

35th Annual General Meeting of IL&FS Investment Managers Ltd.

- **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**
- Good afternoon shareholders. I'm Sanjay Mitra – Company Secretary of IL&FS Investment Managers Ltd. I'm glad to welcome you to the 35th Annual General Meeting of IL&FS Investment Managers Ltd. On account of the continued risks posed by the COVID-19 pandemic, and in view of the safety of the shareholders, directors and employees, we are conducting this AGM by way of video conferencing. By now you must have had hands-on experience on participating in meetings through video conferencing. Nevertheless, I would like to give some technical and procedural information on joining and participating in this AGM through video conferencing. The facility of participating in this AGM has been organised through NSDL. To avoid any disturbance from background noise and for the smooth conduct of the meeting, all shareholders joining this meeting are placed on Mute mode by default. At the time of the Question & Answer session, we shall one by one announce the name of the speakers who are registered with us as speakers. Thereafter, the audio of the particular speaker shall be unmuted by the host. The said speaker is requested to start the Video On button and wait till the video is on. In case the speaker is unable to start the video or does not intend to start the video, he can only speak through the audio mode. The speaker is requested to preferably use earphones so that his speech is clearly audible to minimise the background noise and not to use the internet connection for any other device, and to have a proper lighting for a clear video. If there is any connectivity issue at the end of a particular speaker, the next speaker will be invited. The said speaker will be called again to speak if the connectivity issue is resolved after all the speakers have spoken. The speaker shareholders are requested to ask their questions slowly and loudly so that the questions can be captured correctly. The replies to shareholders' queries shall be given at the end after all the speakers have raised their queries. According to the Companies Act, 2013 and SEBI Listing Regulations, the company has provided the facility to the shareholders to cast their vote by remote e-voting through the electronic voting system administered by NSDL. The facility for e-voting is also provided during the meeting to those shareholders who have not cast their vote earlier. Shareholders may also please go to the voting page of NSDL e-voting website and cast their vote while watching the proceedings of the meeting live. The e-voting facility will be kept open for 15 minutes after the conclusion of the meeting to enable the shareholders to cast their vote. M/s Jagdish Patel & Co, Company Secretaries have been appointed as the scrutinisers by the board to scrutinise the remote e-voting before the AGM, as well as the e-voting during the AGM. Mr. Jagdish Patel is attending the meeting on their behalf. The live streaming of this meeting is being webcast on NSDL's website. The Statutory Registers and other documents as required by the Company's Act are open for inspection on the website of NSDL. Since the AGM is being held through video conferencing and as the resolutions proposed before the meeting have already been put to vote, there shall

be no proposing and seconding of the resolutions. I now request the Chairman to take the proceedings of the meeting forward. Over to you sir.

– **Mr. S.M. Datta - Chairman, IL&FS Investment Managers Ltd:**

- Thank you Mr. Mitra. Good afternoon shareholders. My name is S.M. Datta. I'm a member of the board of directors and the Chairman of the Board and of the Company. I have great pleasure in welcoming all of you shareholders to this 35th Annual General Meeting of the Company. The requisite quorum is present and I shall now call the meeting to order. Let me introduce my colleagues on the Board to you. As I introduce them, I shall request them to kindly raise their hands so that they can be identified by the shareholders.
- First we have Mr. Chitranjan Singh Kahlon who is an Independent Director on our Board. He has served as a member of the board of the Central Board of Direct Taxes as well as on the board of the Securities and Exchange Board of India. He is a retired officer of the Indian Revenue Service.
- Next we have Mr. Nand Kishore who is Nominee Director on our board on behalf of IL&FS. Mr. Nand Kishore retired as the Deputy Controller and Auditor General of the Government of India. He is also a government appointment nominee director on the board of IL&FS.
- Next we have Mr. Kaushik Modak who is the Chief Executive Officer of IL&FS Financial Services Ltd, and he is a Nominee Director of IL&FS on our Board.
- Next we have Ms. Priya Shetty who is the Chief Executive Officer of IL&FS Security Services Ltd, and is a Nominee Director of IL&FS on our Board.
- And finally, we have Ms. Lubna Usman who is a key member of the core leadership team working on the resolution process within the IL&FS group. She is also an IL&FS Nominee Director on our Board. Thank you Ms. Lubna.
- Now, I would like to introduce the Chief Executive Officer and CFO of the Company Mr. Manoj Borkar. Mr. Manoj Borkar please. I would also like to introduce the Company Secretary Mr. Sanjay Mitra who is attending this meeting from the registered office of the company at Mumbai. I would also like to inform you that the representatives of our Statutory Auditors as well as our Secretarial Auditors are attending this meeting from Mumbai.
- I shall now make a few brief remarks about our company and the year that has gone by. The Annual Report containing the Directors' Report and the audited accounts of the year ended March 31, 2021 has been circulated to you and with your permission I shall take it as read.
- Given the continued challenges faced by all of us due to the epidemic of COVID-19, we are meeting this year again on a virtual platform. I hope that you and your families are safe and healthy. This virtual platform was appreciated by most shareholders last year as it provided access also to the outstation shareholders to

