



HOME FIRST FINANCE COMPANY INDIA LIMITED
TRANSCRIPT OF THE 14TH ANNUAL GENERAL MEETING
HELD ON JUNE 8, 2023

**TRANSCRIPT OF THE 14TH ANNUAL GENERAL MEETING OF HOME FIRST
FINANCE COMPANY INDIA LIMITED HELD ON THURSDAY, JUNE 8, 2023 AT 11.00
A.M. (IST) THROUGH VIDEO CONFERENCING / OTHER AUDIO-VISUAL MEANS**

Mr. Deepak Satwalekar (Chairman): As confirmed by the Company Secretary that we have the requisite quorum, I call the meeting to order.

Mr. Shreyans Bachhawat (Company Secretary): Good morning, everyone, I welcome you all to the 14th Annual General Meeting which is being held today through video conferencing. I would like to inform you all that the facility to join this meeting was open 30 minutes prior to the scheduled time and will be kept open for 15 minutes after the scheduled time. In terms of the circulars issued by SEBI and MCA the facility to appoint proxy for this meeting is not available. However, body corporates are entitled to appoint authorized representatives to attend the AGM through VC and cast their votes through e-voting.

The company has received requests from 4 members for registration as speaker shareholder in this AGM, and these shareholders are being provided with specific links to log-in into the meeting and we shall allow them with the permission of the chair. We request the speakers to be concise in their queries and comments and conclude within 2 minutes for the benefit of other shareholders. Further the shareholders who have not registered themselves and would like to express their views or raise questions can write to the company at corporate@homefirstindia.com. With this I now hand over the proceedings of the meeting to the Chairman.

Mr. Deepak Satwalekar (Chairman): Good morning, ladies and gentlemen, I extend my hearty and cordial welcome to you for the 14th Annual General Meeting of your company. I would like to mention that this AGM is convened through video conferencing or other audio-visual means in compliance with the Companies Act, 2013, read with the relevant specific circulars issued by the Ministry of Corporate Affairs which exempts physical attendance of the members to the AGM venue.

I shall now introduce the directors present in the meeting.

- Ms. Geeta Dutta Goel, Independent Director and Chairperson of Nomination and Remuneration Committee and Authorized Member on behalf of Audit Committee Chair.
- Mr. Maninder Singh Juneja, Non-Executive Nominee Director.
- Mr. Divya Sehgal, Non-Executive Nominee Director.
- Mr. Narendra Ostawal, Non-Executive Nominee Director.
- Mr. Manoj Viswanathan, Managing Director and CEO and Authorized Member on behalf of Stakeholders Relationship Committee Chair.

Mr. Anuj Srivastava, Independent Director and Ms. Sucharita Mukherjee, Independent Director and Chairperson of Audit Committee and Stakeholders Relationship Committee could not attend the meeting. We also have with us Ms. Nutan Gaba Patwari, Chief Financial Officer of the company. I would like to mention that our statutory auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants are represented by Mr. G.K. Subramaniam and he has joined us from Mumbai. I would also like to mention that our secretarial auditor and scrutinizer, M/s. Bhatt & Associates Company, Secretaries, LLP, is represented by Mr. Ashish Bhatt, and he has joined us from Mumbai.

The statutory registers that are required under the Companies Act 2013 are kept open and accessible for electronic inspection during the continuance of the meeting.

The notice dated May 17, 2023, convening the AGM along with the audited financial statements, board's report and the auditor's report for FY23 have been circulated to everyone in advance. With your permission I shall take them as read.

The Statutory Auditor's report and Secretarial Auditor report did not have qualifications, observations or comments. Pursuant to the Companies Act, 2013, and Secretarial Standards II, Statutory Auditor's report and the Secretarial Audit Report is therefore not required to be read out.

In compliance with the provisions of Section 108 of the Act read with rules made thereunder and Regulation 44 of the SEBI Listing Regulations, your company has extended remote e-voting facility to its members to transact the business set out in the notice of the AGM. The said facility was available from June 4, 2023 to June 7, 2023. Further, I am satisfied that all the efforts feasible under the circumstances have indeed been made by us to enable the members to participate and vote on the items being considered in this meeting. Members who have not cast their votes by availing the remote e-voting facility and who are present in this meeting will have an opportunity to cast their votes through e-voting system. The results would be declared after considering the voting at the AGM and also remote e-voting which is already done. The results will be submitted to the stock exchanges within 2 working days from the conclusion of this meeting. And I further authorize Ms. Shreyans Bachhawat, Company Secretary and Compliance Officer, to countersign and declare the results of the voting and place the results on the website of the company.

