



Centrum Capital Limited

TRANSCRIPT

42ND ANNUAL GENERAL MEETING

FRIDAY, SEPTEMBER 25, 2020

03:30 P.M TO 04.17 P.M I.S.T

Jaspal Singh Bindra, Executive Chairman

Ladies and gentlemen good afternoon to all of you and a very warm welcome to the forty second annual meeting of the company. Owing to the current covid, 2019 pandemic, this AGM is being held on video conferencing and is in compliance with the directions issued by the Ministry of Corporate Affairs and the Securities and Exchange Bureau of India. It is now 3:32 p.m and I have been told that we have the quorum. Request our Company Secretary, Mr. Alpesh Shah to please confirm.

Alpesh Shah, [Company Secretary]

Yes, the quorum is present

Jaspal Singh Bindra, [Executive Chairman]

Thank you. Hence I call the meeting to order. I will begin with introducing my fellow board members, who are attending through video conference.

Colleagues, as we call out your names, request you to kindly greet our shareholders. I begin with Chairman Emeritus, Mr. Chandir Gidwani.

Mr. Chandir Gidwani [Chairman Emeritus]

Good Afternoon.

Mr. Rishad Byramjee [Director]

Good Afternoon.

Mr. R S Reddy [Director]

Good Afternoon.

Mr. Subhash Kutte [Director]

Good Afternoon.

Mr. Rajesh Nanavaty [Director]

Good Afternoon.

Mr. K. R, Kamath [Director]

Good Afternoon.

Mr. NVP Tendulkar [Director]

Good Afternoon.

Ms. Anjali Seth [Director]

Good Afternoon.

Mr. T M Bhasin [Director]

Good Afternoon

Mr. S K Mitra [Director]

Good Afternoon

Mr. Rajesh Srivastava [Director]

Good Afternoon.

Thank you, good afternoon to all our Board Members. All the names read out are present on the video conference. So a warm welcome from all of us, and from the entire Board

We also have on this video conference, members of our leadership team, representatives from M/s Haribhakti and Co LLP, Statutory Auditors of the Company and Mr. Umesh Maskeri, Secretarial Auditor of the Company.

A detailed procedure to enable members to participate in this meeting through video conferencing has been made available in the AGM notice.

As the AGM is being held through video conferencing, the facility for appointment of proxies by the members is not applicable and hence the proxy register is not available for inspection.

In compliance with the regulatory requirements and owing to the difficulties involved in dispatching physical copies, the Notice of the Annual General Meeting and the Annual Report containing the Directors' Report, Auditors' Report, Annual Accounts and related documents for the Financial Year ended 31st March, 2020 have been circulated electronically, to all the members whose email address is registered with the Company or the Depository Participants. These documents have been available to members for some time now. With your permission, I will take the notice of the AGM dated June 25, 2020 as read.

The Auditors' report issued by the Statutory Auditors and the Secretarial Auditor have no qualifications, observations, adverse comments or remarks. With your permission, I will take these reports of the auditors as read.

As Chairman, I would like to address the AGM now,

[chairman Speech starts]

Good Afternoon Ladies & Gentlemen,

It gives me great pleasure to welcome you to the 42nd Annual General Meeting of your Company and our very first virtual meeting. Unfortunately, this year the Board will miss the opportunity of meeting you all in person. However, the virtual meeting has enabled shareholders from across the country to join in.

Financial Year 2021 began with the unprecedented global challenge – the COVID-19 pandemic, which has caused unimaginable crisis and a profound impact on our personal and professional lives. The Government and the RBI announced several measures to address the uncertainties, which included sops to increase liquidity and boost demand, rate cuts with a variety of tax benefits, all aimed at revitalising growth. However, the impact of the measures is still to be seen on-ground. The RBI moratorium on Loans provided temporary relief, while increasing credit costs. As a lender, we extended the benefits to our borrowers and made necessary provisions in our books. This impacted our cash flows and projections. The negative outcome of the lockdown is evident in India's April-June quarter GDP numbers, that contracted by a massive 23.9 per cent year-on-year (YoY), the first GDP contraction in more than 40 years. It has become increasingly clear, that COVID will have a long lasting impact. A macro economic recovery will be subject to the end of the lengthy lockdowns, even though some signs of improvement are already visible.

