



11th AGM of IndoStar Capital Finance Limited

Welcome Address by Mr. R Sridhar, Executive Vice-Chairman & CEO.

Good morning ladies and gentlemen, since the necessary quorum is present. I call the meeting to order. I am R Sridhar, Executive Vice-Chairman & CEO of IndoStar Capital Finance Limited and i welcome you all to the 11th Annual General Meeting of the Company.

I sincerely hope and pray that you and your families are well and safe in these trying times. I'm speaking to you today in very unusual circumstances and I sincerely regret that we are unable to meet you in person this year because of the disruption caused by the COVID-19 pandemic. However, it is our duty to maintain social distancing and stay safe.

In compliance with circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India, the 11th AGM of the Company is being conducted through Video Conferencing and members of the Board and Senior Management are attending the meeting from different locations.

Before we start the main proceedings of the Meeting, I would request other Board members who have joined through Video Conferencing to introduce themselves. To start with Mr. Bobby Parikh

Bobby Parikh

Good morning, I am Bobby Parikh, the Chairman and Non-Executive Independent Director of the Company. I am also the Chairman of the Audit Committee. I have joined the meeting through video conferencing from my residence in Mumbai.

R. Sridhar

Mr. Hemant Kaul

Hemant Kaul

Good morning, I am Hemant Kaul, Non-Executive Independent Director of the Company also member of the Audit Committee and chairman of the Nomination & Remuneration Committee. I am joining the meeting from my residence in Jaipur.

R. Sridhar

Mr. Dhanpal Jhaveri

Dhanpal Jhaveri

Good morning, I am Dhanpal Jhaveri, Non-Executive Non-Independent Director of the Company and the Chairman of the Stakeholder Relationship Committee. I have joined the meeting through video conferencing from my residence in Mumbai.

R. Sridhar

Mr. Vibhor Kumar Talreja

Vibhor Kumar Talreja

Hi, I am Vibhor Kumar, I'm nominee on the board of IndoStar and joining the meeting from my residence in Mumbai, Thank You.



R. Sridhar

Mr. Sridhar Rengan

Sridhar Rengan

Good morning, I have joined the meeting through video conferencing from my office in Mumbai.

R. Sridhar

Mr. Aditya Joshi

Aditya Joshi

Hi, Good morning everyone, Good morning Sridhar, I am Aditya Joshi, I am Non-Executive Non-Independent Director of the Company. I have joined the meeting through video conferencing from my residence in Mumbai.

R. Sridhar

Members are requested to note that Ms. Naina Krishna Murthy, Non-Executive Independent Director of the Company has expressed her inability to attend the AGM.

We also have with us members of the Senior Management of the Company - Mr. Pankaj Thapar, Director – Strategy, Mr. Amol Joshi – CFO, Ms. Benaifer Palsetia, Chief Human Resource Officer, Ms. Jaya Janardanan, Chief Operating Officer, Mr. Jitendra Bhati, Company Secretary and our business heads, who have joined the meeting through video-conferencing from their respective locations.

Representatives of S. R. Batliboi & Co. LLP, the Statutory Auditors of the Company and M Siroya and Company, the Secretarial Auditor of the Company and Scrutinizer for the e-voting process for this AGM, have joined the meeting. We also have with us representatives of Deloitte Haskins & Sells LLP, Chartered Accountants, proposed to be appointed as Statutory Auditors of the Company at this AGM.

In terms of Section 104 of the Companies Act, 2013 read with the Articles of Association of the Company, I now request Mr. Bobby Parikh, Chairman, to occupy the chair and conduct the proceedings of the AGM.

Mr. Bobby Parikh

Thank you, Mr. Sridhar.

Dear Members,

On behalf of the Board of Directors, I extend you all a warm welcome to the 11th AGM of the Company. I hope each one of you is safe, healthy and maintaining social distancing as per the guidelines issued by the Government authorities.

