

## **Maharashtra Scooters Limited**

### **Transcript of the 47<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> July 2022**

- **Mr. Sanjiv Bajaj – Chairman, Maharashtra Scooters Limited:**
- Good afternoon dear shareholders, and welcome to this 47<sup>th</sup> Annual General Meeting of Maharashtra Scooters Limited. I am Sanjiv Bajaj, Chairman of the Company. With the requisite quorum being present, I call the meeting to order. Before we proceed further, I would like to express profound grief on the sad demise of Shri. Rahul Bajaj – the iconic leader of the Company who passed away on 12<sup>th</sup> of February this year. He lived an extraordinary life. He was the architect of one of the most respected business groups in the country, a vocal proponent of entrepreneurship and a voice of the industry at large. He stood for what he believed, a man driven by values, bold in both expression and action. I would like to present a short video as a tribute to the extraordinary life led by our late Chairman emeritus, which some of you would have seen along with the other videos played a short while back.
- *Audio Visual from 30.41 – 32.06*
- On behalf of the Board, I would like to place on record its wholehearted appreciation of the invaluable contribution made by him to the spectacular rise of the Company and the group over several decades.
- In view of the COVID-19 pandemic, the Ministry of Corporate Affairs has allowed companies to conduct their AGM through video conferencing or other audio visual means without physical presence of members at a common venue till the 31<sup>st</sup> December of this year and accordingly the Company is conducting this meeting through video conferencing for the third consecutive year as so many of you know. A one-way live webcast has been provided to members on a voluntary basis. Further, pursuant to the requirements of MCA circular, the Company has allowed facility for two way teleconferencing for ease of participation of the members. The Company has taken all feasible efforts to ensure that shareholders are provided an opportunity to participate in this annual general meeting. Members participating through mobile devices, tablets, laptops, etc. may at times experience audio visual loss due to fluctuation in their respective networks, and use of a stable Wi-Fi or a LAN connection can mitigate some of these glitches. Members who need technical assistance during the meeting may reach out to our registrar and share transfer agent, KFin Technologies Limited at the email address or at the helpline number provided in the AGM notice.
- Now I would like to introduce all my colleagues on the Board of the Company present here with me on the dais, Ms. Lila Poonawalla - Chairperson of our Risk Management Committee, Shri. Naresh Patni, Shri. Yogesh Shah who is also Chairman of the Audit Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee, Shri V Rajagopalan and Shri Anish Amin. All

the Directors are present at the meeting. Also present with us on the dais is Anant Marathe, our Chief Financial Officer, Sriram Subbramaniam, our Company Secretary, and Shriniwas Pathak who is the Manager and CEO. We also have an attendance Suhash Deshpande, Partner and Parag Pansare, Partner of Kirtane and Pandit LLP, the statutory auditors and Shyamprasad Limaye, the secretarial auditor of the Company

- Pursuant to the MCA circulars and the Companies Act 2013, the following requisite documents are available for inspection electronically; the Director's report, the financial statements along with the auditor's report there on, the secretarial audit report and Register of Directors and Key Managerial Personnel. The auditor's report on the financial statements and the secretarial audit report for the financial year ended 31<sup>st</sup> March 2022, do not contain any adverse remark, qualification or disclaimer and accordingly the said reports are not being read out. Since the meeting is conducted through video conferencing, the option to appoint proxy is not available for this AGM. The Company has received authorization under section 113 of The Companies Act, 2013, from the shareholders representing 51.05% of the paid up share capital of the Company.
- Now I will commence my formal address to you. There is an adage that life never gets any easier or more forgiving. It is only we who get stronger and more resilient with every challenge and hardship that life presents us. These unique experiences help us become more accepting of our new realities and help us thrive in a new emerging environment. In this new emerging world, being responsible for one's environment and communities is no longer an option, but an imperative for us to build a more sustainable future for all. The vision and philosophy of late Shri Jamnalal Bajaj, the founder of Bajaj Group guides the CSR activities of the group. He embodied the concept of trusteeship in business and in common good, and laid the foundation for ethical, value based and transparent functioning. Bajaj Group believes that true and full measure of growth, success and progress lie beyond balance sheets or conventional economic indices. Through its social investments, Bajaj Group addresses the needs of communities residing in the vicinity of his facilities by taking sustainable initiatives in the areas of health, education, environment conservation infrastructure and community development, as well as response to natural calamities. COVID-19 created an unprecedented crisis, especially during the second wave. We took multiple initiatives to ensure safety and wellbeing of employees and their families and extended financial and logistical support towards both diagnosis and treatment.
- Our community outreach programs are crafted to serve the emerging needs of the lesser advantage beneficiaries of society. In fact, as a group, we have always taken pride in being accountable, not just to our own people, but also to the communities around which we operate. During financial year 21-22, the Bajaj Group was at the forefront of the battle against COVID, joining forces with the local government authorities to conduct large scale inoculation drives for our communities and administering more than 1 million doses, more than 10 lakh doses of the COVID-19 vaccines to beneficiaries in the districts of Pune and Aurangabad. Bajaj Group contributed around Rs. 170 crore to help alleviate the immediate on-ground challenges, built capacities and resources in treating COVID-19 patients, including