Your Company has taken steps to adapt to the changed environment and sharpened it's focus on improving productivity, customer service, capital preservation, liquidity management, cost rationalization, collection of recoverables and strengthening of risk management systems. We have re-aligned our business strategies to focus on higher revenue generation. Our Lending businesses are working on introducing new products and evaluating additional fee income opportunities. While our Advisory businesses are exploring new customer segments. In our lending businesses, we will exclusively cater to the retail ticket sizes, with an increased focus on lower ticket supply chain finance and MSME lending, as this market is highly underpenetrated. We have reduced our exposure to large and mid-corporates and real estate companies, as a proactive risk management strategy, given the economic headwinds and our thrust to keep the asset book granular. Our affordable Housing Finance vertical will focus on salaried employees in Government service predominantly and look at new sources of fee income and inorganic expansion. We anticipate a sharp surge in demand for liquidity among Mid-Corporates and PSU undertakings. To make the most of this opportunity, we have put in place a dedicated and highly capable Bank Loans Syndication team to grow this business. Additionally, with a downturn expected in the stock markets, our retail broking team has limited its services and operates with a much leaner team.

FY2020 was a challenging year for the economy, especially for the BFSI sector. Growth was hit by the lack of credit availability and asset quality issues. While the demand for credit remained steady, Banks and NBFCs remained cautious in extending capital. In spite of the challenges, I am happy to share that it was a year of concerted efforts and significant developments for your company.

I, list hereby, 7 Key achievements

- 1) the Financial year began with the launch of our maiden structured credit fund – Centrum Credit Opportunities Fund. The fund has made multiple investments and has an active deal pipeline in place.

- 2) We acquired the business operations of New Delhi based Micro finance company – Altura Finance, which brought us a loan book of Rs 90 crore, access to 4 new states and a talented team of 225 employees that has integrated well with our operations.
- 3) During the year, we seeded our MSME lending business, hired the leadership team, strengthened the backend technology and commenced disbursing loans.
- 4) We also set up our first overseas office in Singapore to service clients in Asian markets, for our wealth management business.
- 5) We closed the year with a significant investment of Rs 190 crore in our Affordable Housing Finance business by a Private Equity fund managed by Morgan Stanley Private Equity Asia, making them the first external institutional investor in the company.
- 6) Through the year, all our verticals became more technology driven, increased customer engagement with a growing portfolio and had geographic expansion.
- 7) we strengthened our middle and senior management teams with quality talent, who will play a key role in driving future growth.

Moving on to the Financial Results

For the year ended 31st March 2020, Centrum Capital's standalone Net Profit stood at Rs. 29.24 crore. At a consolidated level, the Group reported an Income of Rs. 480.47 crore and a Net Profit of Rs. 71 lacs. We currently manage a lending book of over Rs 2000 crore across our verticals of Affordable Housing Finance, Supply Chain Finance, SME & MSME and Micro Finance. Our Wealth Management Assets under Advise stand at Rs 23,100 crore.

Dear Shareholders, Centrum Foundation our CSR arm, which is focused on Health, Nutrition and Well Being of under served fellow citizens, undertook many timely initiatives through the year. These helped cancer patients and their families, senior citizens, children and a large number of people impacted by unexpected external events and calamities. During the pandemic, the Foundation distributed over 3 lakh meals to stranded migrant workers. Additionally, with active participation from Centrum team members, over 100 tonnes of food grains and essential supplies were distributed to deserving families PAN India. We partnered with public hospitals to provide PPE kits and conduct free OPD camps for under-privileged children. I thank our team, well wishers and all who have contributed their time, efforts and resources to help us reach out to so many. Our efforts in these areas will be strengthened as we work to scale up our operations manifold.

As mentioned earlier, COVID-19 has had a significant impact on the economy. However, we believe that such disruptive events not only test our resilience, but also bring a burst of activity in terms of

creativity and innovation. The next two quarters are likely to see business activity limping back slowly and greater stability coming into financial markets. The rural economy is looking up and a good monsoon with strong agricultural growth, Government supported employment schemes should all lead to recovery. Once businesses resume operations fully, there should be a Big Demand for Credit, as also for quality advice on business continuity, investment and growth strategies. Clients will need additional support to guide them with their capital requirements, restructuring investment portfolios and realigning growth strategies.