As mentioned by Mr. Sridhar, in view of the social distancing norms to be followed due to the COVID-19 pandemic, this AGM has been convened through video conferencing in compliance with the provisions of the Companies Act 2013, the circulars issued by the Ministry of Corporate Affairs, and the Securities and Exchange Board of India. The Company has engaged the services of Central Depository Services



(India) Limited (“CDSL”) for providing the facility for participation in the AGM through Video Conferencing and for electronic voting on matters set out in the AGM Notice.

Since the requirement of physical presence of the Members at a common venue has been dispensed with, the Company has made all efforts feasible under the current circumstances to enable the Members to participate at the meeting through the video conferencing facility and vote electronically. The Facility for joining this meeting through video conferencing is made available for the members on a first-come-first-served basis.

As the AGM is being held through video conference there is no requirement of appointment of proxies, and accordingly the facility for appointment of proxies by the Members is not available.

Quorum

As confirmed by the Company Secretary, the required quorum being present, I call the meeting to order.

The Register of Directors and Key Managerial Personnel and their Shareholding, Register of Contracts with related party and contracts and Bodies etc. in which directors are interested and all the other documents referred to in the AGM Notice and the Explanatory Statement annexed to the AGM Notice are available for online inspection by the Members during the continuance of the meeting. Members who wish to inspect any of these documents, can write to the Company Secretary & Compliance Officer at investor.relations@indostarcapital.com.

AGM NOTICE

As the Notice convening the AGM has been dispatched by way of permitted mode, I take the same as read.

STATUTORY AUDIT REPORT AND SECRETARIAL AUDIT REPORT

The Statutory Audit Report and the Secretarial Audit Report for the financial year ended March 31, 2020, do not contain any qualifications, reservations, adverse remarks or disclaimers.

CHAIRMAN’S ADDRESS TO THE MEMBERS

The annual report that has been circulated, contains my message to Shareholders. I take the liberty to highlight a few key matters. The Financial Year 2020, as we all know, has been a year of challenges, as an unusually complex mix of geo-political factors and events unfolded.

While the Government was seeking to address flagging growth, the outbreak and fast spread of COVID-19 shifted the Government’s focus to managing the crisis. The rampant spread of the outbreak of COVID-19 has triggered significant downside risks to the overall global economic outlook.

With the virus spreading rapidly in India, the government imposed extended lockdowns, which resulted in supply chain disruptions and a fall in consumption demand, leading to further stress on the banking and financial sectors. The cascading impact of these, sharply impacted cash flow to most segments of the economy.



The COVID-19 pandemic impacted financial markets and consumer sentiments alike. Fall in demand, lower incomes and production shutdowns curtailed consumer mobility and led to deferral of spending and adversely impacted businesses. NBFCs, which had already been facing a liquidity squeeze, will face challenges on the asset side. Maintaining liquidity buffers and capital will be a greater challenge. Enhanced provisioning requirements in banks will also constrict liquidity available for lending.

Despite the stress however, well governed financial services companies with a strong capital base, robust risk management frameworks and capabilities, effective collection processes, rigorous cost control and increased use of technology, will become stronger.

Your Company dealt with the COVID situation efficiently with focus on cost control, asset quality and liquidity. About 90% of our customers availed the moratorium offered in line with RBI guidelines in the first round although in the second round, your Company was selective in extending the moratorium. At the same time, the Company's priority was to ensure safety and security of our workforce. It put enabling measures in place with a "Work from Home" policy to ensure business continuity, thanks to the investments we have made in our technology infrastructure over the years.

2020 had its fair share of positive results. Brookfield Asset Management, one of the largest asset managers in the world, with over US\$ 500+ billion under management, invested INR 1,225 crore as primary capital into IndoStar during the year. This is their first private equity investment in India and was completed after a very rigorous due diligence process that extended over many months. With this investment, as well as further purchases from public shareholders and others, Brookfield has become a co-promoter, along with IndoStar Capital Mauritius. Their investment not only provided equity funding, which has helped IndoStar improve its capital adequacy ratio to 37.7%, but it also improved access to new debt financing via their relationships with banks and financial institutions.

