the Board reviews the Complaints received, and initiated appropriate actions of redressal, objection, withdrawal, and dismissal during every quarter in their meeting. Risk Management Committee of the Board was entrusted with the responsibilities of identify the risks associated with the industry to formulate plans/ways to ensure with in the risk appetite and also mitigate the said risks. Further, the Board has reviewed/ approved various policies viz., Fraud Risk Management Policy, Vigilance Policy, Operations Management Policy, Whistle Blower Policy, Business Continuity Management Policy, and Information Security Management System Policy which will be subject to review at periodical intervals to guide the management to identity, measure, control and mitigate the risks associated with the Company on a day-to-day basis. The Risk Management Committee meets frequently and reviews the potential risks faced by the Company and the ways to mitigate the same.

In his concluding remarks the Chairman assured the Members of the Company that the Board members are eminent people with rich intellect and experience, highest levels of commitment and integrity and have consistently guided the Company with strategic inputs as well as highest standards of Corporate Governance.

MD and CEO Speech

Mr. Praveen Vecha presented to the members the operational performance of the Company for the year ended March 31, 2021. He briefed that the rural markets helped us to bounce back quickly and come to pre COVID levels. During the FY 21 there were full lockdowns were imposed throughout the country and it was a challenge to keep the employees engaged, the Senior Management Team (SMT) of the Company played a pivotal role in keeping the employees engaged by conducting regular seminars, quiz, talent hunts, townhalls, etc., which enabled us to be market ready, when the situations start easing off in the second half of the year, we were able to work in full swing.

The tranche 1 & 2 of the moratorium by Reserve Bank of India (RBI) helped both the Company and customers not to feel the pressure of loan dues, which resulted in keeping the books stable. Our Non-Performing Assets (NPA) stood at 2.2% in the month March 2021 as compared to the industry average of 3.95% for the same period. From the month June 2020 our disbursement and collections slowly started pick up and in the month of September 2020 we hit a monthly disbursement of Rs. 716 Crores and for the month of March 2021 it stood at Rs. 886 Crores, during the FY 21 our Assets Under Management (AUM) grew by 32% during the year from Rs. 5,900 Crores to Rs. 7,811 Crores.

During the year primary focus of the Company was on individual products viz., unsecured loans which grew by 70% and the AUM stood at Rs. 711 Crore, Dealership products grew by 8X times the AUM at Rs. 162 Crore, and the mortgage products also had a considerable growth during the second half of the year the AUM of which stood at Rs. 124 Crore. Good foundation was laid for the change in direction of loan disbursement, from Group Loans to Individual loans so-as-to have an equal balance of both. During the year the weighted average of interest stood at 22% for the products distributed by IFBL.

Various new initiatives introduced during the year include, launch of two new products in our portfolio viz., PL and CD; new software 'SFDC' was made live; the process of E-KYC backed, by biometric authentication, had been implemented for all the products and close to 95% of the loans were disbursed using E-KYC mode; moreover 100% of loans disbursed were in cashless mode; we have also introduced digital collections through PAYU application; standardization of rolls, promotion policies, role grids & pay components.

During the year Risk Control and Review departments had kept their ears and eyes wide open and we had conducted the audits remotely through virtual mode; our inhouse IT team also played significant role in automation of various process followed in IFBL; our CSR team had actively conducted health camps, offered counselling during COVID times, and post COVID we also concentrated on improvising the standards of education and sanitation prevailing in government schools.

During the first quarter of the current FY22 we were affected by the second wave of COVID 19 and this time it was relatively tougher as there was no moratorium from RBI, Lockdowns were only sporadic coupled with lot of activism from Local administrations and political community. From the month of July things started easing off and there was improvement in both collections and disbursements, by end of September we will get into the stages of last quarter of FY 21. In the FY 22 we are planning to introduce two more products viz., Gold Loan and Commercial Vehicles.

Mr. Praveen Vecha placed on record his sincere applications to the then MD and CEO Mr. Arjun Muralidharan who played an important role in transforming the Company to the stage what it was now. Further he thanked the entire board for constant guidance, support and encouragements provided at all point of time.

NOTICE OF THE ANNUAL GENERAL MEETING

The Chairman informed that the Annual Report and Notice of this AGM was sent to shareholders earlier and with the consent of the shareholders present, the Chairman declared that the notice of 18th AGM dated April 23, 2021 sent to the members along with the explanatory statement was taken as read.