the installation of 12 oxygen plants to provide more than 5,000 LPM of oxygen supply to rural and urban hospitals, as well as oxygen concentrators, ventilators and bi-pap machines. The Group's COVID-19 response fund was further utilized to set up Pune's largest COVID-19 care centre in Viman Nagar with a capacity of almost 3000 beds.

- One of the key areas of social engagement is our Bajaj FinServ Beyond, a flagship employment program under our CSR ambit, which is aimed at up skilling the first generation graduates from smaller towns and cities to gain the right aptitude and attitude for building a strong career in banking, financial services and insurance industries. The employability program started way back in 2015 has so far benefited more than 20,000 fresh graduates around the country. It is worth mentioning that 67% of the students enrolled in this program are girls. FY22 was a record year for our certificate program with annual enrolment of students crossing 10,000, and program is now in 18 states. I request you to go through the Bajaj Group CSR report and the program details are available on our website.
- In terms of provisions of the Companies Act 2013 and SEBI Listing Regulations, members holding shares as on 18<sup>th</sup> of July 2022, that was the cut-off date, are entitled to vote on the resolutions contained in the AGM notice. Shareholders holding shares as on that cut-off date were provided an option to cast their votes remotely from 22<sup>nd</sup> of July from 9:00 AM to 24<sup>th</sup> of July 5:00 PM by logging into the e-voting platform provided by KFin Technologies Limited. Shareholders who have joined this AGM and have not cast their votes so far, can vote at this meeting. Shri Limaye, practicing Company Secretary has been appointed as scrutinizer for scrutinizing the e-voting process.
- Before putting the resolutions to vote. I would like to brief you on the resolutions.
  - o Resolution no. 1, ordinary one, is the adoption of the audited financial statements for the financial year ended 31 March 2022, together with the Director's and the Auditor's reports there on.
  - o Resolution no. 2 also ordinary, is the declaration of dividends of Rs. 80 per equity share of face value of Rs. 10 for the financial year ended 31 March 2022.
  - o Resolution no. 3, again ordinary, is the reappointment of Shri Anish Amin, Director who retires by rotation.
  - o Resolution no. 4, again ordinary, is the appointment of KKC & Associates, LLP Chartered Accountants as the statutory auditors and to fix their remuneration.
- Now I would like to invite queries and comments from shareholders who had registered themselves as a speaker. I would request the speakers to be brief, precise, and avoid repeating questions. Speakers have accordingly been allocated up to five minutes each to offer their comments and to seek any clarification. Queries, questions received over email will also be taken up after queries of the speaker shareholders are answered. I will hand it over to the moderator now.

- **Moderator – Maharashtra Scooters Limited:**
- Thank you Mr. Chairman. Before we begin the question and answer session, a few points for your consideration. All members who have joined this meeting are by default placed on mute to avoid disturbance arising from any background noise. Once your name is announced, you will be placed in the meeting. Kindly unmute your microphone, switch your camera on and speak. If you're not able to switch to video mode for any reason, please use the audio mode only. To ensure greater clarity and to minimize background noise, we recommend that use headphones or earphones with a microphone. For better video experience, kindly ensure proper lighting. Please ensure that your Wi-Fi is not connected to any other devices and no other applications are running on the device. If we observe a connectivity problem at your end, we shall ask the next speaker to join in and we will come back to you after other registered shareholders have spoken. Kindly restrict your queries or commence to a maximum of three minutes. Our first two shareholders registered to speak are Ms. Celestine Elizabeth Mascarenhas and Mr. Aloysius Peter Mascarenhas who have logged in from one device. Over to you ma'am.
- **Mrs. Celestine Elizabeth Mascarenhas – Shareholder:**
- Respected Chairman Mr. Sanjiv Bajaj, members of the Board, my fellow shareholders who are attending this virtual meet, I am speaking from Mumbai. I am Mrs. C E Mascarenhas. First of all, I pray for the soul of your dad, Rahul Bajaj. May his soul who was Chairman emeritus, may his soul rest in peace. Now I thank the Company Secretary and his team for sending me e-annual report and also registering me as a speaker at my request. Thank you so much.
- While going through the balance sheet, of course we have been very good CSR work, keep it up. As it is Bajaj is always known for doing very good CSR work and they are down to earth. Now, about the annual report, this time the total income has come up, PBT-PAT up, EPS is also up and thereby a wonderful dividend of Rs. 80 per share. Our market cap is also good. Now my suggestion is sir, as our share is above 3000 per share if it is split as it is the Bajaj policy to make anything very affordable, Gandhian policy. So this share can be affordable even to the small shareholders. Now my queries sir. Have we done ESG rating? If done, what is our rating? Because many companies, they always go for ESG because high net investors will be investing in such companies. Sir, we have a very well-defined whistleblowing policy. Any frauds detected by way of this policy? #3 is, I'm very happy we are a good foreign exchange earners like, 83.31 last year against an outgo of 459 lakhs. What figure we can expect this year?
- I have supported all the resolutions. I wish my Company all the best. May Bajaj Group grow in strength to strength so that it will be the most powerful company not only in India, but over the world, the conglomerate. With this, thank you for giving me this patient hearing. Now, Mr. Mascarenhas will say some few words.

