

Credit Access Grameen Limited

Transcript of 32nd Annual General Meeting of held on August 25, 2023

George Joseph: Good afternoon, ladies and gentlemen. We are commencing 32nd Annual general Meeting of the company. I am George Joseph, Chairman of the Board of Directors and Lead Independent Director of the company and joining this meeting from the register of the of the company at Bengaluru. It is 3:00 PM now and it gives me immense pleasure to extend you a very warm welcome to the 32nd Annual General meeting of Credit Access Limited which is being held through video conference in accordance with the applicable provisions of the Companies Act 2013. The rules made there under and the relevant circulars issued by Ministry of Corporate Office and SEBI from time to time. I hope you're all safe and in good health. I would now request my colleagues on the board as well as the key managerial personnel who have joined this meeting to join the roll call and introduce themselves. I request Paolo, Mr. Paolo Brichette, Vice Chairman and Non-Executive Director to start the roll call. You're not audible.

Moderator: Good morning, Sir. You are on mute, Sir. Kindly unmute yourself. And you can introduce,

George Joseph: Yeah.

Paolo Brichette: Good morning. I'm Paolo Brichette.

I'm calling and I received the old documents and listening at the call.

George Joseph: Miss Jessie Paul

Jessie Paul: Hello everyone. I'm Jessie Paul, Independent Director joining remotely from a residence in Singapore. I confirmed receipt of all the documents and I'm very happy to be part of the session.

George Joseph: Miss Rakha warriar. Mr. Sumit Kumar.

Moderator: Mr. Sumit Kumar has not joined the meetings. Thank you

George Joseph: Now I request Mr. Udaya Kumar.

Udaya Kumar: Hello. Good afternoon everyone. I'm Udaya Kumar. Managing director of the company, I'm joining from corporate office and confirmed having received all documents of this AGM. Thank you.

George Joseph: Sri Ganesh Narayanan.

Ganesh Narayan: Hello everyone. This is Ganesh Narayanan, CEO joining from Head Office. I

George Joseph: Mr. Balakrishna Kamath.

Balakrishna Kamath: Good afternoon everyone I am Balakrishna Kamath, CFO, joining from the Bangalore head office.

George Joseph: Shri Mahadev Prakash.

Mahadev Prakash: Good morning everyone. I am Mahadev Prakash, company secretary and chief compliance officer, joining the meeting from head office of the company - Bangalore.

George Joseph: I now acknowledge the presence of Mr. GK Subramaniam, partner of M/s. Deloitte, Haskins and Sells and Miss SeetaLakshmi, partner of M/s. PK & Sridhar and Santhanam LLP, the joint statutory auditors of the Company, who are attending the meeting through video conference. further, I also acknowledge the presence of Mr. K. P. Srinivas, partner representing M/s. Varma and Varma, the new joint statutory auditors who are proposed to be appointed in this AGM in the place of M/s. Deloitte Haskins and sells. Mr. M Damodaran representing Mrs. M. Damodaran and Associates LLP, the Secretarial auditors of the Company for year 2022- 23 and Mr. Rajeev Balakrishnan, the scrutinizer for the remote voting and E voting have also joined the meeting and I welcome them. Dear members, on behalf of the Board of Directors of the company, I want to thank you all for taking your valuable time to join this meeting today. We have this requisite quorum present through video conferencing to conduct the proceedings of this meeting and all the members attended this meeting through video conference are counted for the purpose of quorum and I therefore call this meeting to order. In accordance with the relevant circulars issued by the Ministry of Corporate Office and SEBI. the Company had sent notice of the 32nd AGM together with the annual report for 2022-23 through electronic mode only to those members whose e-mail addresses are registered with the depositories, registrar and transfer agent and therefore no physical copy of the annual report is sent to any shareholder. This time unless a specific request in this regard have been received by the Company as the notice has already been circulated to all members, I take the notice convening the meeting as read, now I request Mr. M. J. Mahadev Prakash, Company Secretary and Chief Compliance Officer, to provide general guideline to the members regarding participation in this meeting. Thank you.

M. J. Mahadev Prakash: Thank you Chairman. Dear members, you are requested to note that this 32nd Annual General Meeting of Shareholders of the Company is being held through video conference in accordance with the provisions of the Companies Act, 2013, the rules made there under and relevant circular issued by the Ministry of Corporate Affairs and SEBI from time to time. As the AGM is being held through video conference, the facility for appointment of proxies by the members is not applicable. Since E-voting process is being followed, there will be no voting by show of hand or physical voting either. The register of Directors and KMPs and their shareholding maintained under section 130 of the Companies Act, 2013 and the register of contracts or arrangements in which the directors are interested, maintained under section 189 of the Companies Act 2013, are available electronically for inspection by the members during

the AGM. All documents referred to the notice are also available for electronic inspection by the members without any fee. The Company has received requests from six members as speakers at this meeting whose names will be called out one by one during the Q&A session. To speed accordingly, the audience video of such speakers will be enabled by the moderator one by one once the chairman opens the floor for questions and answers.

Once speakers have raised their queries, the management will respond to the same, including the ordinary businesses. There are 10 agenda items listed for today's meeting which will be taken up in the order of preference as given in the notice of the AGM. Pursuant to the provisions of the Companies Act 201, rules made there under and the circulars issued by MCA as well as under SEBI Regulations, e- voting facility has been provided to all the shareholders of the company. The E-voting platform of KFin Technologies Limited, the Registrar & Share Transfer Agents of the Company. The remote E-voting has been completed yesterday i.e. Thursday, August 24, 2023 at 5:00 PM. Those members who have not cast their vote through remote E-voting facility has been provided for E-voting during this meeting. Members are requested to follow the instructions provided in the AGM of Notice for casting their votes after the resolutions are introduced. Mr. Rajeev Balakrishnan, Director of M/s Beyond Compliance Corporate Services Private Limited, has been appointed as the scrutinizer for the remote E-voting as well as for the E-voting process at this meeting, I now request the Chairman to deliver his speech and conduct further proceedings, Thank you.