Once again, I welcome you to this 14th Annual General Meeting.

The global economy was severely impacted in fiscal year '23 by the Russia and Ukraine war. The war crippled the global supply chain, triggered a food shortage, spiked commodity crisis, and that led to high inflation rates across the world. In India too, inflation touched a peak of 7.8% in April 2022 and has now moderated to 4.7%. Most central bankers increased policy rates to tackle inflation and the RBI had to respond to global dynamics even though inflation in India was in single digits compared to double digits inflation in developed countries.

India is building a long term foundation for prosperity with a careful approach to fiscal policy and a strong focus on financing capital expenditure. Taking advantage of the disruption in the global supply chain, India is also aiming to provide an alternative to the global supply chain through production linked incentives programs. Private players can also benefit significantly from India's innovative public digital infrastructure which has the potential to be a gamechanger.

Among major economies, India will continue to have a high GDP growth although exports would be adversely affected because of slowdown in the developed economies especially in the west.

Vibrant economic activity expanding middle class, rapid industrialization, growing working-age populations, rising per capita earnings and nuclearization of families are predicted to support India's strong housing demands. Compared to peers India's home financing penetration has only recently crossed double digit mark. One of the gaps in India's housing markets has been financing for affordable housing. First time home buyers who are purchasing affordable homes face many challenges in arranging the requisite funds. The main handicap is their inability to provide the documentation sought by most lenders in spite of having the ability to repay the loan. This offers your company a large unexplored opportunity.

Homefirst has made a positive impact on the lives of over 100,000 customers in its journey of 13 years by providing housing finance to these customers and enabling them to own homes. The company has ended the year with assets under management in excess of Rs. 7000 crores, a growth of more than 33% year-on-year. Disbursal of new loans crossed Rs. 3000 crores for the year. Our distribution has been further strengthened to cover more than 265 touch points across 12 states. The company has also crossed the milestone of 100 branches during the year to reach a total branch distribution of 111 branches. Our sustained growth supported by healthy balance sheet has promoted the rating agencies to enhance our credit rating to AA [minus] with a stable outlook. We have also diversified our lender space and added the International Finance Corporation, a multi-lateral agency to the list. As of March 2023, we have 26 banking and lending relationships.

The profit before tax for FY23 increased by over 30% to 295 crores.

The profit after tax for FY23 increased by over 22% to 228 crores.

The gross non-performing assets as on March '23 were 1.61% of the total loan book of the company.

And corresponding net non-performing assets were 1.07% indicating a very healthy portfolio.

The net worth of the company as on March 31, 2023 stood at 1817.34 crores.

The board of directors after due deliberation keeping in mind the expectation of shareholders and the improvement in profitability has decided to declare a dividend of Rs. 2.6 per share.

Your company has received an ESG rating from MorningStar Sustainalytics which is a leading ESG rating agency with a risk score of 16.2 in no-risk category. This industry leading score is a validation of your company's sustainable and socially responsible practices with strong corporate governance practices.

In the first full year post Covid the team has produced excellent results while upholding the basic principles and dedications to offering solutions for affordable home finance.

We have continued to innovate developed and adapt to the shifting landscape of the sector. With our investments in distribution, technology, personnel and risk management we anticipate good prospects for growth and expansion. We are committed to providing outstanding value to our clients, shareholders and other stakeholders. As we work to build a better future for everyone our attention to sustainability, ethical lending and financial inclusion will continue to inform our choices and actions.

Lastly, we value the support provided by all stakeholders, the National Housing Bank, the Reserve Bank of India, our customers, lenders, rating agencies, and my colleagues on the board. The unwavering efforts of our employees who are our brand ambassadors on the ground is deeply appreciated and we could not have achieved this performance without them.

Now I invite Mr. Manoj Viswanathan, Managing Director and CEO, of your company to give an overview of the financial performance of the company.

Mr. Manoj Viswanathan – Managing Director & CEO: Thank you very much, sir.

Dear shareholders, welcome to the 14th Annual General Meeting of your Home First Finance Company India Limited. I hope everyone is safe and healthy. I am Manoj Viswanathan, MD and CEO of the company, and I welcome you all for the 14th Annual General Meeting.

I would like to make a short presentation to appraise you of the journey so far, the FY23 performance, the opportunities and growth drivers for this sector and the strategic priorities that we are focusing on.

Home First is a technology led affordable housing finance company. We provide loans for purchase and construction of homes, so first-time home owners who have an income of less Rs. 50000 per month. In a journey of around 13 years, we have served over 100,000 customers and we have 77,512 live customers. We have 265 touch points. We have 993 employees and we are certified as a great place to work by the GPTW Institute for the third year in a row.