- **Mr. Aloysius Peter Mascarenhas – Shareholder:**

- Respected Chairman sir, very distinguished members of the Board and my fellow shareholders, good evening to you all. My name is Aloysius Mascarenhas. This is my maiden speech because it is very difficult to talk for physical meeting, this virtual has helped us to give our views. Here I would like to ask, who are our peers and competitors and what is our market share? To which countries do we export? The Rupee-Dollar fluctuation is so high. The Rupee depreciates day after day and the Dollar appreciates. Since we are an export company, we would get good dollar earnings. So, I would like to know, how much earnings have we received by way of foreign exchange? And, going forward, what is our future plan? Sir, have we started manufacturing EV (electric vehicles)? If so, to what extent? Many questions have been asked by my predecessor shareholders. I'm very happy with the dividend and the rate at which our shares are going up day after day. With this, I end my speech. Wishing you personally, all the board members, and more importantly, all the employees all the very best in the days and years to come. With this sir, thank you very much for your patient hearing.

- **Moderator:**

- Thank you Mrs. and Mr. Mascarenhas. Our next two speakers and shareholders Mr. Amit Mantri and Ms. Sarita Devi Jain have the same query. So, they have mutually agreed that Mr. Mantri will speak on behalf of both. Mr. Amit Mantri.

- **Mr. Amit Mantri – Shareholder:**

- Thank you for giving me this opportunity to speak at the AGM. My query is that, in the last financial year, Maharashtra Scooters received dividends of around Rs. 159 crores from its holdings in other Bajaj group entities. However, the Company has only paid a dividend of Rs. 58 crores. This has resulted in the dividend income that has not been paid out to shareholders being taxed at the hands of the Company. Maharashtra Scooters paid tax of 30 crores because of the Company's decision to not pay out all the dividend income to its shareholders. In the earlier dividend distribution tax regime, such a policy didn't materially hurt shareholders. However, now this is resulting in double taxation of the dividend income, first in the hands of the Company and then when the shareholders receive it. It is our request to the Company management and the Board to also consider the tax implications of not paying out all the dividend income that it receives, to its shareholders. This year the Company has increased the dividend amount to Rs. 80 per share, which while positive, will still result in some tax inefficiency. Based on the dividend announcements that are already made by some of the companies, Maharashtra Scooters will earn a dividend income of at least around 140 crores this year. It is our request that the Company at least pass on all the dividends that it receives. Even without the double taxation implications this would've been a good policy. But, under the current tax regime, not doing so results in value destruction due to tax leakage. It must be noted that last year, Maharashtra Scooters promoter Bajaj Holdings paid out 99% of the dividends that it received to its shareholders by

announcing an additional interim dividend. This had ensured that no tax leakage was there for shareholders of Bajaj Holdings. We request you to follow Bajaj Holding's lead on this front. Alternatively, we request you to use these dividends to buyback Maharashtra Scooters stock which is trading at around 80% discount to the value of the underlying holdings. This will not eliminate the tax inefficiency, but it will result in value creation for shareholders. If something that has an intrinsic value of Rs. 5 is being bought for Re. 1, even when we include the 20% buyback tax, the value creation will still be significant. It is our view that by announcing even small buybacks whenever the holding company discount becomes large, Maharashtra Scooters can substantially reduce the holding company discount. We understand that the stock price is not in control of the management and the board, but whenever there is a big difference between price and value, buyback is a tool available with the management that can be used for value creation for shareholders. That's all. Thank you very much and good luck for the future.