George Joseph: Dear shareholders. Good afternoon once again and a very warm welcome to you all to the 32nd Annual Meeting, Annual General Meeting of our company. Our determination to rise above all odds and remain faithful to our core values have helped us entrance our leadership status in the microfinance industry.

The financial year 2022- 2023 has been an unprecedented year in our journey marked by several achievements and pioneering initiatives paving the way for future growth. We became the 1st NBFC MFI in the country to cross Rs. 20,000 crore portfolio mark which signifies the strength of our business model as we continue to grow bigger and bolder. I derive great pleasure in sharing with you that the merger between CreditAccess Grameen Limited and Madura Micro Finance Limited has been completed on 15th February 2023. This marks the successful culmination of one team, one dream propelling us into a strong collective force. Aligned with our vision, we closed financially at 2023 on a high note as we once again met our annual performance guidance. We recorded 26.7% year on year growth in gross loan portfolio to Rs. 21031 crores. We added over 12.3 lakh new customers during financial year 2023 with 88% customer retention resulting in 11.5% year on year growth in our customer base to 42.6 lacs. The company's overall market share improved to 6% as at the end of March 23 compared to 5.8%, a year ago.

We are conscious about the importance or the strong liability profile even our involvement in the field of responsible lending where we are touching the lives of millions of low income households. We raised \$35 million from US International Development Finance Corporation,

which is the US government's development financial institution. We undertook a successful public NCD Issue of Rs 500 crores in November 2022, the first of its kind in the microfinance industry, giving us an additional window to raise long term funds at the competitive rate. Further, our inherent ESG adherence and strong compliance standards helped us secure an ESG score of 14.8 which is from Sustainalytics and an ESG score of 45 i.e. 91 percentile in S&P Global Corporate Sustainability Assessment. Our ESG rating is far better than many leading BFSI companies in India and across the world. All these developments further strengthen our access to ESG linked funds from the global lending institutions. It is fulfilling to see that our hard work throughout the year was duly acknowledged and rewarded with the numerous accolades.

We are the only NBFC to feature in the top five or the Fortune India Next 500 companies. We bagged the prestigious breaking ground in WASH i.e. Water Sanitation, Hygiene financing award at the Inclusive Finance Summit 2022 and were also awarded for the impactful contribution financial inclusion segment by elites. We continue to be certified as a great place to work for the fourth time in a row and ranked among the top 100 companies in India. I would like to acknowledge the support by the government and the regulatory bodies in recognizing the role of microfinance and giving us more flexibility. I thank all our shareholders for their patient support and for backing throughout our journey. My heartfelt gratitude to our entire workforce, especially the valued frontline staff who have stood resolutely with us and helped nurture high growth interactions. Thank you very much. Now I request Mr. Udaya Kumar Hebbar, our Managing Director, to deliver his speech.

Udaya Kumar Hebbar: Thank you Chairman. Thank you for your kind words. Dear shareholders, It is a great pleasure to welcome you all to our 32nd Annual General Meeting. Your presence is a testimony to strong support and faith in our vision to be the preferred financial partner of low income households. I'm humbled to witness another successful year of all round performance reaching greater heights and setting new benchmarks in the microfinance industry. For constant endeavour is to keep interest rates to our customers one of the lowest in the industry. The business model based on the premise of suitable products, pricing and processes has rewarded us on numerous occasions and is a unique footnote in the competitive landscape. The loyalty factor in business is generated from the depth of customer relationships given that we interact with millions of customers largely on a weekly basis. As a strategy, we have driven the common DNA among our employees.

Over 90% of our field staff are freshers belonging to local communities and out of which, ~ 50 to 60% belong to customers' families ensuring strong customers connection and fair behaviour. It is evident from the fact that we have maintained a back in class cross cycle performance over last seven financial years with ROA of 3.3% and ROA of 3.5%. We are confident of delivering sustainable growth of 20 to 28% aiming to cross rupees 50,000 crores AUM over the coming five years from the current 21000 crores level. With the intention to follow the customer's journey by seeking opportunities and developing the right financial tools

has enabled us to launch retail finance products namely individual and secured loans, mortgage-backed secured business loans, new two-wheeler loans and gold loans. We shall soon be launching affordable housing loans in FY24. The initial signs of retail finance shows encouraging trends marching the next phase of our growth journey. This strategically fits under the real meeting the entire household needs and growing customer aspirations. On the non-credit side, innovations are taking place centered around payments, savings and micro insurance products which is a true deterrent to the micro finance model.

Going beyond the traditional trade delivery mechanism, we have successfully piloted hospital cash insurance and EPS best cash withdrawal services for our customers. All our efforts are directed towards providing customers with a blanket cover and democratizing access to capital for improved financial performance resulted in increasing confidence excluded by trade trading agencies, India Ratings and IKRA upgraded us from "A+" stable to "A-" stable, which is the highest standard on credit rating in the micro finance industry. Further, Crystal revised our outlook from stable to positive. Our quest for Community well-being focuses on balancing biggest parties along with social responsibilities to ensure responsive financing and trade protection. The aim to create a positive impact on local community is directed through our social arm CreditAccess India Foundation which focuses on areas of education, livelihood, health and rural public institution development spanning the value change. I would like to assure you that CreditAccess Grameen has all ingredients in place including quality management team, excellent operational controls, strong liability franchise and left betting class technology to effectively manage risks in achieving the stated growth targets. I see continuous support from all of our stakeholders and the Chairman of the board members, regulators, employees and our customers in taking great access gaming to newer heights. Thank you.

Goege Joseph: Thank you, Mr. Udaya Kumar. Now I request Mr. Ganesh Narayanan, CEO to proceed with his presentation.