Your company lends to salaried and self-employed customers, salaried customers contribute 70% and the rest is self-employed. We believe housing finance segment has a large opportunity in the decades to come.

The journey of the company started in 2010, since inception we have raised 4 rounds of capital from marquee shareholders such as Bessemer Venture Partners, Tata Capital, True North, Ather that is GIC of Singapore and Warburg Pincus. We got listed in the month of February 2021 and have delivered strong results in the last 10 quarters post listing despite choppy geopolitical and economic situations.

The financial year FY22-23 was a year of milestones for HomeFirst. The first milestone being reaching the milestone of serving 100,000 plus customers. We also received an industry-leading ESG rating of 16.2 from Sustainalytics, which is Morningstar ESG rating arm. Our long-term rating was upgraded to AA- (Stable). We also received our first multilateral funding from International Finance

Corporation i.e. a member of the World Bank Group. We declared our first annual dividend of Rs. 2.6 per share post listing.

This slide gives us a snapshot of the FY23 performance in numbers. I will highlight our key numbers. Our AUM grew by 33.8% on a year-on-year basis to reach 7,198 crores. The pre-RBI GNPA of 0.9% has reached pre-COVID levels. Our registered PAT at 228 crores grew by 31.1% on a year-on-year basis. Our registered ROA stood at 3.9%. Our ROE stood at 13.5% which is an increase of 170 bps from 11.8% in FY22.

During this year we have seen strong business momentum. Disbursements have been growing on a quarter-on-quarter basis to cross 3,000 crores.

We have strong portfolio metrics as far as our product mix is concerned. Customers with credit history, occupation mix and ticket size. 88% of our loan book is housing loans. This is amongst the highest within affordable housing finance peers. Also, 70% of the AUM is salaried customers, which is most resilient in case of any disruption, and makes the repayment more predictable. We also have a granular loan book with an average ticket size of 11.1 lakh.

In the next few slides, we will highlight the opportunities and drivers in the housing sector. As highlighted here, HomeFirst will benefit from the multiple drivers for housing finance growth in India. Rising working age population, urbanisation, improved affordability government incentives, etc. are all structural drivers of housing finance. This slide highlights numbers in some of these parameters, which places India as a favourable destination for businesses and investors.

India is expected to be the 3rd largest economy by 2027, after USA and China, with a GDP of over 5 trillion USD. This is due to the higher GDP growth over the next 5 years vis-à-vis peers.

Higher GDP growth is led by multiple drivers. From this slide, we highlight the increasing working age population vis-à-vis other countries. UN's population database expects that India will contribute about 97 million i.e. 22% of the global addition of the workforce, and highest amongst all countries.

In this slide, we highlight the increasing urbanisation and increasing number of cities. This will result in higher housing demand in the long-term. Here, we would like to highlight the increasing exports. India has witnessed the highest exports in its history, and as per the Morgan Stanley report, this is expected to grow further and increase India's share of exports in the global market.

Here we highlight the impact of the rising per capita income on consumption. We believe that rising per capita income will have a positive impact on housing, as housing is a large discretionary spend in the lifespan of the customer. This slide highlights the correlation of higher per capita income with higher mortgage penetration. Like we have seen in the western countries, their rising per capita income has driven mortgage penetration. In India too we see a similar trend, atleast in larger states. We expect the other states to catch up as industrialisation boosts per capita income in these states. As aspiring middle-class customers fulfil their ambition to own a home, a large market will open up in front of us.

In the next few slides, we will focus on our six strategic priorities. The first one is technology in mind. Your company has taken a lead in technology within the housing finance segment. All our applications are on the cloud, thus ensuring a seamless operation. We have developed mobile applications that offer frictionless experience to our sourcing partners, customers and front-end teams. Our analytics' capabilities enable us to enhance our underwriting accuracy and speed. A few data points that we would like to highlight are, our NPA score has been improving and has touched 82 in FY23. 88% of the loan we approved within 48 hours in FY23. Technology has helped our productivity. Our Operating Expense to Assets was 3% in the previous financial year, higher by 30 bps year on year due to new branches that we have added. Our OpEx is one of the lowest among affordable housing finance companies, and we continue to work on maintaining our lead in technology within the housing finance sector.