We have taken several steps to streamline operations, strengthen technology, build a strong and capable team, improve productivity and control costs. I am confident that with our holistic efforts and anticipated economic growth, we will emerge stronger and more Resilient. And together we will march Towards a Bigger Tomorrow.

As I conclude, I take this opportunity to thank all our associates, partners, clients and stakeholders for their engagement, commitment and support. May I on behalf of the Board and the entire Centrum Team, thank you our valued shareholders for your continued trust, support and encouragement. My best wishes to you and your families to stay safe and healthy. May the coming festive season bring cheer and usher in prosperity for us all.

Thank you ladies and Gentleman.

[Chairman's Speech concludes]

I now move to the other agenda items of the meeting and calling in brief. The matter of the resolutions mention in the notice of the agenda item

Agenda item 2 : To appoint a director in place of Mr. Rishad Byramjee, who retires by rotation at this meeting and being eligible, offers himself for re-appointment

Agenda item 3 : Appointment of Mr. Subrata Kumar Atindra Mitra, as an Independent Director of the Company

Agenda item 4: Appointment of Mr. Tejendra Mohan Bhasin, as an Independent Director of the Company

Agenda item 5 : Appointment of Mr. Rajesh Kumar Srivastava, as an Independent Director of the Company

Agenda item 6: Reappointment of Mr. Manmohan Shetty as an Independent Director of the company, for a second term of five years

Agenda item 7: To approve continuance of directorship of Ms. Mahakhurshid Byramjee as a Non-Executive Director of the Company.

This meeting has been convened to seek your approval for items as detailed in the Notice of the Annual General Meeting. In accordance with the provisions of Section 108 of the Companies Act 2013, Rule 20 of the Company's (Management Administration) Rules 2014, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015, as amended from time to time, the Company had provided a remote e-voting facility to enable the members to cast their votes electronically, on the agenda specified in the aforesaid notice of the annual general meeting.

Remote e-voting period commenced on 22nd September, 2020 and ended on 25th September, 2020. Further, members who have not cast their vote through remote e-voting and who are participating in this meeting can now go to the voting tab for availing e-voting facility provided by CDSL and at the same time, watch the proceedings of the meeting.

Mr. Umesh Maskeri, Practicing Company Secretary, has been appointed as scrutinizer for the remote e-voting and for the e-voting process at the meeting.

I would now like to invite shareholders to speak and share your questions and comments. I request each speaker to be brief and conclude their remarks within two minutes, so as to enable many more to speak. Kindly ensure that your questions are focused and avoid repetition of questions already asked by other members. We will first hear all questions from members and a consolidated response will be given in the end. There are 15 shareholders who have registered as speakers. Due to paucity of time, we will allow only 10 speakers to speak. Other can always send their queries to our company secretary via email, and we will answer them as soon as possible.

Speaker number one. Mr. Sanjay Lulla.

All the Directors of Centrum, Thank you very much for giving me the opportunity to be the first speaker at the virtual forty second AGM. First I would like to congratulate the entire board and the members of Centrum for the very good year they have completed in this challenging times of Covid. Keep up the Good Work Sir, the annual report also presented has been very good and self explanatory. Thanks to Mr. Alpesh Shah for sending the reports well in time. Sir coming to my couple of questions, which I have, first one is that the company is raising funds for private credit, few investments have already been made. Can you share the investment strategy of the fund given the current scepticism in the environment.

A second question, so, is you mentioned that you've opened an office in Singapore? What are the operations carried out from there and what are the future expansion plans? And will you continue to grow internationally a focus on India and last question. Sir, can you give us some more details

on your real estate advisory business since considering stamp duty rates have come down currently? What are the plans for future? Thank you. Sir.

Thank you very much, Mr.Lulla.