Ganesh Narayanan: Very good afternoon to all of you. At the outset, I take this opportunity to welcome all our shareholders for the 32nd AGM. I also take this opportunity to thank our board, the management team, employees, lenders, regulators and all other stakeholders who have been instrumental in the growth of CA Grameen. As we step into our silver jubilee of operations, we're looking forward to consistent and responsible growth retaining our core values.

Today I'll be running you through a snapshot of a performance, our share price, performance as well as business outlook. From a gross loan portfolio perspective, the Company as of March stood at 21000 and 41 crores according to 31% CAGR growth from FY-19. The Company's customer base as of March '23 stood at Rs. 42.6 lakh. If you look at the network of the Company, today we have 1786 branches, 11,490 loan officers with the total employees of 16,759 as of March. The Company is present in 14 States and one Union territory. We are present in 352

districts with 1786 branches. Our top four states continue to remain Karnataka, Maharashtra, Tamil Nadu and Madhya Pradesh.

However, if you see the right hand side presentation, you will see that the contribution of newer states when it comes to branches, borrowers as well as loan portfolio is consistently increasing. From the last year, the contribution of branches in the new states have gone up to 36.2% from three 31.8%. With respect to borrowers, it is increased to 24.6% from 19.01% and from a loan portfolio it is increased to 19% from 14.4%, so a few other numbers which can be interesting for the forum. So our companies names stood at 11.6%, cost of borrowing at 9.4%. Our cost income ratio has been consistent stable at 35.6%. Opex to GLP ratio stood at 4.7%. Pre-provisioning operating profit increased by 39.8% to 1506 crores that increased the strong growth 134% compared to last financial year to 826 crores.

For FY23, our RoA stood at 4.2 and RoE at 18%. Capital adequacy has been always strong about 20% and currently at 23.6%. Total equity stands at Rs. 5107 crores with a debt equity ratio of 3.2.

Gross NPA once again is an industry best at 1.21% which is at 60 days GPD and for 90 days we are at 96%. Net NPS to debt 4%, you know top total of 587 crores during the last year. We have provisioning of 1.78%. The branch count as they said stands at 1786. Total employee strength of 16,000 move forward from P&L statement, If you see the Net Interest Income for the last year increased by 35% to 2234 crore, the profit after tax increased by 134% to 826 crores.

The portfolio yield increased from 18.3% to 18.9%. Cost of borrowing has been stable, with a mere 10 bits increase from the last year's cost of borrowing. From a balance sheet perspective, the Company's balance sheet grew by 25% with the total asset size of 21,858 crores as of March 23. The total equity stands at 5107 crores. So, the Company also has been consistently delivering results in spite of multiple events. If you see the last seven years, the Company has been able to get a cross-cycle RoA of 3.3%, cross-cycle RoE of 13.5% in spite of COVID. From a liability perspective, the Company continues to focus its strategy to diversify. As of March, '23, we will see that the bank borrowings total to around 60.4%, foreign borrowings at 14%. As the Chairman indicated, we also raised our first Public NCD Issue last year.

So, broadly the strategy will be to, diversify our liability in different possible avenues including banks, financial institutions, development financial institutions by way of securitization as well as raising money through ESG routes and other foreign warrants. If you look at the liability mix, around 67% is long term, 22.8% in medium term and short term is only at 9.4%. Cost of borrowing, weighted average cost of borrowing stood at 9.5% in Q4 FY23 and stands at 9.4% when it comes to marginal cost of borrowing. The Company also had significant mobilization of foreign funds. During FY23, USD 245,000,000 were raised by way of foreign funds. . We raised funds from Blue Orchard, from IFC, from HSBC, from FMO Netherlands, from OEB Austria as well as from DFC from the United States of America. we also completed our maiden Public Issue of 500 crores in November 2022.

It was overwhelming to see the response. It was oversubscribed by more than three times. It was oversubscribed in all categories including institutional, non-institutional, HNI and retail. Last year, like both the Chairman and the MD indicated, we had a very historic year. We were able to accomplish significant achievements. The credit rating was upgraded by India Ratings to AA minus. During the first quarter, we were awarded the gold level in Client Protection Principal Certifications during Q2.

Our credit rating was changed to positive by Crisil in October. We raised \$35 million from DFC. in November, as we said, launched our first public issue with Rs. 500 crore with great response. During February, we were able to achieve ESG ratings from SNP. We completed the legal merger with Madura Microfinance and during March our rating from ICRA was upgraded to AA minus. We were the first MFI to cross the 20,000 mark in portfolio. We featured in top five fortunate their next 500 list and we also obtained the ESG rating from Sustain Analytics. From the awards and recognition, we were acknowledged for a contribution to WASH financing through Inclusive Finance Summit in 2022.

For our contribution in 2022. We also got us award from Elects for our contribution in financial inclusion. We had received technology acknowledgement through The Indian Express Group. We were awarded the best in enterprise mobility and data centre. We also got certificate of merit for integrated reporting from 26th Asian Federation in accounts move forward. Yeah, we briefly look at our share price performance during the last year, So the Company's stock outperformed both indices during the financial year 22-23 and you can see that the stock prices remained firm during financial year 2023.

However, post our financial results, the Company's stock has performed really well and has significantly increased during Q1. From a shareholding perspective, the Promoter Group as of March held 73.68%, FPI's held 9.67%, Mutual funds, AIF and Insurance held 12.28% and others held 4.37%. Our top ten institutional investors as of March are Mutual fund, government Pension fund, Global ICICI pro-life, Nippon Mutual Fund, PGIM India Mutual Fund, SBI Mutual Fund, T Rowe Price, Tata, AIA Life insurance, UTI Mutual fund as well as Vanguard. Brief business outlook what we are looking at for this year and also certain details about you know how what makes CreditAccess very different. If you see our key differentiators, one is our unique business model resulting in very high customer and employee loyalty. We also have a very strong parentage CreditAccess India BV. We continuously invest in technology enhancement which helps us drive efficiency and scalability. Our risk management is integrated in every operating processes. We have very seasoned and experienced senior management team.