The second strategic priority is scale and growth. The distribution strategy of HomeFirst reflects the strong correlation between GDP growth and housing demand, and also our belief in the power of technology to reach out to more customers. HomeFirst has selected 12 states and a union territory to focus on. These states contribute 76% of GDP of the country and 80% of the affordable housing demand of the country. We have 265 touchpoints in these states. In the coming 2 years, we intend to strengthen our presence in these states with a much deeper presence extending to tier 3 and tier 4 towns, and target to increase our touchpoints to 400, which will include 140-150 physical branches.

The third strategy priority is operational efficiency. Your company has one of the highest disbursement per employee ratio and AUM per branch ratio within the affordable housing finance segment. We continue to optimise productivity at each branch and employee level by using technology to eliminate routine activities and in turn spend more time on business generation and collections.

The fourth strategic priority is funding. Your company has a diverse mix of borrowing. Private banks contribute 32%, public sector banks contribute around 26%, direct assignment of 19%, NHB refinance of 15%, NCDs 6% and the rest is borrowings from NBFCs at 2%. Our cost of borrowing has been competitive at 7.4% for FY23, in an increasing interest rate environment. The ALM position of the company is strong with surplus on a cumulative basis across all tenure buckets.

The fifth strategic priority is risk management. Our risk management design has been well thought through to address the nuances of the affordable housing segment. As we scale our operations and expand our reach, we will continue to invest in enhancing our risk management practices and build robust compliance and monitoring systems. The outcomes of our risk management are strong asset quality maintained at very good levels since inception, with GNPA's remaining at 1% throughout, upto the pandemic. Bounce rates are trading to normal levels. 1+ DPD and 30+ DPD are also showing improvement. GNPA of 0.9% pre-RBI classification has also reverted back to pre-COVID levels. We have done minimal restructuring during COVID and also we have not given out any ECLGS funds to customers. This highlights the strength of our book and is reflected in credit cost which stands at 30 bps for FY23.

Last and an important strategic priority is ESG. HomeFirst has taken important steps to build a long-term sustainable business. As you all know, we are aiming to build a world class business in the affordable housing finance space, but we are also cognisant of our responsibilities to various stakeholders that we serve. Paperless operations, financial inclusion, employee diversity, engagement with the community, strong governance structure with higher independent directors' representation in every board committee, are examples of our contribution to the ESG aspects of building a business. During the year, we have been rated by Morningstar analytics, one of the leading ESG rating agencies. We are happy to convey to shareholders that your company received the risk score of 16.2, which is in the low-risk category. It is amongst the leading scores in the BFSI sector.

Our distinguished board of directors has been a guiding factor for the company with their rich experience across various fields, including corporate governance, risk management, ESG, technology, etc.

The next slide is on experience of the board of directors.

The management team, this slide highlights the depth of the management team. I believe, the team is highly capable to address the nuances of the affordable housing finance business and is prepared to continue the growth trajectory of your company.

In conclusion, I thank all the shareholders for their support in our journey to service 100,000 plus customers. I would like to reiterate, that we are focused on building HomeFirst as a trusted, innovative and a customer centric brand in the affordable housing finance industry. Technology is in our mind and service is in our heart. Thank you.

Mr. Deepak Satwalekar (Chairman): Thank you Manoj. With your permission, we'll now take up the resolutions which require the shareholders' approval. The objective and explanations are provided in the Explanatory Statement of the AGM Notice.

- Item #1 of the notice to be passed as an ordinary resolution, relating to the adoption of standalone audited financial statements and Director's Report for FY22-23.
- Item #2 of the notice to be passed as an ordinary resolution, relating to the retirement of Mr. Maninder Singh Juneja, being eligible, has offered himself for reappointment.
- Item #3 of the notice to be passed as an ordinary resolution, relating to declaration of Rs. 2.60 per equity share as final dividend for FY23.
- As the next item pertains to me, I shall vacate the chair and request Mr. Geeta Dutta Goel to take over.

Ms. Geeta Dutta Goel (Chairperson): Thank you Deepak.

- Item #4 of the notice to be passed as a special resolution, relating to continuation of the term of Mr. Deepak Satwalekar, after having crossed 75 years of age.
- Over to you Deepak.

Mr. Deepak Satwalekar (Chairman): Thank you Geeta.

- Item #5 of the notice to be passed as a special resolution, relating to reappointment of Mr. Manoj Viswanathan as Managing Director & Chief Executive Officer for a further period of 5 years and fixation of remuneration thereof.
- Item #6 of the notice to be passed as a special resolution, relating to increase in borrowing powers of the company under Section 180 (1) (c) of the Companies Act, 2013.
- Item #7 of the notice to be passed as a special resolution, relating to creation of charges on the additional borrowings pursuant to Section 180 (1) (a) of the Companies Act, 2013.
- Item #8 of the notice to be passed as a special resolution, relating to alteration of Articles of Association pursuant to circular issued by SEBI.

