



Transcript of the 15th (Fifteenth) Annual General Meeting (“Meeting/ AGM”) of Aditya Birla Capital Limited held on Friday, 26 August 2022 at <https://emeetings.kfintech.com>, deemed to be conducted at the Registered Office of the Company – i.e. Indian Rayon Compound, Veraval - 362 266, Gujarat through video conferencing (“VC”) / other audio-visual means (“OAVM”) which commenced at 11:00 a.m. (IST) and concluded at 12:02 p.m. (IST)

Mr. Kumar Mangalam Birla, Chairman: Good Morning Ladies and Gentlemen. It is my pleasure to welcome you to the 15th Annual General Meeting of your Company. In view of the ongoing covid-19 pandemic, this meeting is being held through audio visual mode in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI.

Let me introduce the Directors of the Company present at this Meeting:

- ❖ Mr. Arun Adhikari, Independent Director and Chairman of the Nomination, Remuneration and Compensation Committee;
- ❖ Mr. P H Ravikumar, Independent Director;
- ❖ Mr. S C Bhargava, Independent Director;
- ❖ Mrs. Vijayalakshmi Iyer, Independent Director and Chairperson of the Audit and Stakeholders Relationship Committee;
- ❖ Dr. Santrupt Misra, Non-Executive Director;
- ❖ Mr. Sushil Agarwal, Non-Executive Director; and
- ❖ Mr. Romesh Sobti, Non-Executive Director.

I would also like to introduce Mrs. Vishakha Mulye, Chief Executive Officer of the Company.

I thank all the shareholders, my colleagues on the Board, our auditors, and members of the management team for joining this AGM.

In terms of MCA circulars and the Companies Act, 2013 participation of members through video conference is being reckoned for the purpose of quorum. Since, we have the requisite quorum present for the meeting through video conference, I call this meeting to order.

As the AGM Notice has been sent electronically to the members, I take the Notice convening the meeting as read.

I now handover to the Company Secretary to take you through statutory and procedural matters.

Mr. Amber Gupta, Company Secretary: Thank you, Chairman Sir.

Your Company has made all feasible efforts to enable members to participate and vote on items being considered at this AGM. The facility of joining the AGM has been made available to all the members on a first come-first-serve basis.

Members may note that this AGM is being recorded. Please do not disclose any sensitive personal information or personally identifiable information belonging to you.



As the AGM is being held through video conference, the facility for appointment of proxies by the members is not applicable and hence the register of proxies is not maintained. Other applicable registers & returns and statutory documents including Annual Certificate under ESOP Scheme of the Company, are available for inspection electronically during the meeting.

In accordance with the circulars issued by Ministry of Corporate Affairs and SEBI, the AGM Notice together with the Annual Report for the financial year ended 31st March 2022 have been sent through email to the members whose Email IDs were registered. The AGM Notice and the Annual Report are also uploaded on the website of your Company.

Your Company has engaged KFin Technologies Limited, RTA of the Company for providing the facility of joining this meeting through video conference and the facility for remote e-voting and e-voting (Insta Poll) at this AGM.

In compliance with the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the facility of remote e-voting as well as e-voting at this AGM has been provided to all the members. The remote e-voting facility commenced on Tuesday, 23rd August 2022 from 9.00 a.m. IST and ended on Thursday, 25th August 2022 at 5.00 p.m. IST.

Those members who did not cast their vote through remote e-voting may vote during the AGM by clicking on the "Vote" tab which is visible on their screens. Members who have already voted through the remote e-voting mechanism may attend the AGM, though they will not be able to vote again.

Mr. B. Narasimhan, Practicing Company Secretary, Proprietor, BN & Associates, who has joined this Meeting, has been appointed as the Scrutinizer for the e-voting process during the AGM and the remote e-voting process, to ensure that the voting is conducted in a fair and transparent manner.

The Reports of the Statutory and Secretarial Auditors do not contain any adverse qualifications or comments on the functioning of your Company and therefore, are taken as read.

Thank you very much. With this, I handover to Chairman Sir to brief on the agenda items to be transacted at this AGM.