We have a strong internal audit and control framework and we have continuous access to growth capital backed by a strong stakeholder conference. I think we are well positioned like Udaya said to take on further growth of this company into a much larger you know size and quality as we move forward. So in the microfinance industry CreditAccess Grameen is one of the is able to today offer one of the lowest interest rates to our customers. We are able to achieve this today because of various factors including low cost of borrowing. If you see we are

150 to 200 bps below competition. We have been able to maintain our efficiency and hence a very low operating cost, 100 to 200 bps of difference. You are able to see in our operating cost as well as very good numbers when it comes to recovery and hence a very low credit cost. So you will see that our recoveries are better, our credit cost is better by 50 to 100 bps and it is much below competition.

And if you look at the lending rate today, we are at least anywhere between 200 to 400 bps below our competition. So, this results in high customer loyalty and retention cost. Thank you. And if you look at the regulatory environment in the recent past, with a change in regulations, it is made a very uniform playing field for MFI players as well including credit access. So this takes care of a higher customer protection as well as consistent practices across different players who are addressing the microfinance segment. And you know, today we also have a high title leverage when it comes to customer leverage. We are able to exercise tighter control because of the regulation. So that means if a customer's income is ₹100, the maximum that they can do repayment just for ₹50, giving them sufficient income to take care of their expenses as well as savings.

The change in regulation has also brought in pricing flexibility, which was a deterrent for the industry during COVID times. So, this will ensure that the shareholders get a higher cross cycle profitability from the NBFC MFI sector and the regulatory cap now has increased from 15% to 25% when it comes to non microfinance business that encourages the Company to build a diversified portfolio base thereby able to create both secured and unsecured book as we move forward. So for the current financial year, the Company is building a gross loan portfolio growth of 24 to 25%, net interest margin of 12 to 12.2%, cost income ratio in the range of 35 to 36%, credit cost is expected at 1.6 to 1.8%, return on asset at 4.7 to 4.9% with return on equity at 20 to 21%. So this is our guidance for the current financial year. So The vision of CreditAccess is to become the preferred financial partner of Indian households you know in the bottom of the pyramid enhance all our products. All our strategies are towards ensuring that we just don't offer lending products to customers and build a structure wherein we are able to think beyond credit and offer all solutions that are required for the customer segment. when it comes to financial services. Again, if you see the regulatory rule with the increase of 25%, it gives you an opportunity to invest and build a diversified loan book.

And hence we have already started our retail finance journey and select products which has come out really well and we are looking forward to a good performance there as we move forward. And for the retail finance, because we already started a retail finance really quite some time back, most of the investments are already in place where it comes to technology branches. We have a separate workforce. So everything is there and now you have an opportunity to increase the type of loans that you could source which will complement our growth. Over the next four or five years, the Company is looking at 20 to 25% CAGR and is looking to achieve GLP in the range of 50,000 crore plus comprising of multiple loan products including microfinance and non microfinance. From an asset strategy perspective, the microfinance book

is expected to be in the range of 85 to 90%, non microfinance around 10 to 15% of the book with 60 to 65% of this being secured. From branch growth perspective, the branches should be able to grow at 8 to 10% levels and customers at 10 to 15% level resulting in a gross loan portfolio 20 to 25% from a liability strategy, As I said earlier, it is to diversify across domestic and foreign sources.

We will diversify across institutional as well as retail sources and we'll continue to work on strengthening our credit ratings more internationally, domestically as well as ESG ratings. From a people strategy perspective, we have separate human force for both MFI and retail finance. We are working on leveraging our existing employee base. We have a very large employee base when it comes to microfinance. We have presence like I said in over 350 districts covering thousands of villages. So we're trying to leverage our current customer base as well as employee base and be quite successful in our retail financial and we are working on talent acquisition strategies, capacity building on a continuous basis. People management, retention, development and upskilling is a continuous exercise from our side. We also invested heavily on data.

We created data team. We are working on improving what we could do with existing data from our customers as well as capture data that is required for us to take our journey forward. So, we are working on customer profiling to ensure targeting for effective sale as well as processing. We are working on data automation, visualization, dashboards for better auditioning. You know through this investment we are able to do business forecasting better as well as implement better risk model techniques. From a technology perspective, we are working on building an in house development team. We are looking at scaling up technology to support our scale as well as availability at ground. We are a very rural player, so more than 12,000 employees access our systems continuously and hence we need to invest to take care of the load as well as the speed, reach, etc.

We are working on ensuring agility. We are working on integrating with external vendors to ensure we are able to go faster with the market. We are also continuously working on the process of automation and transformation. That's all from me. Thank you. Thank you all the shareholders once again for your continuous support and belief in us.

George Joseph: Thank you Mr. Ganesh for your very elaborate and informative presentation.

Now we will move to the next session the resolutions taken up for the consideration and approval. The following agenda items are taken up for approval or the members in the below order in which it is being read out.

1. Adoption of the financial statements for the financial year ended 31st March 2023, and the reports of the Board of Directors and the auditors there on as an ordinary Resolution.
2. Appointment of Mr. Masimo Vita, (DIN 07863194) as a Director liable to retire by rotation, as an ordinary resolution.

