

## **48<sup>th</sup> AGM Maharashtra Scooter Limited**

**July 24, 2023**

- **Mr. Sanjiv Bajaj – Chairman, Maharashtra Scooters Limited:**
- Good afternoon, dear shareholders, and welcome to the 48<sup>th</sup> Annual General Meeting of Maharashtra Scooters Limited. I'm Sanjiv Bajaj, Chairman of the company. With the requisite quorum being present, I call the meeting to order. The Ministry of Corporate Affairs vide its circular 28 December, 2022 has extended the timelines for companies to conduct their AGM through VC or other audiovisual means without physical presence of members at a common venue till 30<sup>th</sup> September, 2023. Accordingly, like the previous three years, this AGM too is being hosted on a digital platform. However, I do realize that many of you have expressed the desire for participating at a physical meeting and hopefully with the threat of COVID fading away, we look forward for a physical AGM including hybrid options next year onwards. One Way Live webcast has also been provided to members on a voluntary basis. Further, pursuant to requirements of MCA Circular, the company has allowed a facility for two-way video conferencing for ease of participation of our members. The company has taken all feasible efforts to ensure the shareholders are provided an opportunity to participate in this AGM. Members participating through mobile devices, tablets, laptops, etc. may at times experience audio or video loss due to a fluctuation in their respective networks and therefore use of a stable Wi-Fi or LAN connection can help. Members who need technical assistance during the meeting may reach out to our registrar and share transfer agent KFin Technologies at the e-mail address or the helpline number that we've provided in the AGM notice.
- Now, I would like to introduce all my colleagues on the board of the company. I begin with directors seated on my left, Yogesh Shah, Chairman of Audit Committee, Nomination, and Remuneration Committee and our Stakeholder Relationship Committee. Naresh Patni, Lila Poonawalla, who's also Chairperson of our Risk Management Committee and now on my right, Anish Amin and V Rajagopalan. All directors are present at this meeting. Also present with us on the Dyas is Anant Marathe, our CFO and Sriram Subbramianiam, our Company Secretary and Sanjay Uttekar, the Chief Executive officer. We also have an attendance Suraj Kombat, partner for KKC & Associates LLP, the statutory auditor and Shyam Prasad Limaye, the Secretarial Auditor of the company. The following requisite documents are available for inspection electronically. The directors report, the financial statements, along with the auditor's report they're on, the Secretarial Audit report, and Registrar of Directors, and the 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, 23, do not contain any qualifications, observations, or comments on financial transactions or disclaimers, and accordingly the said reports are not being read out.
- Since the meeting is conducted through videoconferencing, the option to appoint proxy is not available for this AGM. The company has received authorization from shareholders representing 51% of the paid-up capital of the company. Let me now share some key highlights on the Indian economy and also updates about the company. Financial year 22-23 began on a mixed note. While the global economy was coming out of two consecutive years of the pandemic, the Russia/Ukraine war led to another kind of crisis in the form of supply chain disruptions, sharp acceleration of inflation, and also, of course, the problems to people. All through the year, central

banks across the globe aggressively hike the policy rates in a bid to control price pressure and this in turn led to a rise in financial stability concerns. While we are beginning to see signs of inflation easing due to the coordinated monetary policy tightening, the outlook does remain uncertain. Despite these challenges, India emerged as the fastest growing major economy in the world. The Indian equity market as well exhibited resilience during FY23 despite an environment that was characterized by heightened global uncertainties. To BSE Sensex closed at a new all-time high of 63,284 on 1<sup>st</sup> of December, 22, but then declines subsequently tracking weak cues from global markets.

