



Transcript of the 16th (Sixteenth) Annual General Meeting (“Meeting/ AGM”) of Aditya Birla Capital Limited held on Friday, 18 August 2023 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 12:13 p.m. (IST)

Mr. Kumar Mangalam Birla, Chairman:

Good Morning Ladies and Gentlemen. It is my pleasure to welcome you to the 16th Annual General Meeting of your Company. 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;
- ❖ Mrs. Vijayalakshmi Iyer, Independent Director and Chairperson of the Audit and Stakeholders Relationship Committee;
- ❖ Mr. P H Ravikumar, Independent Director;
- ❖ Mr. S C Bhargava, Independent Director;
- ❖ Mr. Sushil Agarwal, Non-Executive Director; and
- ❖ Mr. Romesh Sobti, Non-Executive Director.

Other Director could not attend this AGM due to exigency.

I would also like to introduce Mrs. Vishakha Mulye, Chief Executive Officer & Mrs. Pinky Mehta, Chief Financial 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.

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 2023 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, 15th August 2023 from 9.00 a.m. IST and ended on Thursday, 17th August 2023 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. Omkar Dindorkar, from M/s MMJB & Associates LLP, Company Secretaries, 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.

Since there are no qualifications on financial transactions or matters which have any adverse effect on the functioning of the Company in the statutory auditors' report and secretarial auditors' report, the same are not required to be read, will now proceed with the agenda for the meeting.

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 2023 and the Reports of the Board and Auditors thereon;

Item No. 2 relates to not filling up of the vacancy caused due to retirement by rotation of Dr. Santrupt Misra.

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

Dear Shareholders,

We find ourselves navigating a global landscape that is as dynamic as it is challenging. We live in an era marked by unprecedented shifts – be it in technology, geopolitics, or market trends. The world is being constantly reshaped by both seen and unseen forces.

Aditya Birla Capital Ltd.

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Against this backdrop, corporations that have been anchored by purpose have overwhelmingly created stakeholder value. The foundation of our Group rests on a rich legacy of trusteeship, which imagines corporations as institutions that drive collective prosperity. And therefore, over a long arc of time, as a business group, we have been leading with Purpose and growing with responsibility.

In FY2022-23, we formally articulated our Group's long-held, implicit Purpose statement. At its heart is the commitment to enrich lives by building dynamic and responsible businesses and institutions that inspire trust. In an era marked by abundant opportunities but also rapid uncertainties, our Purpose statement stands as our guiding beacon, influencing every business decision we make.

Your Company has been founded and built on this endeavour to enrich lives. Whether it's by acting as a one stop-solution to deliver Protecting, Investing,

Financing and Advising solutions to customers, empowering them to be served in a frictionless manner and across channels of their choice, or delivering exceptional value to stakeholders across our businesses—our Purpose remains unwavering.

It is our purpose that guides us to navigate the evolving global landscape with resilience and foresight. As we turn our attention to the current state of the global economy, it is evident that we are charting a course through a 'new normal'.

Global Economic Outlook

The global economy is facing persistent challenges with the ongoing war in Ukraine, geoeconomic fragmentation and sharply elevated interest rates.

Reflecting these concerns, the International Monetary Fund (IMF) expects the world economic growth to fall from 3.5% in CY22 to 3% in CY23. The deceleration is expected to be much more pronounced for developed countries; their aggregate growth is forecast to stumble to just 1.5% in CY23, which would be the slowest pace since 2013 - barring the pandemic-affected contraction in CY20.

There are, however, some silver linings. First, the central banks in developed countries appear to be approaching the peaks of their respective interest rate hiking cycles on some early signs of moderation in inflation – notwithstanding the fact that inflation remains significantly above the central bank targets.



Second, global supply chain pressures – which were a key concern about a year ago – have eased off, helping energy and other commodity prices to cool from their peaks. Third, the risks of a banking contagion in the US appear to have been contained, thanks to prompt actions by policymakers. And finally, China – the world’s second largest economy – has exited its zero-Covid policy, and its economic activities are normalizing, albeit not at a pace that the economy observers were hoping for.

The above factors are creating some space for cautious optimism about the global economy and financial markets, going forward, even as one needs to remain watchful about potential risk events in a fragile environment.

The narrative looks starkly different for India. In fact, India’s economic boom makes it the shining star of the global economic stage. The government’s conscious big push to infrastructure investments and pragmatic policies – such as the production-linked incentives scheme – have spurred the appetite for private capex. And this has triggered a multi-year capex boom, what I referred to as Capex Mahotsav last year.