3. Appointment of M/s. Varma and Varma, one of the joint statutory auditors of the Company for a period of three years, as an ordinary resolution.
4. Approval to increase the payment or Commission to the independent Directors, as a Special resolution.
5. Approval for increase in the existing borrowing limits of the Company, as a Special resolution.
6. Continuation of Directorship of Mr. George Joseph (DIN 00253754), Chairman of Board and Lead Independent Director, beyond his 75 years of age as a Special Resolution.
7. Re-designation of Mr. Udaya Kumar Hebbar (DIN 07235226) as Managing Director of the Company, as an Ordinary resolution.
8. Appointment of Mr. Ganesh Narayanan as Chief-Executive Officer of the Company, as an ordinary resolution.
9. Approval of amendments to CAGL Employee Stock Option Plan – 2011, as a Special resolution and;
10. Approval of amendments to the Articles of Association of the Company, as a Special resolution.

Next session is the session of our shareholders' interaction and queries. I now open the floor for the shareholders to speak and I request KFin team to enable the speakers one by one. Please mention the speakers kindly note please mention your name, folio number or Demat account number and the location from where you have joined. In the interest of time and for the smooth conduct of the meeting, please keep your observations and questions brief and to the point and not to exceed the time limit of three minutes allocated to each speaker. All the questions will be responded by the management. Now I hand over to the KFin Team moderator. Please take over.

Moderator: Thank you, Sir. I request the first speaker, shareholder Mr. Santosh Kumar Saraf to unmute yourself switch on your camera and ask your question Sir. Thank you.

Santosh Kumar saraf: Hello.

Moderator: Yes Sir, we can hear you Just a minute.

Santosh Kumar saraf: I start my video because your system very tough to share. Just a minute.

George Joseph: sure

Santosh Kumar saraf: ok Just a minute. Hello.

Moderator: Yes, Sir.

Santosh Kumar saraf: Hello.

Moderator: Yes sir

Santosh Kumar saraf: आ रहा है मेरा पिक्चर आ रहा है ना।

George Joseph: Yes, Sir. We can see you Sir. Thank you. You can ask your questions.

Santosh Kumar saraf: OK. OK, Sir मैं हिंदी में बोलता हूं श्रीमान अध्यक्ष जी सर हिंदी में बोलो कोई तकलीफ नहीं है ना आपको?

George Joseph: नहीं नहीं नहीं आप बोलिए।

Santosh Kumar saraf: श्रीमान सभापति की उपस्थिति निदेशक मंडल के सदस्य गण अधिकारी गण और कर्मचारी गण में संतोष कुमार सराफ कोलकाता से आप सभी को नमस्कार करता हूं आपने सर अपनी speech में काफी कुछ कहा, नहीं सबसे पहले मैं उन कर्मचारियों भाई बहनों जो करीब 16000 कर्मचारी है जो हमारे लिए field में काम करते हैं और बाहर काम करते हैं उनका मैं आभार प्रकट करता हूं जिनकी कड़ी मेहनत के कारण हमारी company दिन प्रतिदिन आगे बढ़ रही है और मैं भगवान से प्रार्थना करता हूं कि आप इसी तरीके से काम करिए जिससे हमारी कंपनी आगे बढ़ती रहेगी और एक दिन आप हमें dividend जरूर देंगे सर, सर मैंने आपकी balance sheet देखी है थोड़ी बहुत उसमें एक चीज उसने अपने 25 लिखा है आपने 25 years of excellence women empowerment, तो सर आपने यह जो women empowerment लिखा है यह चीज match नहीं खाता है क्योंकि आपके total employee करीबन 16000 है उसके बाद में सिर्फ 1970 female employee है जो 11.4% आता है सर तो सर यह women empowerment मैं नहीं आया है सर women empowerment तब कहते हैं जबकि करीबन 30 40% women को आपने काम दिया हो तब तो लगे की women empowerment के लिए आप काफी अच्छा काम कर रहे हैं लेकिन female director अपने 25 percent रखे हैं लेकिन employee 25 percent भी नहीं है तो इसका विचार कीजिए और future हमें जो आपका women empowerment का जो शब्द है यह full तरीके से लागू हो सर और दूसरा सर आप dividend नहीं दे रहे हो सर इस साल भी आपको ₹52 पर share का income हुआ है सर तो आप कब तक dividend देंगे इसके बारे में बताइए सर क्योंकि हम जो है वह dividend के ऊपर depend करते हैं जो senior citizen है सर एक insider trading रोकने के लिए आप क्या कदम उठा रहे हैं यह बताइएगा अपने यहां पर insider trading काफी होती है और इसमें government ने भी कुछ खड़े नियम किए हैं और equity और debt का ratio क्या है debt ration इसका भी figure हमको दीजिए कि equity का debt कितना है सर और ज्यादा में समय नहीं लूंगा सर company अच्छी perform कर रही है और company अच्छा result दे रही है और मैं secretary को भी धन्यवाद दूंगा Madhav जी को काफी अच्छे हैं सर और काफी अच्छा relation वह रखते हैं तो उनका भी आशीर्वाद दूंगा और उनका भी आभार प्रकट करूंगा और सर में moderator का भी आभार प्रकट करूंगा karvy वाले का काफी अच्छा काम करते हैं और संपर्क में भी रहते हैं और अच्छे रहते हैं last में यही कहूंगा कि सर अभी VC meeting continues रखिए क्योंकि physical meeting करें तो बेंगलुरु में जाकर के meeting करना possible नहीं होगा अच्छा आपसे एक request है कि अभी VC meeting अगर आप physical meeting रखते भी है तो उसके अंदर एक VC का option रखिए जिससे कि क्या है जो बाहर वाले जो shareholder है आपकी meeting attend कर सके और अपने कर्मचारियों के पति जो अच्छा काम कर रहे हैं आभार प्रकट कर सके और अगर आप physical meeting रखते हैं तो उसके साथ में एक VC का option रखिए की share holder physical आपके साथ VC में join कर सकेंगे और जो direct physical नहीं आ सकते हैं वह अपने जहां पर भी है वहां से join कर सकेंगे कर ज्यादा समय न लेते हुए आप जितने भी directors और जितने भी अधिकारी और जितने भी कर्मचारी गण आज video conference के through present है उनका आने वाले 2023 24 की शुभकामनाएं देता हूं और भगवान से प्रार्थना करता हूं कि financial year 2023 हमारी company के लिए और जितने भी हैं उनके लिए healthy , wealthy, prosperity

and safety के साथ व्यतीत हो और मैं moderator को भी धन्यवाद देता हूं काफी अच्छी service देने के लिए जय हिंद जय भारत समय देने के साथ dividend पर जरूर विचार कीजिए का और female empowerment पर भी जरूरी विचार कीजिएगा। नमस्कार।

Moderator: Thank you sir. Now I request the next speaker shareholder, Mr. Praveen Kumar to kindly unmute yourself. Switch on your camera and ask your question Sir.