- The risk appetizer was dented by indications of further tightening of monetary policy by major global central banks, coupled with a resurgence of COVID-19 cases in China. However, outperforming most of emerging market economics during a FY23, the BSE Sensex increased year-on-year by 0.7% to close at 58,992 as of 31<sup>st</sup> March, 23 and now, as so many of you know, is at an all-time high of 67,572 points. As you are all aware, your company continues to be an unregistered core investment company and thus a minimum of 90% of its net assets is required to be invested in the securities of our group companies as per RBI regulations. In view of the same, your company continues to remain strategically invested in the securities of Bajaj Auto, Bajaj Finance, Bajaj Finserv, and Bajaj Holdings, and generates more than 90% of its revenue as dividend from these investments. Your company also sees an opportunity in the manufacturing of pressure dye castings, jigs and fixtures primarily meant for two and three-wheeler industry amongst other industries and this is the current manufacturing activity of the company, which is as you know on a limited scale, but we have worked on the customer profile and expanded it from only order components to including the telecom segment, the generator segment, the EV segment, and also LED light parts. In line with our group's belief that common good is more important than individual gain, Bajaj Group is committed to building a brighter future for the countries next generation.
- Our CSR activities are focused on this holistic development for children and youth through various projects, our group CSR activities have been striving to build a better and sustainable future for the next generation. As you may be aware, the company declared ₹160 per share as dividend in FY2023 with the payout ratio of 94% almost the entire profit. If we look at the past 15 years of dividend history, the dividend payout ratio on an average for the company has been more than 70% of its profit after tax. In terms of the provisions of the Companies Act and SEBI listing regulations, members holding shares as on 17<sup>th</sup> of July, 2023, which was the cutoff date are entitled to vote on the resolutions contained in the AGM notice.
- Shareholders that hold shares as on this cutoff date were provided an option to cast their votes remotely from 21<sup>st</sup> July, 2023 9:00 AM to 23<sup>rd</sup> July 5:00 PM by logging into the e-voting platform provided by KFin Technologies. Shareholders who have joined this AGM and have not cast their vote so far can vote at this meeting. Sham Prasad 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.
- Resolution #1, which is ordinary, is the adoption of the audited financial statements for the financial year ending 31<sup>st</sup> March, 2023, together with the directors and the auditors reports they're on.
- Resolution #2, also ordinary is the declaration of dividend of ₹60 per equity share of face value of ₹10 for the financial year again 31<sup>st</sup> March, 2023.

- Resolution #3, also ordinary, is reappointment of V Rajagopalan, Director who retires by rotation.
- Now, I would like to invite queries and comments from shareholders who have registered themselves as speaker. Queries, questions received over e-mail will be taken up after the queries of the speaker shareholders are answered. With this, let me now hand over to the moderator.
- **Moderator:**
- Thank you, Chairman. Before we begin the Q&A 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 sent a request to unmute your microphone, kindly unmute 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 you use headphones or earphones with the microphone. For better video experience, please ensure proper lighting. Kindly ensure that your Wi-Fi is not connected to any other device or devices and no other applications are running on the device.
- If we observe connectivity problem at your end, we shall ask the next bit to join in and will come back to you after other registered shareholders have spoken. Kindly restrict your queries or comments to a maximum of three minutes. The first shareholder to speak is Mr. Aspi Bhesania. Mr. Bhesania, you will need to unmute your microphone, Sir. Mr. Bhesania, could you kindly unmute your microphone? We can see you, but cannot hear you. Mr. Bhesania? Okay, we'll try and come back to Mr. Bhesania after our next speak. Let's move on to our speaker #2, Mr. Manish Beria. Mr. Beria, you are now placed in the meeting. Kindly unmute your microphone and speak.
- **Mr. Manish Beria – Shareholder:**
- Good afternoon. I actually wanted to tell this in person to Mr. Rahul Bajaj, but unfortunately, I cannot do that now and I regret that, but anyway I want to say this now. We have been invested with Bajaj Group of companies from 2013 and it was my first biggest serious equity investment and at one point we were invested 100% of our net worth in Bajaj Group of companies including Maharashtra Scooter, Bajaj Holding, and Bajaj Finserv and over the year we have benefited tremendously from all this investment so much today that I am financially independent today. So, we have no plan to exit this investment and I will urge my children's actually to remain invested here and I am fairly optimistic that they will not be disappointed. I sometimes jokingly put forward a proposition to my family that we are Beria's and we might as well as compared to Bajaj because our destiny, our financial destiny are so much aligned and maybe this will force them or this will force them to remain invested. My children remain invested in this investment, we are making them more committed to these investments, but jokes apart, this is my small way to pay tribute to Rahul Bajaj ji here. So, I don't have many questions, but maybe one question to Mr. Sanjay Bajaj that's about Bajaj Finance, our sister concern here, so how long can we have an opportunity to grow here as an NBFC, so at what size of asset under management we have to take a license as a bank or something like that, so that is the only question and I will stop here. Thanks. Thank you so much for giving the opportunity here.