In the near-term, this provides a valuable support to economic growth, when exports are facing headwinds from softer global demand. Simultaneously, it paves the way for an upward lift to India’s medium-term growth trajectory. India has also begun capitalizing on the need felt by global value chains to diversify their sourcing. Besides positive signals on the capex front, India’s growth momentum is being buoyed by the dynamism of its tech-based ‘new economy’ enterprises and the deepening of digitization across sectors.

Cyclical impulses are holding up well in India with double-digit growth in bank credit, buoyancy in tax collections and improving trend in capacity utilization of the manufacturing sector as well as in consumer confidence. Given this backdrop, the Reserve Bank of India (RBI) has projected India’s GDP growth to slow down only marginally – from 7.2% in FY23 to 6.5% in FY24. These estimates reflect India’s resilience amid subdued global economic conditions.

In line with the trend seen globally, inflation in India has softened and moved inside the tolerance band around RBI’s target. Although some supply shocks in specific vegetables have created upside risks for inflation in the near-term, the outlook for interest rates has become more stable – with the rising phase of rates apparently behind us. India’s foreign exchange reserves have climbed up impressively since the last quarter of CY22, on the back of strong portfolio flows and robust services exports. The quality of bank assets has continued to improve as well.

Thus, India's overall macroeconomic stability aspects remain well-managed – providing sizeable cushion in case of triggering of any destabilizing events in global markets.

Broadly, India's strong medium-term consumption growth, rapid infrastructure build-up, digitization and imperative for decarbonization would be the key secular trends that businesses can ride on to, while staying vigilant about fragilities at the global level in the near-term.

Let me now elaborate on your Company's performance in FY 23

Your Company embarked on a growth journey to piece together the various building blocks of the franchise, and leverage the power of data, digital and technology (DDT) to build accelerated, risk-calibrated growth momentum and improved profitability for its stakeholders.

Your Company envisioned the '**One ABC, One P&L**' approach, to focus on a business strategy that revolves around the three levers of One Customer, One Experience and One Team.

In FY 2022-2023, your Company reported a strong financial performance across businesses. ABCL achieved the highest ever consolidated PAT (excluding fair value and stake sale gains), growing it by 33% year-on-year to Rs 2,057 Crore in FY23. There was significant traction across all the businesses in terms of profitability metrics.

Some major highlights of the year were:

- Consolidated revenue grew 27% year-on-year to Rs 29,999 Crore
- Consolidated Profit after tax, excluding fair value and stake sale gains, grew 33% year-on-year to Rs 2,057 Crore
- Overall, AUM across asset management, life insurance and health insurance stood at Rs 3,59,922 Crore
- Gross Premium across Life and Health Insurance grew to Rs 17,787 Crore, up by 28% year-on-year
- Overall lending book (NBFC and Housing Finance) stood at Rs 94,364 Crore, up by 40% year-on-year.
- Your Company added around 247 branches, strengthening its franchise with a total of 1,295 branches to widen its geographic presence and deepen penetration into Tier 3 and Tier 4 markets.
- Aimed at servicing its customers seamlessly with 'One Experience', your Company brought all its products under one roof, through a network of 584 co-located branches, across 155 pan-India locations. It also introduced dedicated customer service managers for cross-sell opportunities.

- During the year, Aditya Birla Health Insurance Co. Ltd., (“ABHI”), raised capital from the globally diversified investment institution, Abu Dhabi Investment Authority (“ADIA”), with a capital infusion of Rs 665 Crore for a 9.99% stake in ABHI.

Digital-first Initiatives

We steadfastly moved ahead with widespread adoption of technology and introduction of newer digital modes for customers and partners. The fiscal year 2023 has been a momentous period for ABCL, marked by a significant transformation shift, as each of its businesses embraced digital reinvention and broadened their digital assets and capabilities.