interact remotely on this virtual platform. I hope that you are all staying safe. As you know, following the 1st wave of the epidemic, the economy was showing signs of opening up and consequently revival, which is still noticeable today. However, the unexpected and unprecedented 2nd wave in March and April this year has halted this revival. As an immediate response to the 2nd wave, those at the Central Government as well as the State Government have ramped up the vaccination drive and the exceptional participation by the Indian citizens as resulted in more than 85 crore vaccinations till date. This is a matter of pride for all of us. Consequent to this high degree of vaccination, the 2nd wave has been largely contained, and we have now the confidence to face the threat of a 3rd wave which we are warned might happen at any time. I must also accept the fact that notwithstanding this very large number of vaccinations in our country as well as in the world, we are still not out of the woods, as can be seen by the recent spike in infections in certain countries. In spite of a high percentage of vaccinations, several countries like the United States, the United Kingdom, Israel and Singapore are again showing signs of a steep rise in the number of cases. So, this is a lesson for us to be very cautious about our own exposure.

- Now despite the 2nd wave of the epidemic, the 1st quarter's data for this financial year has been very promising indeed. The Gross Domestic Product grew by more than 20% and the financial results of most corporates have exceeded expectations. The relatively high GST collections for the 1st quarter also indicate a potential economic revival. This positive outlook is also reflected in the growth in Foreign Direct Investment for this year. The NIFTY and the Sensex both indices have reached all-time highs during this month, which again shows the renewed confidence of both offshore and domestic investors in the India economy. The first 2 quarters in this financial year have also seen a record number and size of IPOs. The Reserve Bank of India has predicted a 9% or higher growth in GDP this year. The Government of India has also been implementing several schemes to boost employment in the manufacturing sector such as the production linked incentive schemes, which have been already implemented in 13 key sectors of the economy. We all sincerely hope that the efforts of vaccination and the gradual reopening of the economy will provide a further growth stimulus to the economy.
- As you are aware, your Company was progressing well on new fund raising and maximising divestments for the existing investor. However, due to the crisis in our parent company IL&FS which snowballed at the end of the 2nd quarter of the financial year 2019, the Company had to keep on hold its fundraising activities for the last 3 years. The new board at IL&FS has initiated the process of the sale of its shares in the company in December 2018. However, due to various reasons, the process could not proceed to its logical conclusion. Therefore, the IL&FS board had again initiated a sale process in September 2019, but that process is yet to be completed. During these uncertain times, we are unable to predict the outcome of this process. The overhang of the IL&FS brand name is proving to be an added disadvantage because investors in a few of our funds have decided to terminate our contract resulting in a significant drop in our revenues. Notwithstanding these setbacks, the management team continues to carry out their fiduciary

responsibilities towards our fund investors in a very determined fashion. In the light of these developments, the board being cognisant of its responsibility to all stakeholders, is now also looking at various other options including a revival of the company. Despite the challenging circumstances facing the operating team, they are exploring new initiatives in a few sectors. These initiatives would need time to take shape and to achieve positive outcomes. We would like to assure our shareholders that the management team and the board would continue to work in the interest of all its stakeholders. Thank you. I hand the proceedings back to Mr. Mitra.