- **Moderator:**
- Thank you, Mr. Beria. Our next speaker is Ms. Celestine Mascarenhas. Ms. Mascarenhas, you've been placed in the meeting. Kindly unmute your microphone.
- **Ms. Celestine Mascarenhas – Shareholder:**
- Hello?
- **Moderator:**
- Yes, ma'am, we can hear you and see you.
- **Ms. Celestine Mascarenhas – Shareholder:**
- Hello, can you hear me?
- **Moderator:**
- Yes, ma'am, we can.
- **Ms. Celestine Mascarenhas – Shareholder:**
- You can hear and see, okay, fine. Respected Mr. Sanjiv ji Bajaj, members of the board, my fellow shareholders, I am Ms. C Mascarenhas speaking from Mumbai. First of all, I thank the Company Secretary, Mr. Sriram Subbramaniam and his team for sending me an e-notice and also registering me as a speaker and giving me this platform. In the beginning, it was a little difficult, but now I'm feeling settled. Now, working is definitely good. I have to say that all the Bajaj companies are real, Gandhian and there is always like a rewarding, so we are always happy with the Bajaj Group. Now working is good, dividend very good, ₹160 per share, that's too good. Now, my query is of course congratulations for the CSR work done. I appreciate it. Now, I would like to know whether you have done any ESG in this company, whether means what level, whether it is a website is made of the ESG work done? Please, one query is that. Then second one is, we are in treasury - we are in two verticals, treasury operations involving management of surplus fund that is there, that is what gives us good dividend. The second one is manufacturing of dye casting dyes, fixtures in automobile industry. I would like to know how much sort of margins we get in this and what is the CapEx for the next three years for organic and inorganic growth, any plan of sort of acquiring some sort of dye casting etc. companies? Here, I would request you, now our share price has crossed above 5,000 and this being the 48<sup>th</sup> AGM, within two years we will be 50 Golden Jubilee. So, the preparation means must have already started, so my request is of course bonus would be very ideal, but if not bonus at least you can split the share. The power value is 10, you can make it to 2. So, this becomes like a mini bonus. My number of shares can increase and I can have some sort of celebration that way by selling something and having a celebration. So, I mean, I leave it to the board to decide what to do. Remaining, I support all the resolutions. I wish my company all the best and made grow in strength to strength, so that this conglomerate, the Bajaj Conglomerate becomes the strongest among all the other conglomerates. With this, thank you so much for giving me this patience hearing and Namaskar, once again.
- **Moderator:**