I now request the Company Secretary to invite the registered speakers for their comments and queries.

Mr. Shreyans Bachhawat (Company Secretary):

Thank you, sir. In total we have received requests from four shareholders to be registered as speakers for this AGM. I would now request Ms. Lekha Shah to speak. Moderator, if you can unmute Ms. Lekha Shah!

Ms. Lekha Shah (Shareholder):

Hello, can you hear me sir?

Mr. Shreyans Bachhawat (Company Secretary):

Yes ma'am, clearly.

Ms. Lekha Shah (Shareholder):

Thank you, sir. Respected Chairman sir, board of directors and my fellow members, good morning to all of you, I am Lekha Shah from Andheri. First of all, I'm very thankful to our Company Secretary Shreyans bhai, especially Darshil bhai, for extending very good investor services, and also for sending me the AGM notice well in time, which is full of knowledge, facts and figures in place. And also, our

company secretarial team Darshil bhai has always received all my calls and has happily cleared all my doubts. Once again, thank you so much Darshil bhai. Thank you, Chairman sir for explaining us about the company. Congratulations for excellent work sir! Deepak ji, I pray to God that he always showers his blessings upon you. Thank you Manoj sir for such an informative and wonderful presentation. Chairman sir, I would like to ask few questions.

My first question is, how many physical branches our company has to serve customers, and any new plans in the current year? My second question is, do we have any tie-up with reputed builders and project Green Homes, and our company financial support for the same? On page 238 to 239 of the AGM Report, there is a loan amount of 552.58 million pending. What steps are taken for recovery? Lastly, how many women employees are working full-time in our company? I'm proud to be a shareholder of this company. Thanks for the dividend Chairman sir. So, I would like to say, I strongly and wholeheartedly support all the resolutions for today's meeting and my best wishes is always with our company and its prosperity. Thank you, sir.

Mr. Shreyans Bachhawat (Company Secretary):

Thank you ma'am. Sir, I'd request you to take questions from all the shareholders and then answer at one go.

Mr. Manoj Viswanathan (Managing Director & CEO):

Alright.

Mr. Shreyans Bachhawat (Company Secretary):

Next is Mr. Sarvajit Singh. Moderator, can you confirm if Mr. Sarvajit Singh has joined?

Moderator:

Sir, he has not joined the meeting.

Mr. Shreyans Bachhawat (Company Secretary):

Okay. Mr. Dyaneshwar Bhagwat?

Moderator:

Sir, he has also not joined the meeting.

Mr. Shreyans Bachhawat (Company Secretary):

And, Mr. Satish Shah? Has he joined?

Moderator:

No sir, he has also not joined.

Mr. Shreyans Bachhawat (Company Secretary):

Okay. So, only one speaker Ms. Lekha Shah has joined, rest others have not joined. So, Manoj Sir, over to you to reply.

Mr. Manoj Viswanathan (Managing Director & CEO):

Alright. So, the first question was how many physical branches are there in our company to serve customers, and how many are planned in the coming year? So, as of March, we have 111 physical branches. We plan to add about 20 branches every year. So, the number would reach about 140-150 branches in the next 2 years. Do we have any tie-ups with reputed builders who are Green Homes? For the Green Homes initiative, we are initially focusing on customers who are building their own

individual houses. We are counselling customers to bring in eco-friendly measures in their construction plans, and this will help them save energy and water consumption. Regarding the 552 million that we're spending and steps taken for recovery – these basically pertain to the 90 day past due customers, which happens in the course of business. The percentage stands at 0.9% of our total assets as of March 2023. Our 90 DPD has reduced from 1.8% in March 2021 and 1.3% in March 2022 to the current levels of 0.9%, which is almost at pre-COVID levels. So, this is the number that is adjusted for RBI circular, that is the pre-RBI circular number. The recovery of principal and interest which are overdue is part of the normal course of doing our business. How many women employees are working in the company? So, 25% are women employees, about 241 is the number. So, I think, that covers all the questions that ma'am had for us.

Mr. Deepak Satwalekar (Chairman): Thank you Manoj, and I trust that we have responded to all the questions which have been asked. If any more clarifications are required, you're welcome to get in touch with the Company Secretary or our CFO. Thank you very much. With this, I conclude the AGM and I formally close the proceedings of this meeting.

Members who have not voted, can do the e-voting from now onwards. The e-voting shall remain open for 15 minutes. Thank you.