Speaker No 2 is Ms. Lekha Shah

Alpesh Ji, thank you for sending Annual Reports by email which is full of knowledge, well in time in such a difficult situation. In Covid 19 we all are facing crisis. Thank you chairman sir explaining the business of the Company. Today Alpesh Shah, Company Secretary has called and guided us appropriately, for attending meeting through video conference. I am grateful to him, Sir, I am extremely proud to see that our Company feeds the needy, Company provides PPE kits, meals and food grains to the under-privileged people across the India in this Global Covid Pandemic. Our Company continues to feed the needy cancer patients and their attendants coming from all over the country for treatment to Tata Memorial Hospital, Mumbai and residing in four shelter homes in Chembur and Khargar, it is very commendable. Sir, I would like to ask few questions. First, how our Company will implement business in the post covid world, what are the learnings of the Company from the lock-down and the third question is how are we engaging with all employees. Sir,,I support all the resolutions and wish the Company for the bright future, thank you Sir.

Thank you very much Ms. Lekha Shah

Speaker number three is Miss Kim Ann Lobo.

Miss Kim Ann Lobo

Good afternoon, sir. and members of the board, Thank you for taking my question.

Firstly, Congratulations on a decent set of numbers given the landscape that the business operates, and the peer group performance for one of the most difficult quarters in decades. It gives me confidence in the management that the numbers are reasonable.

My question to the management is two fold, given that the lending specifically, the housing finance business remains the focus of the company, all housing finance companies, including big companies like HDFC , Tata are shifting their focus on tier two and three cities. How is Centrum planning to differentiate in this space?

And my second question, the housing finance company raised the money from a reputed investor, like Morgan Stanley, which is a substantial achievement. How is the company planning on utilizing these funds? Thank you.

Thank you Miss Kim Ann Lobo.

Speaker Number four is Mr. Nikunj Amin.

No Response

We will move to the next speaker, speaker number five i.e Mr. Swetaranyam

Mr. Swetaranyam

Can you hear me? Yes

Respected Chairman Emeritus, Respected Chairman, Distinguish Members of the Board, team Members, Alpesh, thank you for giving the opportunity to be a speaker in this prestigious AGM. First of all, let me congratulate the team, special mention of Mr. Sanjay Shukla and team, for getting the first institutional investor, with a such a key player, Morgan Stanley, on the board and the business being validated with a fund infusion of 180 crore with a 25% stake. Hearty congratulations to the entire team for that. I have a few questions, I have been investor for more than four years. I bet my long term investment on this company. So I have a lot of expectation from this wonderful leadership team. So, first I wanted to know, I have a problem in terms of the numbers, which is not stacking up. If you see the current financials and last financial year, the profit after taxes is only point seven one crores compare to one forty plus crores last year and that to has come from the exceptional income, if you see the core profit from any of core business last year. It was negative last year and this year is almost zero. So that is something which is a concern for me as a shareholder. And the second thing is lack of predictability in terms of business growth and earnings, in terms of some quarterly updates from the management side, which I did not have any investor presentation, or earning call transcript to track. So, I think these measures will help me understanding what is the progress of the company, having waited for four years in terms of returns and third thing is the number of subsidiaries, 14 subsidiaries, one joint venture and one associate, what is the reason for keeping so many subsidiaries. I want to have a know whether it is really necessity to have sixteen subsidiaries including Joint ventures and associates. it gives a complex structure and the concern is most of them except the home finance vertical company, all others are mostly loss making. So I want to understand your view, as why is it required so many units/subsidiaries in the first place? and part of the promoter pledge is a drag overhang over the market sentiments, is there any plan to reduce the promoter pledge here from now from the current forty nine percent ? and the fee based business over lending business, I see good progress, made in the lending side of the business, compared to the fees based business even though the wealth management team has done a AUM of twenty three thousand, odd crores, but I do not see gross in terms of contribution in terms of bottom line, I don't see much of contribution coming through. So, I want to hear, in terms of growth outlook, what is in terms of addressing these issues, which will help us to grow forward, to justify the potential of in shifting here. Thank you very much for the opportunity.

Mr. Jaspal Bindra

Thank you very much. Mr. Swetaranyam

Okay, we'll try once more, for speaker Mr Nikunj Amin, if he is there?.

Host: No.

Okay, let's let's move on.

Speaking number five is Mr. Manish Samel.

No Response.

Okay, we'll move on the next. The next speaker is Mr..Satish Shah.

Mr. Satish Shah.

Hello , am I audible?

Yes

Sir, you have very well explained the business of the Company, in your speech but want to understand how much is promoter holding, I fully support all the resolution placed for approval, as mentioned in the AGM Notice.

Wish you all the best, thank you.