- Thank you, Ms. Mascarenhas. Our next speaker shareholder, Mr. Amit Mantri, has not logged in. So, we'll move on to our next speaker, Ms. Vasudha Dakwe. Ms. Dakwe, you've been placed in meeting. Kindly unmute your microphone, do switch your camera on if you so desire and go ahead and speak.
- **Ms. Vasudha Dakwe – Shareholder:**
- Very good afternoon, Respected Chairman Sir, Board of Directors and my fellow shareholders. Myself Vasudha from Thane. I would like to congrats our secretarial team for sending me the soft copy of the report well in advance, which itself is clear and transparent. The opening speech given by the Chairperson is also very informative and excellent. I would like to ask what is our attrition rate? Secondly, I would like to ask how many new orders we have got for this financial year? With this, I support all the resolutions. Thank you very much and wish the company all the best for coming financial years and wish all the best for coming festivals. Thank you very much.
- **Moderator:**
- We shall move back to our first speaker shareholder, Mr. Aspi Bhesania, who we could not hear earlier. Mr. Bhesania, you are in the meeting. We can see you. Kindly unmute your microphone.
- **Mr. Aspi Bhesania – Shareholder:**
- Sir, can you hear me and see me?
- **Moderator:**
- We can see and hear you, Sir.
- **Mr. Aspi Bhesania – Shareholder:**
- Okay. Sir, I'm Aspi from Bombay. Sir, thanks for giving me an opportunity to speak. Sir, I hope you continue with the hybrid meeting next year, when the physical meeting starts. Sir, I congratulate the management on good annual results. In spite of strain in the economy our revenue and profits have increased. However, Q4 results were disturbing. Sir, there is a loss in manufacturing, what are your plans about manufacturing? Sir, please give 10-year highlights. Promoter shareholding is only 51%, any intention to increase it? Sir, do not split the shares. Let the share price go up like MRF. Sir, why our company should be core investment company? We have to invest 90% of net assets in group companies only. Our company should be like Tata Investment which can invest anywhere, any much and any amount. Sir, I welcome Mr. Sanjay Uttekar as a CEO and I'm sure he will contribute too much to the company. Sir, unpaid dividend for FY21-22 is Rs.73 lakhs. This amount belongs to the shareholders and should be paid rather than sending to IEPF. Sir, on Page 53 there are details of unpaid dividend, next year I would like you to mention year wise how much is unpaid. Example, for FY21-22, next year you should mention unpaid dividend for FY21-22 as on March'24 and also the figure as of March'23. This will show the efforts put by the share department and RTA to give unpaid dividend to the

shareholders during the year. Share Department performance should be evaluated on this basis. Sir, at present RTA keeps on sending reminders but when someone tries to claim dividend, obstacles are put into place. Sir, we are shareholders since IPO in '1978. Due to SEBI's guideline for Demat, we sent shares for Demat and were rejected for signature mismatch in spite of ISR two and there had been no signature mismatch. Later I was told by someone that if KFin Tech doesn't have signatures, they reject in spite of ISR two for signature verification by the bank. I would like the CS (Company Secretary) to verify how many shareholders signatures are missing in KFin Tech records and what the company plans to do about the same because those shareholders will not be able to demat. Sir, in '2008 when signatures were transferred to KFin Tech, were they not uploaded in the system by KFin Tech? KFin Tech is not bothered even if shares and dividends are transferred to IEPF. Sir, already 1,75,000 shares have been transferred to IEPF which is just too much. They should help the shareholders in getting these shares back from the IEPF. Sir, since KFin Tech doesn't have signatures, I would like to suggest that companies should compulsorily do selective buyback of all physical shares and extinguish them and send a cheque to the shareholders at their registered address. Sir, as on March'23 there were 1182 shareholders holding two 2,11,536 shares which is 1.85% of total capital. This info is given on Page 54 of the of the Annual Report. Sir, alternatively Bajaj Group should take over the RTA function. At present there are only two big RTAs in India, so they are not bothered to improve their services. I'm sure Group will save a lot of money and shareholders will get good service. We have so many listed companies in the group, you can also take over Bajaj Electric. I'm sure Mr. Shekhar Bajaj will be very pleased if his shareholders are benefited. Sir, like-minded companies will also approach you to take over the RTA functions once many companies are fed up with the RTA. Sir, I would like to invite you to visit KFin Tech Office in Bombay. Just stand in a corner and watch how senior citizens are shouting at Mumbai staff for no fault of theirs. Staff in Hyderabad relax in AC offices and for the inefficiency Mumbai staff have to face the shareholders shouting. Sir, I feel sorry for Mumbai staff. Sir, thank you very much and I hope you take it very seriously about this RTA function because other shareholders dividends and shares will go to IEPF. Thank you very much and all the best for the future.