– **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**

- Thank you sir. Since the notice convening the Annual General Meeting, Directors' Report and the annual accounts are already circulated to the shareholders, we will take them as read with the consent of the shareholders present. I will now read out the two qualifications in Auditor's Report of our Statutory Auditors as is the procedure under the Companies Act.
- The 1st qualification is – Attention is drawn to Note 33 of the consolidated financial statements which describes the situation faced by the group in view of the ongoing investigation by Serious Fraud Investigation office of the Ministry of Company Affairs against Infrastructure Leasing & Financial Services Ltd and its subsidiaries. Further, the National Company Law Tribunal has ordered reopening of books of accounts of IL&FS and its two subsidiaries for the past financial years as referred to in the note. In view of the aforesaid ongoing investigations of the entire IL&FS group by SFIO and reopening of the books of accounts of the ultimate holding company and two of its subsidiaries by NCLT, the auditors are unable to comment on the consequential impact upon the conclusion of the said investigation and reopening of the books of accounts on the consolidated financial statements of the company.
- The 2nd qualification – The consolidated financial statements included unaudited management certified financial statements of a particular subsidiary. The total revenue were of Rs 1,728.67 lakhs. The net profit Rs 106.35 lakhs. The net cash inflow Rs 39.22 lakhs for the year ended under review, and the total assets Rs. 1,957.19 lakhs, and the net worth Rs. 1,365.55 lakhs as at March 31, 2021. The consequential impact if any, arising out of the audit on the financial statements of the said subsidiary cannot be commented upon. Further, the provisions of Regulation 33 (3)(h) of SEBI LODR which requires a listed company to ensure that for the purpose of quarterly consolidated financial results, atleast 80% of the consolidated revenue should be subjected to audit, is not met by the company.
- We have 5 items before the shareholders as part of the notice. There are 3 items under ordinary business and 2 items under special business. The ordinary business items are:
 - Adoption of the audited financial statements for the financial year ended March 31, 2021.
 - To declare dividend on the equity shares for the year ended March 31, 2021.

- To appoint a director in place of Mr. Kaushik Modak who retires by rotation and being eligible, has offered himself for re-appointment.
- We have 2 items under special business.
- To regularise the appointment of Ms. Priya Shetty who was appointed as an Additional Director of the company.
- To regularise the appointment of Ms. Lubna Usman who was appointed as an Additional Director of the company.
- Now I will call upon the speaker shareholders to raise their queries. I'll read their names. Ms. Bharti Saraf.
- **Mr. Santosh Kumar Saraf – Shareholder:**
- Sir, can you hear me?
- **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**
- Yes we can hear you. Please switch on your video.
- **Mr. Santosh Kumar Saraf – Shareholder:**
- My video is on sir. Respected Chairman, directors present and my fellow shareholders, my name is Santosh Kumar Saraf and have joined as the name of Bharti Saraf. Namaste to you all. Since I have held the mobile, I'm not able to join my hands, but I'm symbolically saying Namaskar to you. Sir, we hope that all the directors and management are safe and healthy. I would like to convey my condolence to all those who lose their lives to COVID. May God grant their souls peace and give strength to their families to come out of this. I offer my Namaskar to Mr. Datta too. We had attended a lot of meetings before, but now he's gone far. Namaskar Datta saab. I pray for your long life, please accept those prayers. I won't talk much. I know that under the leadership of Mr. Datta this company will recover and very soon. I stand behind all you directors and I pray to God that your company may see glory again. You have given us very good dividend. It might be less than last year, but considering the company's position, it's fine. Jai Hind! Jai Bharat! Namaskar.
- **Mr. S.M. Datta - Chairman, IL&FS Investment Managers Ltd:**
- Namaskar.
- **Mr. Santosh Kumar Saraf – Shareholder:**
- Namaskar Datta saab, I just saw your face. Thank you. I pray to God to grant you a long life.
- **Mr. S.M. Datta - Chairman, IL&FS Investment Managers Ltd:**
- Thank you.