Praveen Kumar: Hello, I'm audible Sir.

Moderator: Yes, Sir! you are audible.

Praveen Kumar: Thank you very good afternoon to my respected chairperson. Respected MD, esteemed Board of directors, I am Praveen Kumar joining this meeting from New Delhi. I have few observations which I love to share with you all. Before that, I love to congratulate you respective Chairperson, the entire team, the professional team and 60,000 strong human capital silver Jubilee year. I mean, this is the proud movement for all of us because you prove yourself, your dedication, your devotion to take this strong human capital to spread our business across boundaries of India.

Sir, excellent speech. You cover almost everything to it and it is very, very informative for a retail investor like me. I love to thank you, our MD and our CEO with all the presentation, with all the dignity. I mean, it's truly fantabulous. The first class rating company of ours. I'm shareholder of company since IPO, the original shared of the company and so I'm very, very thankful to be part of such a legacy. I truly salute your investor friendly approach and the management is very, very focused, very, very clear, very, very ethncial to run our company. So it is a very, very proud moment for me and I hope all the shareholders will agree on this.

Sir, I supported all the resolutions which you set up in the Notice today. And Sir there are few suggestions which I love to update you, I due respect to my earlier speaker about the woman induction into the company because Sir if you see the broader picture of it PR into micro lending business, right. And Sir trust me that was the bottom of pyramid. I mean our revenue model, I mean it's very, very rare if you see in the listed space. There are very few company who are so respected than our company is doing and trust me if a listed company is having profit so they have to allocate 2% profit to help in CSR activity. But our main business is that. I mean that's truly wonderful, Sir. We are running a business, no doubt about it. But at the same time, we are doing the greatest CSR on the history of India, Sir, because we lent the needy people at a very, very nominal cost.

I mean that's truly uplifting the Society of India building India, I think you will be awarded the highest civilian award by a respected PM for doing so. And my best wishes with you and the entire team for bringing such an excellent idea and implement that idea to the team Sir. one more thing which I love to add here is I love to thank our marketing team, our CFO, respected CFO for designing the total layout of our annual report in such a way. It's truly, truly a wonderful idea. I requested our respected CS to send me the annual report and which it will be sent to me

and tracked by our respected CS Mr. Mahadev Prakash. So I retained that copy with me because that is the wonderful piece which have all the details in a very, very easy to understand manner for a retail investor like me. So I'm very, very thankful for the entire process, Sir.

One more thing, the entire management team is doing a fantabulous job. Everything is excellent, Sir. As far as the dividend is concerned, Sir, if you take that into account, I think after dividend tax policy, I think we will skip that because we have to spread our wing across India and help the needy to make sure they will stand on their feet and run their house. And the profit we are generating that will be reflected in the share price. You will see our share prices trading at a very, very 52 week high. So I'm very, very thankful to that. That's truly my suggestion. And one more thing which is very, very important for a retail investor. One more compliment which I love to add here is it will be awarded the great place to work that truly show you have tremendous respect for each and every employee of our company respected Chairperson, and sir one more thing which is I think every retail investor agree with me. The litmus test of a company is very decided. No matter how great work you are doing, the communication between shareholder and the company for me the face of the company is respected Mahadev Prakash Ji and he is a thorough, professional, thorough gentleman and for queries raised during COVID time also was promptly replied. So I'm very very thankful. He is the biggest asset we have as per as the communication with the shareholder. Sir, I request you after the closing of the meeting just **इन्की पीठ थपथपाइयेगा** so that he will continue this momentum, the work in the future. Also **बाकी**, I just pray to the God he will bless you for doing such a marvellous job.

You will continue to in the future. And I'm very, very lucky to be part of such a legacy. Thank you, Sir. And thank you for this opportunity to share my views and express my feelings since IPO. Thank you, Sir. Thank you very much.

Moderator: Thank you. Thank you very much, Sir. Now I request the next speaker shareholder Mr. Srikanth Jhavar kindly unmute switch on your camera and speak. Sir Mr. Srikanth Jawar. It seems Mr. Srikanth Jawar has not done the audio test sir that's why he's unable to speak during the AGM. Now we will move on the next speaker shareholder Celestine Elizabeth Mascarenes, even she has not done the audio test and hence she is not able to speak. Now I request the next speaker shareholder, earlier speaker aloise peeter Mascarenes, has not joined the meeting sir. I request the next speaker shareholder Mr. Bharat Shah even Bharat Shah has also not joined the meeting sir. With this question and answer session over sir, and hand it over to the chairman thank you.

Goerge Joseph: Thank you very much to the shareholder speakers, thank you for the compliments, we have received many queries now I request Mr. Udaya Kumar Hebbar the managing director to respond to the queries and provide relevant clarifications.

Udaya Kumar hebber: Thank you sir, thank you Santosh Kumar ji, thank you Praveen Kumar ji, thank you for your kind words. It really humbles us with the kind of appreciation what you gave to our management as well as particularly to a company secretary.