Mr. Kumar Mangalam Birla, Chairman: Thank you, Amber. The Company has taken all feasible efforts under the current circumstances to enable members to participate through video conference and vote at the AGM.

Since the AGM is held through video conference, the resolutions forming part of the AGM Notice, have already been put to vote through remote e-voting and therefore there will be no proposing and seconding of resolutions.

Item No. 1 relates to adoption of Standalone and Consolidated financial statements of the Company for the financial year ended 31st March 2022 and the Reports of the Board and Auditors thereon;

Since I am deemed to be interested in resolution number 2, I request Mr. Arun Adhikari, Director to take the Chair for this agenda item.

Mr. Arun Adhikari, Director: Thank you Chairman.

Item No. 2 relates to the re-appointment of Mr. Kumar Mangalam Birla as a Director retiring by rotation.

I now request our Chairman to take over the proceedings.

Mr. Kumar Mangalam Birla, Chairman: Thank you, Arun.

I will now briefly share with you the performance of your Company and the likely outlook, going forward.

Dear Shareholders,

The turn of the decade felt like a moment of departure. The COVID-19 pandemic made 2020 an unprecedented year. And then the supply chain whiplash made 2021 feel unprecedented. And now, the Russia-Ukraine war and global stagflation are making 2022 feel unprecedented. Disruption now feels like 'business as usual'.

As these tectonic shifts get normalized, businesses with deep reserves of resilience and agility are the ones that are emerging even stronger. Your Company is undoubtedly one of them. We don't just offer financial products and services. We breathe life into the aspirations of millions of people. We stand by them as they envision and actualize their aspirations. And as one of India's leading diversified non-banking financial services companies, we are powering the growth of a rapidly transforming nation.

As we stand here in August, the macroeconomic picture shows a merging of various trends. Let me talk about some highlights.

Economy overview

2022 saw global economies recovering from the pandemic shock on the back of supportive fiscal and monetary policies and mass vaccination programmes. However, in recent months, the war in Ukraine and looming fears of a global recession have posed macro headwinds. The International Monetary Fund (IMF) now expects the world economy to grow at 3.2% in CY22, slowing further to 2.9% in CY23, well below its pre-war projections.

There are two major concerns around the current global crisis. One is the tightness in energy markets and the fallout on energy security of some regions. Secondly, elevated energy prices have spurred a chain reaction, fueling inflationary impulses and volatility. Global supply chain disruptions that were triggered by pandemic-induced lockdowns in China have continued because of the war in Ukraine. This has dented consumer confidence and dampened risk sentiment in financial markets.

We are also seeing greater turbulence in currency markets. The dollar has strengthened, while the euro and emerging economies have witnessed downward pressure on their currencies.

The Indian economy has not remained unscathed by these global developments. India has also witnessed upward pressures on inflation, rate hikes by the RBI and a widening trade deficit.

Nevertheless, there are several bright spots in India's overall economic narrative – and these support us to stay steady through the broader global economic turmoil. First, the economic recovery cycle in India remains strong thanks to the significant progress on vaccination and the upswing in public capex. Even during Covid, various government schemes had helped small and medium enterprises and the worst affected sections of the population to weather through the crisis. Activity indicators are now well ahead of the pre-Covid levels, and most estimates peg India's likely economic growth during FY23 at 7%-plus. Second, while India's inflation rate has been above the RBI's tolerance range for some time, the overshoot has not been as severe as in many other countries. Monetary and fiscal authorities have taken steps to dilute the inflationary pressures, and a normal monsoon this year should help soften these pressures further. Third, even with a rising trade deficit, India's external indicators remain supported – with foreign exchange reserves equivalent to more than 9 months of imports.

With these silver linings, India appears to be well placed to ride through an uncertain global economic environment. India has a robust pipeline of infrastructure projects. In addition, the government's pragmatic policies such as the production-linked incentive schemes are helping. Many industries have witnessed fresh project investment announcements. Foreign direct investment flows have remained strong. The burden of non-performing assets in the banking sector has eased. Start-ups and technology-based new age enterprises have acquired critical mass in India. These sectors are exhibiting a strong momentum – providing new jobs and enhancing customer experiences. Dynamism in India's digital ecosystem, diversification of global supply chains away from China and the greater emphasis of investors on sustainable finance also offer new opportunities for India.