STATUTORY AUDITORS' REPORT

The Chairman informed that pursuant to the provisions of Section 145 of the Companies Act, 2013, since the Statutory Auditors' Report, forming part of the Annual Report already circulated to the members was free from any qualifications, observations or comments on financial transactions or matters which would have an adverse effect on the functioning of the Company, accordingly the said report was deemed taken as read out.

SECRETARIAL AUDITORS' REPORT

It was informed to the shareholders that there were no qualifications, observations or comments or other remarks in the Report of Secretarial Auditors. With the consent of the shareholders, the Secretarial Auditors' Report for the financial year ending March 31, 2021 was taken as read.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

With the consent of the shareholders present, the Directors' report and Audited Financial Statement for the Financial Year ended March 31, 2021 were taken as read.

Thereafter, the Chairman invited the Members present to speak or ask questions relating to the performance of the Company and business to be transacted at the AGM and the same were answered to their satisfaction. The Meeting then proceeded to item wise disposal of the agenda.

ORDINARY BUSINESS

ITEM NO. 01:

TO RECEIVE, CONSIDER AND ADOPT THE AUDITED BALANCE SHEET OF THE COMPANY AS ON 31ST MARCH 2021, THE STATEMENT OF PROFIT AND LOSS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021 AND THE CASH FLOW STATEMENTS AND THE REPORTS OF THE AUDITORS' AND THE BOARD OF DIRECTORS THEREON.

The Chairman took up the first item of the agenda and with the consent of the members present, the audited financials consisting of the Balance Sheet as at March 31, 2021, Statement of Profit and Loss as on the said date, Cash Flow Statement, the Auditors Report and the Directors report for the financial year ended March 31, 2021 was taken as read.

Proposed by: Mr. Satish Gaikwad

Seconded by: Mr. Ankit Singh

The following resolution was proposed as an **Ordinary Resolution**:

“RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2021 including the audited Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss and Cash Flow Statements together with the Report of the Directors and the Auditors thereon as placed before this meeting be and is hereby approved and adopted.”

The Chairman then put the resolution to vote and passed as an ordinary resolution unanimously by show of hands.

ITEM NO. 02:

RE-APPOINTMENT OF DIRECTOR RETIRING BY ROTATION

Proposed by: Mr. Ankit Singh

Seconded by: Mr. Satish Gaikwad

The following resolution was proposed as an **Ordinary Resolution**:

“RESOLVED THAT Mr. Ashish Singh (DIN: 01768711), a Director of the Company, who retires by rotation and being eligible offered himself for reappointment in accordance with the applicable provisions of the Companies Act, 2013, be and is hereby re-appointed as Director of the Company.”

The Chairman then put the resolution to vote and passed as an ordinary resolution unanimously by show of hands.

ITEM NO. 03:

APPOINTMENT OF STATUTORY AUDITORS

Proposed by: Mr. Ashish Singh

Seconded by: Ms. Goretti Deabreo

The following resolution was proposed as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the rules, circulars issued from time to time, M/s. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), be and are hereby appointed as the Statutory Auditors of the Company for a period of Five (5) year, to hold office from the conclusion of Eighteenth AGM until the conclusion of the Twenty Third AGM of the Company, at a remuneration determined by the Board

of Directors of the Company, based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses incurred in connection with the audit of the accounts of the Company.”

The Chairman then put the resolution to vote and passed as an ordinary resolution unanimously by show of hands.

SPECIAL BUSINESS

ITEM NO. 04:

APPOINTMENT OF MS. PV BHARATHI (DIN: 06519925) AS AN INDEPENDENT DIRECTOR OF THE COMPANY

Proposed by: Mr. Ashish Singh

Seconded by: Mr. HariKumar Iyer

The following resolution was proposed as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, 161 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, read with Schedule IV to the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the Articles of Association of the Company, Ms. PV Bharathi (DIN: 06519925), who was appointed as an Additional Director of the Company in the category of Independent Director with effect from August 18, 2020, by the Board of Directors of the Company pursuant to Section 161(1) of the Companies Act, 2013, and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a period of Five (5) consecutive years effective from August 18, 2020, up to August 17, 2025, who is not liable to retire by rotation.

RESOLVED FURTHER THAT Ms. PV Bharathi be paid such fees, profit related commission and remuneration as the Board of Directors and / or Members may approve from time-to-time and within the limits as prescribed under the Companies Act, 2013, and other applicable laws.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary, be and are hereby severally authorized to file the requisite forms with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution.”