Definitely, he will continue to take care of this kind of you know, high level of communication and commitment. OK. So, so I will come back to the question of Santosh Kumar ji about the women empowerment. When we say 25 years of women empowerment, it is for our customer. We have 100% customers are women and we support them to build their livelihood, build their witness, support them in making their house and improving their family. So that is why we call it as woman empowerment differently and this also you know gives us pleasure that we are we are working at the bottom of pyramid and with the woman in this country. So therefore, it is important that what we creating is a human empowerment at the bottom of pyramid. Your question about gender equity, definitely we consider this.

If you look at our balance sheet and then the documents which has lot of data about the Sustainability, gender equality and ESG where you can see that in one single year we moved from 7.5% to 11.4% to women employees in our company. So, in this particular business, which is very hard working at the ground, in the rural travelling 50-60 kilometres every day, there is little difficulty for the woman to attend this regularly. But there are many states wherein almost 40% of our employees are women. In few States lesser. But definitely, we have a challenge and target to improve this and support more women coming into our employment system and then we will definitely expand our gender diversity. So, about dividend and we always believed that you know we reinvest and build value for you and maybe at some point of time we will decide about dividend, but priority is to reinvest and expand our business as much as possible and in a way create value for all our shareholders. We continue to do, but definitely Board will rethink whenever appropriate about the dividend. On insider trading, we have very strong rules in controlling the same. Every transaction happens with the approval of of compliance officer, wherever required. So having shareholders within the company as employees is very important and its also important to allow them to buy or sell when they want to want to realize their remuneration.

A part of remuneration has come from ESOPs, therefore we have to allow but there's a very strong control in terms of insider trading and it is only when the window is open, it will happen. In the closed window, we never allow that transaction to happen. Debt - equity ratio is another question. We are very low with about 3.2% currently and it is one of the best in terms of microfinance company and we have very healthy capital of close to 23-24%. And I think these are the questions and otherwise more of appreciation and kind words. We are very thankful for your kind words and we again commit ourselves to grow this company and then take this to next level. Thank you so much.

Goerge Joseph: Physical meeting.

Uday Kumar Hebbar: Currently, we are doing only VC meeting. If we are doing physical meeting we will explore to allow people to join through VC. So we'll look at this also as an option. Sir. Thank you so much.

Goerge Joseph: OK. I think we can. Yeah. We have time. Yeah moderator you can include the another speaker or join just now.

Moderator: Yes. I request Celestin. Elizabeth. So kindly unlock, unmute yourself. Unlock your camera and you can speak.

Celestine Elizabeth Mascarenes: Hello. Am I audible?

Goerge Joseph: Yeah.

Moderator: yes, you're audible.

Celestine Elizabeth Mascarenes: First one, the mic only didn't appear. OK now I go ahead. Respected Chairman, George Joseph, Vice Chairman, Paulo, Madam OC Paul, other members of the board. I am Mrs. C.E. Mascarenes. I'm speaking from Mumbai. First, I thank the company secretary Mr. MJ Mahadev Prakash and his team for sending me an e- annual report and also registering me as a speaker. And also big thank you to K Fintech platform. Our annual report is so good, we see all happy women. It looks so nice to see there are lot of facts and figures, self-explanatory, adhering to all the norms of the corporate governance. Good working income app. A good CAR 23.56, good credit rating from the various agencies, Very good. Its a treat to read this annual report because it contains most of financial inclusions which is so important because we have lots of have nodes then we haves. Now I come I congratulate for all the awards and accolades received during the year. Keep it up. Also there is a good CSR work. Now I come to my queries where as I was going through the annual report the ESG is given as 14.5. My question is here which is the rating agency which has given this 14.5 and I understand it is listed on SMP Global. Any local listing? Is there dedicated ESG platform? We are the highest 20,000 crore AUM first in the country. I am very proud of this. This is what is women empowerment. So my question is total loans disbursement is 4.88 million. I would like to know what is the ticket size of each loan and the average rate of interest. Next one is what is the percentage of gold loan to the total loans? Because women always have gold and the first money lender they go with the gold. Total number of employees' average age, What is the percentage of women and physically challenged among them, mostly freshers are taken how the training is delivered. this is my suggestion Sir. We must teach the women folk how to maintain, how to manage the cash flow and liquidity because then they will become self-sufficient. With this, I support all the resolutions. I wish my company all the best because this is the One Financial inclusion which I am very proud of. Thank you very much. We may not get dividend, but we will get blessings from this. Thanks. Thanks a lot.

Goerge Joseph: Thank you. Thank you.

Moderator: Thank you, Madam. Now. Yeah, thank you. Now I request the next speaker, shareholder Mr. Srikanth Jawar, kindly unmute yourself, switch on your camera and ask your question.

Srikanth Jawar: Sir. मेरा आवाज आ रहा है सर ?

Goerge Joseph: आ रहा है। आ रहा है

Srikanth Jawar: Respected chairman, all board of directors को मेरा धन्यवाद जो मुझे second time बोलने का मौका दिया है इसी तरह video conference meeting में हैदराबाद से बात कर रहा हूं सर कोई भी share holder director attend कर सकता है सर मेरा First question how many branches are opened in a rural area last year and in financial how many branches are opened or first or Sir? अपना Q1 result बहुत अच्छा Blockbuster result आया उसके लिए भी बहुत-बहुत धन्यवाद। Sir in resolution we are passing a borrowing of increasing borrowing of how much amount 30,000 crores. So please बताए. Also in your presentation you have showed that in India maybe all our branches are open why not in Andhra and Telangana. Please mention Sir उसके लिए थोड़ा बताएं कि Andhra Telangana बहुत सारी बाहर की company business expands कर रही है तो उसके बारे में थोड़ा बताइए सर यह अपना credit access काहे को अपना branch open नहीं हुआ है इसके बारे में थोड़ा बताइए सर और सर अपना शेयर price last year से अच्छा 52 high पे तो stock split करने का अगर सोच तो क्या उसमें liquidity बढ़ेगी कर और new funds आएंगे और आपने अपनी presentations बताया था mutual funds वालो का a big mutual fund interest है, तो हमारे छोटे investor का भी बहुत अच्छा रहेगा सर और मैं secretarial department को धन्यवाद देता हूं जिन्होंने मुझे time से link भेजा था प्रकाश सर को भी बहुत-बहुत धन्यवाद बीच में मेरे को एक query था तो उसका response दिया और आते समय पूरे दशहरे और दीपावली की शुभकामनाएं सर और गणेश चतुर्थी के लिए भी शुभकामनाएं सर thank you और इसी तरह video conference meeting रखिए सर thank you thank you for karvy people.