- **Moderator:**

- Thank you, Mr. Bhesania. With that, all shareholders who registered to speak and did login have now been given an opportunity to express themselves and I hand the proceedings back to our Chairman. Over to you, Sir.

- **Mr. Sanjiv Bajaj – Chairman, Maharashtra Scooters Limited:**

- Thank you, shareholders, for your suggestions, comments and queries. Let me start by requesting our CFO, Anant Marathe, to clarify on some of them.

- **Mr. Anant Marathe – CFO, Maharashtra Scooters Limited:**

- Thank you, Chairman Sir. We thank all shareholders who continue to be invested for a long time in Maharashtra Scooters. We take note of all your questions, suggestions and requests. There are some suggestions and requests which have been received on email also. So, if they are common, I'm taking them together.

- To start with, Mrs. Mascarenhas had queries regarding and suggestions regarding split. Then Mr. Chalasani had written an email and he requested for buyback. Sunil Sheth had also requested regarding buyback and liberal bonus. Few of the shareholders have also asked whether you want to update the manufacturing activity further or whether you want to discontinue the manufacturing activity. Well, let me respond this way. MSL has created substantial wealth for its shareholders over last 10 years. This substantial wealth is created in two ways. One is increase in market price of MSL, which is a capital appreciation and, secondly, by way of actual dividends paid to the shareholders. Coming to market appreciation, MSL's market price has increased at CAGR of 28% per annum over the last 10 years. This is compared to 12% per annum CAGR of NIFTY 50 which is also widely accepted benchmark. So, over 10 years, which is clearly a very long period of time, it has shown outperformance of 16% which is by any stretch a very significant outperformance. To be more clear on this point, in absolute terms Rs. 1 lakh invested in Maharashtra Scooter shares in year '12-'13 has grown to about Rs.11 lakh now. This is as compared to Rs.3 lakh of NIFTY 50 which would have been the value today. This is only capital appreciation or market share price written.
- The second point is regarding dividend as most of the shareholders have appreciated the dividend. In over last one year, the dividend has been doubled from 800% to 1600%. Effectively, we have distributed the entire profit of the MSL for last financial year. More, in the past, even in last five years we have declared dividend, cumulative dividend, of about 3700%. It's a very large sum. So, per share dividend is about Rs.370, which I think is a significant wealth creation by any stretch of imagination.
- As far as Tool Room operation is concerned, it is a small manufacturing operation. Over the last five years we have made significant investments over there. Effectively, we have invested in the machinery of about Rs.15 crores over last five years. So, we have all the required capability and machinery available at our Satara plant.
- Regarding possible further steps to be taken by MSL as advised by you, like acquisition, whether it be acquisition by promoters or buyback or split or bonus issue of shares. Some have also alluded to holding company discount and some have also given a suggestion regarding merger with holding company BHI. Well, we thank you for all your suggestions. We are thankful for all this. We are conscious of the fact that holding company discount of Maharashtra Scooters over the last so many years has been in the range of 70%-80%. While the discount is there, the capital appreciation, I have already explained, it has given a significant capital appreciation to the shareholders of Maharashtra Scooters. The market prices of shares are something which we have very little control over. So, this is, I think, we have already rewarded the shareholders through capital appreciation and dividend.
- Regarding manufacturing operations also some shareholders had the question. We generally do not shut any businesses or any companies. We constantly look for any synergies. Having said that, any structuring or any corporate action needs careful consideration of regulatory environment, stakeholder interest and value preservation and, hence, these plans and actions and decisions take time. We will continue to evaluate the options as suggested by you and take such action as is in the interest of all the stakeholders. To summarize the response on this point, our focal point always remains a creation of long term value and maximization of shareholders interest.