The Chairman then put the resolution to vote and passed as an ordinary resolution unanimously by show of hands.

ITEM NO. 05:

APPOINTMENT OF MR. PRAVEEN VECHA (DIN: 09060904) AS THE DIRECTOR OF THE COMPANY

Proposed by: Mr. Ashish Singh

Seconded by: Mr. Satish Gaikwad

The following resolution was proposed as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, 161 and other applicable provisions of the Companies Act, 2013 (‘Act’) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Articles of Association of the Company and taking into consideration the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors of the Company and subject to the approvals, as may be necessary, from concerned statutory authorities or regulatory bodies and subject to conditions as may be prescribed by such authorities or regulatory bodies while granting such approvals, Mr. Praveen Vecha (DIN: 09060904) who was appointed as an Additional Director of the Company effective from February 17, 2021 and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company, Company Secretary, be and are hereby severally authorized to file the requisite forms with the statutory/ regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution including to delegate all or any of the powers herein conferred to any Officer(s) of the Company.”

The Chairman then put the resolution to vote and passed as an ordinary resolution unanimously by show of hands.

ITEM NO. 06:

APPOINTMENT OF MR. PRAVEEN VECHA (DIN:09060904) AS THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICE OF THE COMPANY

Proposed by: Mr. Ashish Singh

Seconded by: Mr. Goretti Deabreo

The following resolution was proposed as a **Special Resolution**:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013, read with the Rules made thereunder, Schedule V of the Companies Act, 2013, (including any statutory modification (s) or re-enactment (s) thereof for the time being in force), Articles of Association of the Company, and on recommendation of the Nomination & Remuneration Committee and approval of Board of Directors of the Company, and subject to the approvals as may be necessary, from concerned statutory authorities or regulatory bodies and subject to conditions as may be prescribed by such authorities or regulatory bodies while granting such approvals, consent of the Members be and is hereby accorded for the appointment of Mr. Praveen Kumar Vecha (DIN 09060904) as Managing Director and Chief Executive officer (MD & CEO) of the Company for a period of 5 years effective from February 17, 2021 on the following terms and conditions

Term	5 years commencing from February 17, 2021 up to February 16, 2026 as the MD & CEO of the Company.
Fixed Pay	Rs. 1.5 Crores per annum.
Variable Pay	As may be decided by the Board based on the recommendations of the NRC and performance of the Company during the year.
ESOP	10,00,000 IDFC FIRST Bank Shares.
Welcome Bonus	Rs. 1 Crore.
Perquisites	As per the policy of the Company.

The Contributions towards Provident Fund and Gratuity; leave encashment, other allowances as per the policy of the Company.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable.

RESOLVED FURTHER THAT Mr. Praveen Vecha be paid such Variable Pay as may be approved by the Nomination and Remuneration Committee and/ or the Board of Directors of the Company.

RESOLVED FURTHER THAT Mr. Praveen Vecha shall be subject to retirement by rotation during his tenure as the MD & CEO of the Company.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the 'Board', which term shall include any Committee which the Board of Directors of the Company may have constituted or may thereafter constitute and delegate with the powers necessary for the purpose) be and is hereby authorized to fix the actual amount of remuneration and perquisites, payable to or be provided to Mr. Praveen Vecha and alter, modify, vary or increase the same from time to time, within the limits approved by the Members, to the extent the Board may consider appropriate.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board, shall be paid to Mr. Praveen Vecha as minimum remuneration read with the applicable provisions of Schedule V of the Companies Act, 2013, and rules made thereunder.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary, be and are hereby severally authorized to file the requisite forms with the statutory / regulatory authority(ies) and to do all such acts, deeds and things as may be necessary to give effect to the above resolution."

The Chairman then put the resolution to vote and passed as a special resolution unanimously by show of hands.



VOTE OF THANKS

Thereafter, the Mr. Praveen Vecha placed on record his thanks to all the Shareholders, Customers, Business Correspondents, Vendors, Clients, Financial Institutions, the Government of India, the Reserve Bank of India, Ministry of Corporate Affairs, and other regulatory authorities for having reposed their confidence in the Company. He also offered his sincere thanks to all for devoting their valuable time for joining this meeting through video-conferencing or other audio-visual means, and for giving him an opportunity to virtually connect with all.

The Chairman thanked the members for their valuable participation and declared the meeting concluded.

The Meeting concluded at 11:45 a.m.