Goerge Joseph: Thank you

Moderator: Thank you Sir. With this we have requested all the speaker shareholders Sir except Mr. Bharat who has not joined the meeting.

I'll hand it over back to the Chairman. Sir thank you.

Goerge Joseph: Now i once again request our Managing director to respond to the new queries.

Udaya Kumar Hebbar: Thank you. Thank you, Elizabeth Ji and Shrikant Jahwar ji Thank you. Thank you so much. So I think some of the questions I will respond, maybe one of that gold loans, I will ask Ganesh to respond.

They know women employees, we have about 11.4% crore to 1900 today. ESG rating is from Sustainalytics, it is 14.5 rating which means it is the lowest risk actually in the terms of ESG risk. I think it is one of the good rating, but we will definitely keep continuing there. Actually in India currently, there are not many rating agencies. Probably we will look at later as we move forward, we will look at it and on the and one of the thing you asked is about.

Goerge Joseph: ticket size.

Udaya Kumar Hebbar: ticket size. So average loan ticket size of our GLP per customer is about 49,000, all the women definitely yes, but all average 49,001 and about.

Goerge Joseph: ROE

Udaya Kumar Hebbar: RoE is about 4.7 to 4.9 is for prediction and what for last year we did about 4.2%, but yeah this year we are expecting 4.7 to 4.9% ROA, which is definitely good one. And some other question about the rural branches, you know we opened about 175 branches last year. Out of which, 80% are in the rural.

And then in AP, Telangana there was a regulation that micro finance branches are not supposed to operate since 2010-11. But in this March 2023, the court has vacated that particular rule and allowed microfinance to operate in AP, Telangana. So accordingly, this year we will expand to AP, Telangana also slowly district because we will normally operate on a contiguous district basis. Then we are going to start some businesses in the AP, Telangana and slowly we will grow there. And on the stock split, we will look at it as at an appropriate time. We do agree that this is one of the ways to increase the growth but there are many other ways but we will look at little point of time. So I think largely I covered.

Goerge Joseph: Average Age.

Udaya Kumar Hebbar: Average age of our employees is 26 years and largely our employees in field are between 19 and 22 years. So the entire company's age is 26.

George Joseph: And also there was a question about freshers' training what we give them.

Udaya Kumar Hebbar: Yeah. So when you recruit freshers, we normally recruit from our customer base as well as from rural and we do train them for three weeks before even we recruit them as an employee because we want them to understand this work, the way of doing business, everything and they align with our work. Therefore, we do that training at our cost. Then we will recruit them based on their acceptance of this kind of work. Therefore, we give sufficient time for them to understand this work and align with this work. Therefore, we are able to manage our businesses better.

We always have 7 to 800 employees are available in training to join us and continue with us therefore and then majority of them are XII Standard or graduated. So they are all fresh employees. You only recruit freshers and train them and then make them employees and give them a career opportunity in this company. There's is one question about gold loan. I think requested before.

George Joseph: training to the women flock about cash flow financial.

Udaya Kumar Hebbar: So that's one more activity what we do. We have a program called Jagruti. Jagruti means awareness where we actually train our customers, particularly all our customers are women. We train them on financial literacy, we train them on digital literacy and

we communicate them by letters, by videos, by audio messaging about the health, nutrition for their family, their environment, their, you know, their kids.

So, many things. We train as a part of our education. It's called customer awareness program. We continue to do if you have a YouTube channel works only on this to educate our clients to enable them to handle better in their life. So I think this another good program we are working to create awareness among our customers.

Goerge Joseph: goal loan.

Ganesh Narayanan: currently the company is doing a pilot in around 13 branches. Basis the outcome of the pilot, by end of this financial year, the company will look at scaling up into further branches.

We understand that gold is something very close to our customer segment and a lot of our customers have already borrowed through gold loan. However, given that we are a microfinance company, this is highly process driven business. You need a lot of control structures to be built. You need to be extremely close to the customer to ensure that they have the good service that is available from this. Currently this is in pilot mode and as we progress in the pilot, we will update the shareholders on this project and it's new. Yeah.

Ganesh Narayanan: just one more, I think we missed this about borrowing limit.

Goerge Joseph: Yeah,

Ganesh Narayanan: So in this business is one of the driven by borrowing also you know capital is 20-24% balance is borrowing. So currently our borrowing is about 84 crores.

So, for the next year requirement as we know the business beyond 20 to 23 crores, we need to increase the borrowing also. Therefore, we wanted to increase the limits from 20,000 to 30,000 crores in this shareholders meeting, in order to support our expansion going forward.

Goerge Joseph: So we are at the end of for the Q&A session. Once again thank all our shareholders for the compliments and the valuable suggestions placed before us. Thank you very much. Now regarding the voting, the shareholders who have not cast their out through remote E - voting can now vote on all agenda items specified in the AGM notice for which Insta poll facility will be kept open for 15 minutes from the end of this meeting. Within the stipulated timelines, the combined results of Remote E-voting and Insta poll along with the scrutinizes report will be communicated to the stock exchanges and placed in the website of the company. With this, we have concluded all business items of the meeting.

We conclude the 32nd Annual journal meeting of the company. Thank you all.

Moderator : E-voting is already live, Sir. We are just presenting the timer.