Mr. Jaspal Bindra

Thank you, Mr. Shah.

The next speaker is Mr. Ganesh Shenoy.

Host : he has not come.

We will move to the next speaker, Mr.Irshad Yunus Mody.

Host : he has not come.

Next Speaker: Mr. Jehangir Rohinton Batiwala

Mr. Jehangir Rohinton Batiwala

A very warm good afternoon.

Now, sir, I would not like to comment on results or working of the company, because even with such a huge pandemic going on, you have managed to come and conduct the AGM that shows that you will take this company to a higher level, Now, sir, Just simple normal queries like, what would be the next program, and the funding for it any new plans and, lastly, festive seasons is here, so compliments of the festive season to the board members and staff and wishing you all the best for the future and we support all resolution wholeheartedly. Thank you. Sir,

Jaspal Singh Bindra

Thank you so much. Mr. Batiwala,

Can we move on to the next speaker?

Next Speaker Mr. Hariram Chaudhary

Host : he has not come

Next Speaker Ms. Reshma Shah.

Ms. Reshma Shah.

Because of Covid-19, though we cannot meet face to face, but we can speak through video conference, but the Company Secretary is approachable any time .

I appreciate the manner and presentation in which the Annual Report is being prepared by the Company Secretary, and there is no query of ours in the report.

Thank you very much.

My best wishes for all the festivals approaching nearby.

Jaspal Singh Bindra

Thank you, Ms. Reshma Shah.

Host : Hariram Chaudhary wants to speak,

Jaspal Singh Bindra

Sure

Mr. Hariram Chaudhary

I will speak only three minutes, I want to compliment CSR Committee Chairman, he has done good work. I am happy that most of the Directors are present.

Sir, Kindly let us know the rate of interest through MSME, and rate of interest through public sector undertakings. Whether you are accepting fixed deposit and whether you are planning to raise funds through fixed deposits. Let me know.

We have underline your words that because of anticipatory economic growth, the demand for credit will increase, we underline your words and we are hopeful about that.

I support all the resolutions, for appointment and reappointment.

I thank for the help of Company Secretary, Alpesh Shah, who has helped us in joining this Meeting.

Kindly let us know, since we have our own building, whether we have solar energy and water harvesting system.

Under CSR, I am happy, that you have given PPE, Sanitization etc etc, I am pointing out that the vaccines will be in market soon, we have to be ready to give subsidise vaccines to shareholders and employees. Let me know who is the chairman of the CSR Committee and the members of CSR Committee, my suggestion is to The Chairman, is that we have received an application from the Member, who requires financial assistance of Rs. 1 lakh to be given to the Hospital, as the total expenditure comes to 35 lakh rupees.

Kindly let us know how many staff are working from home, and how many shareholders have attended the Meeting. Since I am a disciplined shareholder, I will conclude my speech, with all round best wishes to the Company.

Thank you Jaspalji, My name is Hariram Chaudhary.

Jaspal Singh Bindra

Thank you Mr. Chaudhary.

Thank you to all of the speakers who took the time and effort to speak and say all the comments for the company and I would like to start my response by first acknowledging and appreciating the very kind words that were said by many speakers. Firstly, for the board and management and on behalf of all Board and management, I would like to thank all the shareholders for that. They were several specific mentions positive mentions for the company secretary, Mr. Alpesh Shah and we are grateful for that feedback. There

was a special mention for the housing company and their ability to raise institutional investment from a reputed player and we, thank you again on behalf of the company and the CEO. I would like to thank Mr. Sanjay Shukla and on his behalf, I would like to thank you as well. Clearly, there was all around praise several times for the excellent work done by Centrum Foundation in helping the needy and for that, all the credit goes to the Chairman Emeritus. Mr. Chandir Gidwani and on his behalf, I both receive and acknowledge the positive sentiments conveyed. We intend to continue that good work well, beyond the pandemic and for the rest of our existence. I have sort of analyzed the questions and will address them on four or five broad headings. The first is, there was somebody who mentioned about the structure being complex and all I can say, is that I agree. It was even more complex a couple of years ago, and we have brought it down by half. We used to have another fifteen companies, which are not there now in the system and the progress is on. On one side, we are looking towards reducing entities, which were there for a good purpose when they started, but have run out of the purpose they were intended for. But on the other hand, every time we're starting a new business, we want to house it in a new company. So clearly, as we grow, there will be some companies in addition. Also, you must appreciate that once we are in the asset management business, and the advisory business, different licenses have to be housed in different companies. So, like, for wealth management, you could do distribution in one. But the advisory has to be another. Similarly there are such considerations in insurance, being a corporate partner and being a brokerage, they have to be in two different companies. So, even for a single business, sometimes, you need to have two entities, but we are on the same aligned path of reducing the complexity of the structure. Eventually we should have only those subsidiaries where we have a running business.