During the year, we also effectively integrated the IIFL business and the team into the Company, enabling us to capitalise on the wider network and enhanced talent pool.

Over the years, IndoStar has established itself as a robust and diversified lending institution in India, even as it has sharpened its focus on retail lending. All our retail lending businesses – Vehicle Finance, Affordable Housing Finance and SME Finance – are profitable. Today, we have over INR 10,000 crore of Assets Under Management, serving nearly 66,000 customers. IndoStar's vision to help middle India realise its life's aspirations continues – whether it is about buying the first home, getting commercial vehicle financing or gaining access to SME finance to support India's entrepreneurs.

At IndoStar, we have implemented and nurture sound corporate governance practices. At the core of the Company's management is an active, capable and diligent Board of Directors, which sets the tone for good corporate governance. Even as it looks to create sustained value for all our shareholders, the constant aim is to safeguard the interest of all stakeholders.

As your Company moves forward on its transformative journey of becoming a retail lending institution, it reiterates its commitment to the success of its clients. Your Company remains hopeful and focused on leveraging the demand for affordable housing finance, vehicle finance and SME finance in India. Your Company is making further investments in technology that will improve the capabilities of the Company



to remain an agile and process-driven Company, that is well positioned to capture growth opportunities in the years ahead.

Led by the fundamentals of integrity, commitment to performance and innovation, IndoStar is today poised to enter a new growth trajectory. Your Company stands firm in its promise to build a sustainable business, deliver value to all its stakeholders and serve India's vibrant economy.

Before proceeding further with the business of the meeting, I wish to inform the Members that the facility for remote e-voting on the resolutions set out in the AGM Notice was provided to the Members of the Company whose names appeared in the records of the Company as on the cut-off date – which is September 17, 2020. The remote e-voting period commenced on Monday, September 21, 2020 at 09:00 a.m. and ended on Wednesday, September 23, 2020 at 05:00 p.m.

Members present and participating in the Meeting who have not cast their vote through remote e-voting facility can cast their vote through the e-voting system provided by CDSL which is now open for voting and will close after 15 minutes from the time of closure of this meeting. In case members face any difficulty, they may reach out on the helpline numbers provided in the AGM Notice.

Mr. Mukesh Siroya, from M Siroya & Co., Practicing Company Secretaries has been appointed as the Scrutinizer to conduct and scrutinize the e-voting process.

PROCEEDINGS WITH RESPECT TO FORMAL AGENDA OF THE AGM

I now proceed with formal agenda as set out in the AGM Notice. I take up

Resolution No. 1:

To receive, consider and adopt:

- i. the audited standalone financial statements of the Company for the financial year ended March 31, 2020, along with the report(s) of the Board of Directors and the Auditors thereon; and**
- ii. the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 and the report of the Auditors thereon.**

The Financial Statements of the Company including the consolidated financial statements for the financial year ended March 31, 2020 including the reports of Board of Directors and Auditors have already been provided to the members.

Resolution No. 2:

To confirm Interim Dividend paid on equity shares of the Company for the financial year ended March 31, 2020.

Resolution No. 3:

To appoint a Director in place of Mr. Dhanpal Jhaveri, who retires by rotation and, being eligible, offers himself for re-appointment.

Members are requested to note that a brief profile of Mr. Dhanpal Jhaveri is annexed to the AGM Notice for your reference.

Resolution No. 4:

To appoint Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the 11th Annual General Meeting of the Company till the conclusion of the 16th Annual General Meeting of the Company and to fix their remuneration.

Members are requested to note that the tenor of S. R. Batliboi & Co. LLP as Statutory Auditors of the Company expires on the conclusion of the 11th Annual General Meeting of the Company.