Thus, while businesses will need to remain on guard regarding financial market volatility and cost pressures this year, one expects the economy to show medium-to-long term growth recovery.

Let me now shift to your Company's performance in FY22.

Your Company has built a platform with high quality, scale, and a retail franchise over the years. The integrated and diversified model backed by motivated teams has helped to deliver consistent growth in profitability across economic cycles. The record results this fiscal stand testament to that.

Despite the headwinds in the economy, the revenue at ABC for FY22 grew 15% year on year to over Rs. 22,000 Crores. The consolidated profit after tax (after minority interest) grew 51% year on year to Rs. 1,706 Crore. The unique model and strong focus on the value drivers in each business has led to the delivery of key metrics well ahead of our FY 24 guidance.

Some major highlights of the year were as follows:

- The retailisation strategy has led to the active customer base growing to ~ 35 Million, a 36% year-on-year growth through 1000+ branches and 2,00,000+ channel partners and several bank partners.
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- Overall AUM across asset management, life insurance and health insurance was over Rs. 3,70,000 Crore and increased 10% year-on-year, making your Company one of the largest fund managers in this country.
- Overall lending book (NBFC and Housing Finance) grew 11% year on year to Rs. 67,185 Crore of which Retail, SME and HNI segment now account for 68% of total lending book, making it a leading portfolio of scale.
- Gross Premium (across Life and Health Insurance) grew to Rs. 13,867 Crore, up by 25% year-on-year, with the retail mix at 69%, making us a significant insurer in the country.
- Today, Aditya Birla Capital is ranked among India's top 100 listed companies in terms of consolidated profitability.
- Raised over Rs.15,000 crores of long-term money in lending businesses with "AAA" rating being re-affirmed.
- Furthermore, the Health insurance business achieved break even in Q4 FY22 (excluding COVID claims), in line with guidance and well ahead of the industry benchmarks.
- We have been able to leverage digital capabilities to seamlessly integrate with ecosystem partner journeys to acquire customers at scale. Aditya Birla Capital has been a leader in adopting new technologies in the BFSI space and replicating them quickly across its lines of business. This would include use cases across customer onboarding, service, and retention journeys. To leverage the power of One ABC, your Company also developed several digital assets to provide a seamless and differentiated experience for its customers.
- Going forward, focus on customer acquisition at scale (organically and through partnerships), data and analytics, customer service, customer wallet share, and a culture of entrepreneurship will be key drivers of growth.

Let me now briefly touch upon the performance in the first quarter of the current fiscal, FY23.

Your Company delivered strong performance across businesses leading to highest ever consolidated profit for the first quarter.

Your Company consolidated revenue grew 30% year on year to Rs. 5,590 crores, compared to Rs. 4,299 crores in the corresponding period of the previous year. The consolidated net profit after tax (after minority interest) grew 42% year-on-year to Rs. 429 crores, marked by strong growth across businesses.

The retailisation strategy has led to the active customer base growing to ~ 39 million, a 55% year-on-year growth. We have added about 4 million active customers in this quarter through our continued and sharp focus on customer acquisition, both through expansion in our branch network and our digital ecosystem strategy.

The NBFC loan book grew 26% over the last fiscal to Rs. 57,839 Crore. Within that, Retail and SME segments grew 39% year on year. Retail and SME constitute 64% of loan book as of June 30, 2022, as against 58% a year ago. The improved mix has driven NIM expansion by 33 bps year-on-year, to about 6.5%.

In housing finance, we continued our focus on the affordable segment. The affordable loan book grew 45% over the previous year, and NIM expanded by 59 bps year on year to 4.6%.

The AAUM of AMC business grew 2% year on year to Rs. 2,81,527 Crore. Within that equity AAUM grew 14% year on year. The overall equity AUM mix has improved from 37% to 41% as of June 30, 2022.