– **Moderator:**

– Thank you Mr. Amit Mantri and thank you Ms. Savita Devi Jain as well. Our next speaker shareholder is Mr. Bhargav Boppana.

– **Mr. Bhargav Boppana – Shareholder:**

– Hi Mr. Bajaj. Most of my questions have been asked by Amit Mantri, so I don't want to repeat them. I just want to say, Rahul Bajaj ji has created a lot of wealth for us personally through Maharashtra Scooters and other Bajaj group companies. I want to pay my condolences. Bajaj Chetak was the first thing we experienced almost 30 years back, so we have lot of memories with that too. I just think we should celebrate his life for the next many many more years to come. Yeah, that's it. One last thing, I forgot to mention last time, I want to thank Sriram Subbramianiam. He has been one of the best, atleast one of the most responsible CS who respond compared to many other companies. So, I just want to say thank you to him. He had helped me with some share demats and all as I had some issues with Karvy and all. So, I just wanted to say thank you so much. Thanks for the opportunity sir and good luck to Maharashtra Scooters and other group companies too. Thanks.

– **Moderator:**

– Thank you Mr. Boppana. We move on to our final speaker shareholder Ms. Vasudha Vikas Dakwe. Ma'am, could you kindly unmute your microphone? And if you so decide, do switch your camera on.

– **Ms. Vasudha Vikas Dakwe – Shareholder:**

– Can you hear me?

– **Moderator:**

– Yes ma'am, we can hear you.

- **Ms. Vasudha Vikas Dakwe – Shareholder:**
- Very good afternoon respected Chairman sir, board of directors and my fellow shareholders, I'm Vasudha from Thane. I would like to congratulate the Company Secretary's team for sending me the softcopy of the report well in advance, which itself is very clear and transparent. I would like to ask, can you please look into the matter of unclaimed dividend amount? A huge amount was transferred to IEPF Fund, which is the hard and fast money of the minority shareholders. I know, it is as per the SEBI rules, but could you please take more efforts and try to avoid this amount from going into the IEPF Fund? Most of the questions were asked by the previous shareholders, so I would end my speech here. I wish the Company all the best for the coming financial years and my best wishes for the coming festivals during the month of Shravan. Thank you sir.
- **Moderator:**
- Thank you Ms. Dakwe. All shareholders who had registered to speak at this AGM have now spoken, and I shall hand the proceedings back to our Chairman. Over to you sir.
- **Mr. Sanjiv Bajaj - Chairman, Maharashtra Scooters Ltd:**
- Let me start by thanking our shareholders who made the effort to ask us these questions, and for their comments including some very nice words about the Company's performance. I'll take a broad question that Mr. and Mrs. Mascarenhas had earlier written to us about, which is just the impact of the larger geopolitical situation on the Company. As you know, the Company has both, an investment portfolio, a reasonably large one, and also a tool room business. The investment portfolio does show a hit in its marked to market because of the stock markets falling given the external uncertainties that we've seen over the last 5-6 months now from the Ukraine situation, the impact on price of oil, the resultant impact on inflation. But I do believe at this point of time, that India is much better placed than many other countries and should come out of this even stronger. Our investments are all long term and as a result of that, the marked to market impact, which you'll also see in our 1<sup>st</sup> quarter results which we have declared just a little while ago, is only notional, because this will hopefully, in the coming quarter and years, get corrected.
- There are a few other questions which I'm going to ask some of my colleagues to answer. So, starting with our CFO – Anand Marathe.
- **Mr. Anant Marathe – CFO, Maharashtra Scooters Ltd:**
- Thank you Chairman sir. I will take two broad questions that have come in writing, as well as some speakers have just mentioned. The first question is regarding dividend. Mr. Mantri, you and few fellow shareholders have asked a similar question last year. We have accordingly changed our dividend policy to minimum payout of 50% of standalone Profit After Tax. MSL has already increased during the year, the dividend per share from Rs. 50 to Rs. 80 per share, which is a significant increase in 1 year.

Setoff under Sec 80M that you're referring to, we are clearly aware of that, and that can be claimed one month before filing of income tax returns of the Company. Like you shareholders get your dividend after deduction of 10% TDS, Maharashtra Scooters also receives its dividend after deduction of 10% TDS. We keep in mind all these factors while considering the tax efficiency. However, tax efficiency is not the sole driver of the dividend distribution of the Company. Also, you had compared the situation of Maharashtra Scooters with Bajaj Holdings. Let me mention here that the financial position and circumstances of the two companies are different. They cannot be compared to each other. Hence, the decisions regarding dividend are taken in the context of each company by their respective boards.