Considering various parameters including audit approach, experience and knowledge in the financial services sector, it is proposed to appoint Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018), as the Statutory Auditors of the Company for a period of 5 years i.e. from the conclusion of 11th Annual General Meeting till the conclusion of 16th Annual General Meeting of the Company.

Members are requested to note that a brief profile of Deloitte Haskins & Sells LLP together with remuneration proposed is mentioned in the explanatory statement to the AGM Notice.

Resolution No. 5:

Re-appointment of Mr. Aditya Joshi (DIN: 08684627) as a Non – Executive Non-Independent Director of the Company

Resolution No. 6:

Re-appointment of Mr. Sridhar Rengan (DIN: 03139082) as a Non – Executive Non-Independent Director of the Company

Resolution No. 7:

Re-appointment of Mr. Vibhor Talreja (DIN: 08768297) as a Non – Executive Non-Independent Director of the Company

Members are requested to note that a written notice in terms of the provisions of Section 160 of the Companies Act, 2013 has been received from a Member proposing the candidature of Mr. Aditya Joshi, Mr. Sridhar Rengan and Mr. Vibhor Talreja as a Non-Executive Non-Independent Directors on the Board of Directors of the Company.



Members are requested to note that a brief profile(s) of Mr. Joshi, Mr. Rengan and Mr. Talreja, are annexed to the AGM Notice for your reference.

Resolution No. 8:

Issue of Non-Convertible Debentures (NCDs) upto INR 10,000 crore under private placement during a period of 1 year

In terms of Section 42 of the Companies Act, 2013 and to enable the Company to raise funds by way of issuance of NCDs, the special resolution for issue and allotment of NCDs upto INR10,000 crore, during a period of 1 year from the date of this resolution, is recommended to the Members for their consideration and approval.

Resolution No. 9:

Payment of commission to Non-Executive Independent Directors of the Company for a period of five years, commencing from financial year 2020-21

Considering the vast experience and expertise of Non-Executive Independent Directors in their respective fields, devotion of considerable time for the Company's business operations, particularly in respect of vital and strategic business decisions, resolution for payment of commission, in addition to sitting fees and other reimbursement payable, to the Non-Executive Independent Directors of the Company every financial year, for a period of five financial years, commencing from financial year 2020-21, is recommended to the members for their consideration and approval.

Resolution No. 10:

Policy on Loans to Employees of the Company and its Subsidiaries

Attracting and retaining high quality talent is critical to the long-term success of the Company and grant of loans to employees will be an effective tool for attracting and retaining the employees. Members are requested to note that employees including managing director and whole-time director, can be beneficiaries under the Policy on Loans to Employees and in terms of Section 185(3)(a)(ii) of the Act, resolution for adoption of Policy on Loan to Employees of the Company and its Subsidiaries, is recommended to the members for their consideration and approval.

Broad features of the Policy are mentioned in the Explanatory Statement annexed to the AGM Notice.

Resolution No. 11:

Waiver of recovery of excess Managerial Remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company

Resolution No. 12:***Waiver of recovery of excess Managerial Remuneration paid to Mr. Shailesh Shirali, Former Whole Time Director of the Company***

Members are requested to note the Company recorded a loss for financial year ended March 31, 2020, as a result of which the remuneration paid to Mr. R. Sridhar and Mr. Shailesh Shirali for financial year ended March 31, 2020 exceeded the limits prescribed under the Companies Act, 2013. In terms of Section 197, sub-section 10 of the Companies Act, 2013, resolution for waiver of recovery of excess remuneration paid to Mr. Sridhar and Mr. Shirali for financial year ended March 31, 2020, is recommended to the members for their consideration and approval.