- Moving back to second question on ESG, which I think Mrs. Mascarenhas had raised, as we explained at the beginning that MSL is a predominantly investment company rather a CIC because of its investment pattern. It has a very small manufacturing operation. As a CIC, most of its funds are invested in group companies. Having said that, MSL's manufacturing plant is fully green and environment friendly. Regarding ESG, I think in our Annual Report there is a statutory report which is already part of it which is called Business Responsibility and Sustainability Report. For our larger group companies namely Bajaj FinServ and Bajaj Finance, there is a separate EGG reporting.
- Mr. Manish Beria asked a question regarding Bajaj Finance. Mr. Beria, AGM of Bajaj Finance is scheduled on 26<sup>th</sup> of July and that is the appropriate forum for your question regarding Bajaj Finance.
- There were two additional questions asked by speaker just now. One was on CIC structure. Long ago MSL was a manufacturing company and because of its investment pattern it became CIC. Having become a CIC, we have the investment patterns to be followed which are 90% of net assets have to be invested in group companies and that is what we have been doing. Excluding group companies, we have a surplus of about 200 crores, which is also invested in group companies.
- Regarding two queries on attrition and regarding attrition rate. I think the attrition rate is not significant. We are able to fill the positions created by way of retirement and resignation. Attrition rate is in single digits.
- Regarding Order Book position, as of today is about 10 crores and I think that is what our plant is equipped to cater the orders.
- I think there were significant number of questions on secretarial part. Now I'll hand it over to Sriram.
- **Mr. Sriram Subbramaniam – Company Secretary, Maharashtra Scooters Limited:**
- Thank you, Anant.
- Mr. Aspi, we are really sorry for the inconvenience caused to you. On this aspect, I would like to say that in the recent past we have come across many cases relating to impersonification, fraud related cases when it comes to the shares of MSL and that is probably one of the reasons why we have strengthened the due diligence process. So, please, be rest assured that the due diligence process is only for the interest of our shareholders who continue to remain invested in us and they hold the shares physically. But, however, I will take note of your points and we will internally discuss what we can do to help you out. Regarding your query on the dividend part, so in the last year 114 crores was credited to the dividend account out of which 75 lakhs only remains unclaimed. And as far as your observation on the report regarding the unclaimed dividend and shares getting transferred to IEPF, so we have been taking steps to reach out to our shareholders by making newspaper advertisement, by intimating them, by calling them up. But as I informed last year as well, many of our shareholders are untraceable unfortunately and their contact details, bank account details are neither updated with us nor with their depositories and we are bound by the law to transfer the shares to the IEPF account. And, hence, we have no choice



but to transfer it. As far as your comments on the reporting aspect, yes, we will take a look and we will internally discuss with this and I will come back to you. On your query regarding we starting an RTA business, yes, we take note of your points and we'll come back to you. Thank you. Thank you.

- **Mr. Sanjiv Bajaj – Chairman, Maharashtra Scooters Limited:**

- Thanks, Anant and Sriram. Overall, what I would like to tell you shareholders is that we remain committed to seeing that while we run the Tool Room as efficiently as possible, but we are not unnecessarily wasting your money also over there. As you know, the company is primarily an investment company and our intent also is to make sure that those investments are focused on the long term and give good long term results.
- With that, members who have not yet cast their votes are requested to cast their votes now. The voting facility will remain open for another 15 minutes. The result of the voting along with the scrutinizer's consolidated report would be declared and posted on the company's website and KFin's website and shall also be filed with the stock exchanges within two working days of conclusion of this AGM. A recorded transcript will also be made available on the company's website as soon as possible.
- I thank you for participating at the meeting. And as I close, I pray for your good health and safety. Subject to voting, I declare the proceedings of the meeting as concluded. Thank you.

*(E-voting commences)*

**END OF TRANSCRIPT**