- The second broad question is regarding buyback. I think, Mr. Mantri and Mr. Boppana has given it in writing, and Mrs. Sarita Devi Jain had also asked a similar question last year, and the same question they have asked this year as well. The answer is the same. Maharashtra Scooters has created a value for its continuing shareholders by investing in the group companies. In fact, during the last financial year 2021-22, Maharashtra Scooters bought Bajaj Autos equity shares, about 2,00,000 shares at a cost of Rs. 63 crores. This is our way to create value for the shareholders of the Company. As of now, the Company has no plan for buyback. There is no proposal with the board regarding buyback. Without any significant earnings change, I think in isolation, buyback will not make a significant difference to the shareholders. Over 10 years, let me tell you two figures. 10 years before Maharashtra Scooters market cap was 345 crores, today it is in excess of 4,000 crores, almost 14 times. So, we have created value for the continuing shareholders over a long period of time, those have continued to remain shareholders and hopefully we will continue to create value for the long term shareholders of the Company.
- There were 2 questions that were asked by 2 speakers. Mrs. Mascarenhas has a question regarding export order. We have small operations. During this year we received one export order towards which we have received an amount of about Rs. 89 lakh. This is a one off order from a German customer. But, we would like to be ready for such orders if they come in future, and our plant is fully ready for that purpose. With this, I hand it over to Shri. Anish Amin.
- **Mr. Anish Amin – Director, Maharashtra Scooters Ltd:**
- Thank you Anant. Mr. and Mrs. Mascarenhas, you had a question on ESG rating. As you are aware, Maharashtra Scooters is largely an investment Company. So much so, that it has been classified as a core investment company, which basically means 90% of its assets are invested in group companies with a very small manufacturing operation. The manufacturing operation is not very polluting, and hence, we did not find it appropriate to go and get an ESG rating, or rather, it's not relevant. But since you asked the question, the two associates that we have invested in i.e. Bajaj Finserv which runs operating companies in the financial services space, and Bajaj Auto, these have been evaluated by 3 significant, rather very well-known evaluating agencies i.e. MSCI, Sustainalytics and CRISIL. So, Bajaj Finserv has been rated as a B by MSCI, 27.3 by Sustainalytics and 64 by CRISIL. And, Bajaj Auto has been rated BBB by MSCI, 16.3 by Sustainalytics and 54 by CRISIL. That answers your question.

- With that, I hand it over to Sriram to take on questions on unclaimed dividends on IEPF.
- **Mr. Sriram Subbramaniam – Company Secretary, Maharashtra Scooters Ltd:**
- Thank you Anish. Ms. Vasudha suggested that we take more proactive measures and ensure that the dividend should not be transferred to the IEPF account. So, Ms. Vasudha, we state that as per law, in case the dividend remains unclaimed for a period of more than 7 years, we are legally bound to transfer the dividend amount to IEPF. Unfortunately today, the dividend which are lying with the IEPF account mostly belong to those shareholders which are neither traceable nor are their contact or bank details updated with us, which makes it difficult for us to service such shareholders. While we have been sending reminder letters to our shareholders, which you have acknowledged before, in addition, we also communicate with many of our shareholders whose contact details we have, and we request them to claim their dividend which is lying with us by submitting all the necessary documents. However, we take your observation and we will proactive get more involved with our shareholders in this aspect.
- Moving ahead, Mr. Shreyans Kamdar one of our shareholders who was not registered as a speaker shareholder has asked if there are any plans to simplify our group structure, or whether there are any plans to merge Maharashtra Scooters with Bajaj Holdings? Mr. Kamdar, currently there are no such plans which have been put forth before the board for approval. In case something relevant comes up in the future, after seeking approval from the board, we will communicate to the stock exchanges and simultaneously to all our shareholders. Thank you.
- **Mr. Sanjiv Bajaj - Chairman, Maharashtra Scooters Ltd:**
- Before I conclude, I would request shareholders to take out some time to respond to the Shareholder's Satisfaction Circular that we have circulated along with the Annual Report for FY22 via email to the registered email address of the members. Your suggestions and comments will enable us to serve you better. Members who have not yet cast their vote, are requested to cast their votes now. Voting facility will remain open for another 15 minutes. The result of the voting along with the Scrutiniser's Consolidated Report would be declared and posted on the Company's website and KFin's website within 2 working days of the conclusion of this AGM and shall also be filed with the stock exchanges. A recorded transcript will also be made available on the Company's website as soon as possible. Subject to voting, I declare the proceedings of the meeting as concluded. Thank you.
- Thank you for participating at this meeting. And as I close, I pray for your good health and safety.
- **END OF MEETING**