Resolution No. 13:***Contract executed with Mr. R Sridhar, Whole Time Director of the Company******Rationale:***

In recognition of valuable services granted by Mr. Sridhar towards business of the Company and his key role in concluding strategic deals which prepared the Company for its next phase of growth, the Board of Directors subject to the approval of the Members of the Company executed a new Management Contract with Mr. Sridhar, Whole-Time Director, in supersession of earlier Letter of Appointment / Employment. Material terms of the Management Contract are mentioned in the Explanatory Statement annexed to the AGM Notice. The Management Contract is recommended for approval of Members of the Company.

Resolution No. 14:***Amendment of IndoStar ESOP Plan 2012*****Resolution No. 15:*****Amendment of IndoStar ESOP Plan 2016*****Resolution No. 16:*****Amendment of IndoStar ESOP Plan 2016 - II*****Resolution No. 17:*****Amendment of IndoStar ESOP Plan 2017*****Resolution No. 18:*****Amendment of IndoStar ESOP Plan 2018***

Resolution No. 19:

Amended IndoStar ESOP Plan(S) - Grant of Options to the Eligible Employees of Subsidiary Companies / Holding Company

Members are requested to note that in order to enable the Nomination & Remuneration Committee to decide appropriate vesting of options over a period as may be necessary in accordance with the performance of employees of the Company, the Board of Directors of the Company, subject to the approval of Members of the Company, amended the IndoStar ESOP Plan 2012, ESOP Plan 2016, ESOP Plan 2016 - II, ESOP Plan 2017 and ESOP Plan 2018 (collectively the “ESOP Plans”) by deleting the maximum period of five (5) years within which options should vest with option grantees.

Members are further requested to note that the proposed amendment(s) to ESOP Plans will not detrimental / prejudicial to the interests of option holders and shall be implemented for new grants, except unless specifically agreed to by the respective option grantee. The amended ESOP plans shall also be eligible for grant of options to employees of the subsidiary companies and / or the holding company and / or any other entities as allowed under applicable laws.

Brief description of the ESOP Plans together with necessary disclosures is mentioned in the Explanatory Statement annexed to the AGM Notice. The Amended ESOP Plans are recommended for approval of Members of the Company.

Resolution No. 20:

Adoption of Restated Articles of Association of the Company

Members are requested to note that in that in order to give effect to the provisions of the shareholders’ agreement, as amended, executed with BCP V Multiple Holdings Pte. Ltd. and IndoStar Capital, and to record the understanding of parties to the shareholders’ agreement, special resolution for alteration of articles of association (“AOA”) of the Company by adopting a new set of articles of association divided into (i) PART A – existing AOA of the Company; and (ii) PART B – new set of Articles of Association aligned with the provisions of the shareholders’ agreement is recommended to the Members for their consideration and approval.

Moving forward, please note that queries raised by Members via email(s) *inter-alia* in connection with resolutions set out in the AGM Notice, were replied to their satisfaction. The Company has not received any requests from Members to speak during the AGM.

Members who have still not voted on resolutions are requested cast their vote on CDSL e-voting system which will be available for the next 15 minutes by clicking on the EVSN no., next to the live streaming link inside your e-voting login on www.evotingindia.com. The detailed process of voting is mentioned in the AGM Notice. In case members face any difficulty, they may reach out on the helpline numbers provided in the AGM Notice.



Voting results on each resolution will be an aggregation of valid votes cast through remote e-voting and e-voting during the AGM.

The Scrutinizer will make a consolidated Scrutinizer's Report of the total votes cast in favour or against. On receipt of the consolidated report from the Scrutinizer, the results shall be declared and the results along with the Scrutinizer's Report will be placed on the website of the Company and the website of CDSL and will also be communicated to the stock exchanges. I hereby authorize Mr. Jitendra Bhati, Company Secretary, to receive, countersign and declare the result of the voting.

The resolutions as set out in the AGM Notice shall be deemed to be passed on the date of the AGM i.e. September 24, 2020, if carried with requisite majority.

With the completion of the above, I declare this AGM as concluded and thank the Members for their valuable time.