The total gross premium of the life insurance and health insurance businesses grew 53% year-on-year to Rs. 3,250 Crore. The individual First Year Premium (FYP) for our life insurance business in Q1 grew 26% Y-o-Y. The gross written premium of our Health insurance business in Q1 grew 71% over the previous year to Rs. 630 Crore. ABHI was the fastest growing Health insurance player in Q1 FY23 with an increase in market share by 300 bps to 12% amongst SAHI players.

The aggregate profitability of other businesses grew 41% year-on-year. Our General Insurance broking business saw its PBT growth of 21% Y-o-Y, and the ARC platform PBT grew 87% over the previous year.

No financial metric can truly represent the rigour, passion, and dedication behind your Company's performance, given the unprecedented circumstances and challenges. And for this, I am grateful to all our employees.

On behalf of your Company's Board, I thank all the banks, financial institutions, regulators, stakeholders, business associates and the Central and State Governments for their cooperation and support.

Let me express my deepest gratitude to each one of you, our shareholders. I look forward to your continued trust, confidence, and support.

Given the inherent strengths of your Company, we are again at a moment where we are uniquely positioned to invest for long-term growth and explore new paradigms. An exciting journey beckons.

Thank you very much.

Mr. Amber Gupta, Company Secretary: Thank you chairman sir, we will now move on to the question-and-answer session.

Members who have registered themselves as speakers can express their views. The Moderator will call out the speaker's name, one at a time and will simultaneously unmute the audio of the speaker. Speakers may also turn on their videos while speaking. Once the speaker finishes, the Moderator will again activate the 'mute' mode. If someone is unable to use the video mode, they may still use the audio mode alone.

I request members to keep their questions brief, specific to the Company's performance during the financial year 2021-22 and not to repeat questions asked by the previous speakers. The answers to all the questions will be provided towards the end. Members may also share their queries and views during the meeting through the chat box facility. These will be separately addressed appropriately by the Company.

I will now request the moderator to call out the names of the speaker shareholders and please monitor the time limit of three minutes on each speaker. Moderator over to you.

The Moderator then called out the Speaker Members.

Mr. Shirish Bhogilal Vohra from Mumbai, Miss. Lekha Satish Shah from Mumbai, Mr. Vivek Gangwal from Mumbai, Sanjeev Agarwal from Mumbai, Nisha Bajaj from Hyderabad, Shravan Vohra from Mumbai, Pramod Sunderlal Shah from Mumbai, Miss Jaishree B. from Veraval, Mr. Santosh Kumar Saraf from Calcutta, Mr. Vinod Motilal Agarwal from Mumbai, Mr. Ankur Chanda from Haryana, Mr. Praful Chavda from Hyderabad, spoke at the Meeting.

While commending the Board and the management on the performance of the Company during the year under review, the shareholders had some queries and clarifications inter alia on the business operations of the Company and future growth plans.

The Chairman thanked the shareholders for the interest shown in the working of the Company, and summarised his replies to the queries.

Mr. Kumar Mangalam Birla, Chairman: Going forward, I'm now asking Amber the Company Secretary, to please make a note of some of the suggestions that have been made by all of you. Further the members who have registered themselves as speakers at the AGM but could not get an opportunity to speak due to paucity of time on due to connectivity issues are requested to email the queries, if any to the company secretary and I can assure you that the same will be appropriately responded to by the company.

I now request members who have not voted so far to cast their votes now. Members may note that the e-voting window will remain open for another fifteen minutes.

I request the Moderator to turn on the timer screen.

The Results of the voting will be announced within 48 hours from the conclusion of this meeting and will be disseminated on the website of the Company and the RTA. I hereby authorize the Company Secretary, to declare the result of the voting. Results will be informed to the Stock Exchanges.

The business of the meeting is now complete, and I declare the meeting being concluded post the Insta Poll. I thank you all for co-operating with me in the smooth conduct of this meeting.

Thank you.

The Meeting concluded at 12:02 p.m.(IST).