Let me briefly touch some of the key milestones in the digital transformation journey of your Company:

- **Direct-to-Customer (D2C) Platform** - ABCL incorporated a wholly owned subsidiary, Aditya Birla Capital Digital Limited, dedicated to building an omni-channel D2C platform for delivering PIFA solutions to its customers under one roof. The D2C platform would be integrated with various touchpoints such as mobile app, website, branch, and virtual engagement channel (VRM) to serve existing customers and acquire new customers. The VRM channel of the platform went live in March'23 and the website and app are expected to go live by the second half of FY24.
- **Udyog Plus - B2B platform for MSME ecosystem** - We launched our unified B2B platform ‘Udyog Plus’ to offer lending solutions, using traditional and alternate data sources along with value added services for the MSME ecosystem. These lending solutions include a paperless digital journey for business loans of up to ₹1 Million. Udyog Plus has been integrated with the government and private e-commerce websites to provide credit facilities to sellers on these platforms.
- **Infinite (Start-up engagement Programme)**: We recently launched INFINITE, our flagship start-up engagement programme, to collaborate with tech-driven start-ups and co-create innovative solutions for enhancing customer journeys and increasing operational efficiencies across our businesses.
- **One Verse** - We launched ‘One Verse’, a virtual branch to deliver an immersive and interactive experience to customers in the Metaverse. Through this new, digital channel, customers could access financial products, schemes, and the various digital self-service channels such as WhatsApp, Bot, and Web portal, as well as receive personalized financial advice from customer care representatives, in a secure and interactive space.
- **Payment Strategy** - Your Company signed an MOU with the National Payments Corporation of India (“NPCI”) to develop and promote a complete stack of digital payment methods through subsidiaries to its customers. The payments handle would enable your Company to acquire new customers and increase brand recall. It would also be made available to the MSME ecosystem.



- **Digital Adoption** - We have launched an industry first end-to-end digital loan life cycle for housing finance business. In our AMC business, about 75% of customers were onboarded digitally in FY23. In life insurance, 77% of renewals were done digitally in FY23. In our Health Insurance business, 87% business is delivered by auto-underwriting.

Let me now talk about your Company's performance in Q1 FY24

Your company delivered strong performance across businesses during the first quarter. Consolidated revenue grew 39% year on year to Rs. 8,144 crores, compared to Rs. 5,862 crores in the corresponding period of the previous year. The consolidated net profit after tax (after minority interest) grew 51% year on year to Rs. 649 crores, marked by strong growth momentum across businesses.

The strong momentum across businesses led to a 43% year-on-year growth in the overall lending portfolio (NBFC and HFC) to Rs. 1,00,400 Crore as on June 30, 2023.

Gross premium across life and health insurance grew 19% year on year to Rs. 3,877 Crore. The total AUM (AMC, life insurance and health insurance) grew by 9 % year-on-year to ~ Rs. 3.9 lakh Crore.

Your Company's NBFC loan book grew 49% year on year to Rs. 85,891 Crore, with loans to retail, SME and HNI customers constitute 67% of the total loan portfolio. The improved mix has driven NIM expansion by 43 bps year on year, to about 7.0%. Profit before tax grew by 51% year-on-year to Rs. 691 Crore.

In housing finance, loan book grew 14% year on year to Rs. 14,509 Crore. Net interest margin expanded by 34 bps year on year to 5.11%. Profit before tax grew by 18% year-on-year to Rs. 84 Crore.

I would like to express my gratitude to each one of you for your continued trust. On behalf of the Board, I also wish to express our gratitude to our institutional partners including banks, financial institutions, business associates, state and central governments, and all other stakeholders who have enabled us to create this environment of trusteeship.

I am confident that your Company will maintain its robust growth trajectory and deliver on the trust reposed by each one of you.

Thank you very much.

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 2022-23 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. Ali Molai from Mumbai, Mr. Shirish Bhogilal Vohra from Mumbai, Mr. Vinod Agarwal from Mumbai, Deepanshu Singhal from Ghaziabad, Mr. Praful Chavda from Hyderabad, Mr. Vivek Gangwal from Mumbai, Mrs. Nisha Bajaj from Hyderabad, Mrs. Sushma Chanda from Haryana, Mr. Sarvjeet Singh from Delhi, Mr. Santosh Saraf from Kolkata,

Mr. Jawahar Bagrecha from Ahmedabad, Mrs. Lekha Satish Shah from Mumbai, Mr. Gautam Tiwari from Mumbai and Mrs. Celestine Mascarenhas from Mumbai 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 Moderator then handed over proceedings to Chairman.

I thank you for showing keen interest in the working of your Company and the suggestions made. I am asking the Company Secretary to make a note of the same. Further, the members who had registered themselves as a speaker at the AGM but could not be given an opportunity to speak due to paucity of time or due to connectivity issues, are requested to email their queries, if any, to the Company Secretary and the same will be appropriately responded by the Company.

Chairman summarised his replies to the queries raised by shareholders.

I now request members who have not voted so far to cast their votes now through Insta Poll. 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 12:13 p.m.(IST).

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