- **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**
- Thank you. The next speaker is Mr. Mehul Pathak. Mr. Pathak, can you hear us? Please go ahead sir. Can you speak a little louder? I can hear you, please go ahead.
- **Mr. Mehul Pathak – Shareholder:**
- Hon. Chairman and respected board members. The last 3 years for us shareholders of the company have been very painful; they are painful in a different sense. One, the paradox is that the company continues to pay dividend. And on the other hand, the operational financials are deteriorating continuously. Now 3 years to go through the quarterly results as well as the Annual Report, only the numbers are changing but the commentary remains the same; it is almost a copy-paste. If you change the year on the Annual Report, everything else reads the same; there is no change. Now, even the Chairman in his comments said that... he used the phrase 'for various reasons the sale of the company has not happened'. Now as a shareholder, I'm not wiser from your speech because I don't know what those reasons are and what are the impediments in the sale not happening? So, I have few questions. One is, at the parent company board level, do you have a deadline in terms of when the sale will happen? If you have a deadline, please share the deadline. If you don't have a deadline, then please help me understand why you don't have a deadline? Is there any job in the world that does not have a deadline? Yes, our judiciary does not have, but I can't think of any other job where there is no deadline by which you should deliver. Second is that, what are the impediments you are actually experiencing while selling the company? Can I urge or request the parent company level to be a little flexible. If there are future liabilities on the company the buyer will not have to hold that liability or whatever. There is a need for some creativity, speed and a little flexibility on part of the parent company to sell IL&FS Investment Managers. We can't be dividend paying and having so much difficulty to sell the company! I had sent a mail to Sanjay requesting it to be shared with Uday Kotak. I hope it was sent, but I've not heard back from Mr. Uday Kotak. I wish he had responded. But as a shareholder of the company, I'm very pained when I see that the commentary is not changing, no progress is being reported. Atleast the board can report a progress on what is happening in terms of sale. Let it be little ambiguous but atleast the statement should reflect some amount of positivity and progress. I hope you share my anguish as board members. You need to perhaps put pressure on the parent company, if not by anything, by resigning from the board. You can't keep coming to me year after year reporting that nothing is moving and for various reasons nothing is happening. My questions are very clear. I hope something more tangible or something more concrete can be shared by the board in terms of what is the progress happening in terms of selling the company. I would like to thank Sanjay and his team. They have been very responsive. They are thoroughly professional in the way they respond to the shareholders. Thank you very much for this opportunity to speak and hold the forum for some time. I will appreciate very honest, very simple answers from you and these have to be totally unambiguous. This state of affairs and always this threat in the Annual Report and all the quarterly reports that the company can close anytime. If you look at the risk also, the same comments are

repeated that we don't know how long the company can continue as a going concern, it can close down anytime. And if new business doesn't come, eventually we will be closed. So, are we on closure mode? What is going to happen in the future, we don't know. Please do share your thoughts. We look forward to hear from you. Thank you very much.

– **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**

– Thank you. We have no other speakers, so I'll request Manoj to respond.

– CEO:

– Mr. Pathak, you had raised concern for the time taken for the sale by the parent company. We at the level of IIML are not involved in the sale process per se. But what I can share with you is, the process which is being followed by IL&FS is the process which has been put in place by NCLT. And the process involves calling for bids and then scrutinising them and then the entire process which will go back to an NCLT appointed judge. Once he approves, it goes to NCLT for approval. So it's a very long process I agree, but there is something that has to be followed based on the NCLT orders. We as a subsidiary are very much keen that this process gets concluded at the earliest. However, as the Chairman mentioned in his speech, we as management and with the support of the board, are trying to revive the company by trying to improve the revenues of the company and hope that in the very near future we should be able to see the closure of the sale process.

– **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**

– Sir, you are on mute.

– **Mr. S.M. Datta - Chairman, IL&FS Investment Managers Ltd:**

– Am I audible now?

– **Mr. Sanjay Mitra - Company Secretary, IL&FS Investment Managers Ltd:**

– Yes sir.

– **Mr. S.M. Datta - Chairman, IL&FS Investment Managers Ltd:**

– I would like to thank Mr. Saraf and Mr. Mehul Pathak for their questions which were very pertinent. These have been replied adequately by Mr. Manoj Borkar. Now, since we have covered the business of this Annual General Meeting, I would like to inform you that after receipt of the consolidated voting results of the scrutinisers, the results will be declared within 48 hours from the conclusion of this meeting. The same will also be intimated to the stock exchanges and uploaded on the website of the company and of NSDL. I thank you shareholders for attending the meeting. I also thank all my colleagues on the board and other offices for joining the meeting. On behalf of my colleagues I request all of you to stay indoors, stay safe and stay healthy! With your permission, I hereby conclude this meeting. Thank you very much.

– ***E-VOTING BEGINS***