There were several asked of how are we going to invest the private equity funds raised in the housing finance company. The housing finance company, money, just arrived pre pandemic in February 2020. So clearly, we got penalized post that making any immediate disbursement, but we have been exploring a lot of opportunities and are now path to explore both organic and non organic opportunities. There is an active planning process around that. There were several questions on the profitability of the group and I think somebody rightly pointed out that this year we are only close to break even. Last year, we had a profit, but with a very large extraordinary item. Yes, from an operating perspective, we have improved. We clearly had slightly damp results in a couple of businesses, but the outlook for FY 2020-2021, that didn't have a stellar results last year like wealth etc is far more positive. I think all our lending businesses were profitable, even in March 2020, we hope they will continue to be, we expect them to continue to be profitable by 2021 and we expect the wealth business from being a loss making business in 2020, to be a profit making business in 2021, so clearly, we should see on the operating basis, a much better performance and profitability in this year. I'll be very surprised if we do anything new. I think really we are not planning to do anything more than what we have. So, it will be just trying to make the existing businesses more efficient, more productive and more profitable. So I thin, just in terms of immediate year, I do not think that we have any plans for anything different or new, but it is the kind of year that you would not expect that we want to be adventurous. Somebody asked about the international aspirations of the group. The Singapore operation is largely catering to high net worth individuals for the wealth business. We don't intend to have a domestic business in Singapore, or for that matter any other foreign country. It is more of a conduit vehicle for us to be able to provide services which you couldn't do directly from India for clientele that is very much available to us outside, but also for Indian clients to route their LRS and other funds overseas, we needed a conduit. And

so that is what Singapore is serving, but I want to assure you, our focus is entirely domestic India. That's where the opportunities that should be under presentation is and that's where our focus will remain. In terms of the lockdown, it has been a challenging period. We have the first few months, which are completely closed out. I think the first quarter of this year, April - June was more or less closed out. We've been a lot more operational since mid June and we see things significantly improving on the ground as well in terms of collections and collection rates have increased substantially between April and August and the trend towards further improvement continues. September was a better month than August and we hope October will be even better.

For our staff who come to office, we have arranged hygiene facilities, that make it comfortable and give them confidence to safely leave their homes and come to office. We also allowed a lot of people to work from home. There is a hybrid situation right now in terms of the work from home and that in the office. If the trend in collections continues, the way we have seen it. move from June onwards till now and we achieve a better performance in the lending business as we would expect and. hopefully a turnaround in the wealth business, then clearly we could look. for a nicer performance in the year 2020-2021.

There were some people who asked about promoter holding. In this financial year it remains unchanged. (f and when there is any change, that would anyways get reflected in the notification that we make to the stock exchange, but for now, we have no change. Somebody asked us for rates of interest. It's very complex and different across different businesses, but if any one of you has interest in knowing about that or doing about more about CSR programs, please feel free to write into your favourite person, Mr. Alpesh Shah and he will respond accordingly.

Thank you, I think we've addressed all questions, but if someone still wants any more information, then you're absolutely welcome to write to us and we will respond to you in the same manner as we've done so. Let me now thank all the members for participating in the meeting through this video conference. I would also like to thank all the Directors of the company for their participation in this meeting.

I, now authorize the company secretary to declare the result of the voting through evoting after the process is complete and results have been certified by the scrutiniser. The combined results of the remote evoting and e-voting will be communicated to the stock exchanges within forty eight of the closure of this meeting. The members are further requested to know that the results declared along with the scrutiniser's report, shall be placed on the company's website.

Ladies and gentlemen, I now declare this meeting is closed. Thank you very much for joining us. Thank you and stay safe.