

Transcript of the 17th (Seventeen) Annual General Meeting (“Meeting/ AGM”) of Aditya Birla Capital Limited held on Friday, 16th August 2024 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 12:04 p.m. (IST)

Mr. Kumar Mangalam Birla, Chairman:

Good Morning Ladies and Gentlemen. It is my pleasure to welcome you to the 17th 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 also the 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.

I would also like to welcome 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 all 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.

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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 2024 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, 13th August 2024 from 9.00 a.m. (IST) and ended on Thursday, 15th August 2024 at 5.00 p.m. (IST).

Those members who have 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, however they will not be able to cast their 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 2024 and the Reports of the Board and Auditors thereon;

Item No. 2 relates to re-appointment of Mr. Romesh Sobti (DIN: 00031034), as a Director liable to retire by rotation.

Item No. 3 relates to the appointment of M.M. Nissim & Co LLP, Chartered Accountants as Statutory Auditors of the Company for a term of 3 consecutive years from the conclusion of this AGM.

Item No. 4 relates to continuation of directorship of Mr. Romesh Sobti (DIN: 00031034) as a Non-Executive (Nominee) Non-Independent Director of the Company pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations).

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Necessary explanations are provided in the Explanatory Statement forming part of the AGM Notice.

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

The Aditya Birla Group's foundational philosophy is based on the belief that business has the potential to be a force for good. This philosophy has guided us across generations, businesses, and market cycles. Being a force for good entails a multifaceted approach that is visible in our interactions with our customers, in the way we empower and invest in our employees, in our commitment to fostering long-term partnerships with our partners, and in how we create sustainable value for our investors. Each of these relationships is grounded in mutual respect, transparency, and a shared vision for enduring success. This is part of our DNA. And this way of doing business is the common thread that binds all our group companies, including Aditya Birla Capital.

Let me now elaborate on your Company's performance in FY 24:

Your Company, Aditya Birla Capital Limited, is a key player in the non-banking financial space with a comprehensive range of offerings across loans, investments, insurance, and payments that fulfil the complete financial needs and aspirations of customers across their lifecycle.

Over the years, your Company has scaled smartly to emerge as a key growth engine for the Aditya Birla Group. Its strategic approach of 'One ABC, One P&L', built on the three pillars of 'One Customer, One Experience and One Team' has helped it to scale up operations, strengthen presence, and emerge as a leading financial services conglomerate with an AUM of over Rs 4.6 Lakh Crore.

FY23-24 was a landmark year for your Company. It successfully delivered on its business transformation journey and built a steady growth momentum across businesses with emphasis on prudent risk management, return of capital and development of an omni-channel architecture for distribution.

Your Company remained focused on leveraging data, digital and technology to strengthen its platform capabilities, accelerate innovation in product offerings and deliver superior experience to customers across channels of their choice.

I am pleased to share that Aditya Birla Capital delivered robust performance across its business segments in FY24.

- The consolidated revenue grew by 30% year-on-year to Rs 39,050 Crore and consolidated profit after tax grew by 41% year-on-year to Rs 2,902 Crore, which is the highest ever consolidated profit.
- Our NBFC business achieved a significant milestone with its AUM crossing Rs 1 Lakh Crore and a year-on-year growth of 31%, consistent across quarters. Profit before tax grew by 43% year-on-year to Rs 2,987 Crore.
- Our housing finance business follows a blended approach by assessing the higher overall market size compared to the niche segment. This resulted in an accelerated growth in disbursements at 59% and an AUM growth of 33% year-on-year.

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- Our mutual fund average AUM grew by 12% year-on-year to Rs 3.13 Lakh Crore with Profit before tax growing at 27% year-on-year to Rs 1,008 Crore.
- Our health insurance business is one of the fastest-growing standalone health insurance players, driven by a unique 'health-first' model. Gross premium grew 36% year-on-year to Rs 3,701 Crore.
- The Individual FYP in our Life Insurance business grew by 2% year-on-year to Rs 3,074 Crore, led by growth in direct business and new bancassurance partners.

Omni-Channel Architecture

At Aditya Birla Capital, we follow an omnichannel architecture for distribution to provide complete flexibility to our customers in their channel of interaction. In terms of our offline footprint, we continued to expand our branch network to capture white spaces across customer segments. The overall branch count increased by 179 in FY24 and stood at 1,474 branches across businesses, as of March-end. Our co-located branches also increased by 212, during the year to 796 branches across 220 locations, as of March-end.

True to our endeavour of taking a 'Customer-First' and 'Digital-First' approach, we developed multiple state-of-the-art customer-facing digital platforms.

In FY24, we launched our D2C platform - 'ABCD', that offers a comprehensive suite of more than 20 products and services, including loans, insurance, investment, and payment facilities. Through this platform, we aim to add 30 million new users over the next 3 years. It would further help Aditya Birla Capital augment its digital footprint, acquire customers digitally at scale, cross-sell and up-sell in a frictionless manner, and become a full-stack financial services provider. This foray was yet another marker of our commitment to creating enhanced value for all our stakeholders.

Our comprehensive B2B platform for the MSME ecosystem, Udyog Plus which was launched in 2023 also scaled up well with over 8 lakh registrations recorded within nine months of its launch. It clocked disbursements of about Rs 500 Crore, with the ABG ecosystem contributing about two-thirds of the business. Udyog Plus's total portfolio reached about Rs 250 Crore in FY24. We would continue to scale up the business in the ABG ecosystem to expand market footprint within the MSME segment.

Our omni-channel, multi-mode collections platform for merchants, Payments Lounge, also launched in 2023, had one of the highest transaction success rates of over 96% with a monthly run rate of Rs 2,000 Crore GMV, as of March 2024.

Driving Synergies

Your company started leveraging the broader ecosystems across ABC and ABG companies to drive synergies and tap into the vast scope of opportunities available within this ecosystem.

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For instance, Udyog Plus was integrated with supply chain financing and achieved a monthly disbursement run rate of ~Rs 60 Crore in FY24.

Our housing finance business also, scaled up a dedicated alternate channel for leveraging this ecosystem, achieving a disbursement of Rs 632 Crore (~ 10% of retail disbursement) in FY24.

Strategic Endeavours

During the financial year, your Company undertook various strategic measures to position itself as a strong value creator for stakeholders:

This included raising Rs 3,000 Crore of equity capital in June 2023, through a qualified institutional placement and a preferential issuance of equity shares to facilitate the business and digital transformation growth objectives of its rapidly growing businesses. This was your Company's first qualified institutional placement which received an overwhelming response from marquee foreign portfolio investors, sovereign wealth funds and domestic institutional investors.

With the aim of meeting the minimum public shareholding requirement by October 2024, as required by the SEBI guidelines, Aditya Birla Capital and Sunlife sold about 5% and 6.5% stake in ABSLAMC respectively, through an Offer for Sale (OFS). The sale received a strong response from investors across domestic and foreign funds. It helped in strengthening the balance sheet by enhancing capital base by about Rs 570 Crore.

Your Company also announced the amalgamation of Aditya Birla Finance, its NBFC subsidiary with itself, to create a unified large entity with greater financial strength and flexibility enabling direct access to capital. The merger will lead to consolidation of its businesses and operational synergies, resulting in long-term sustainable growth and enhanced value for various stakeholders of your Company.

Let me now talk about your Company's performance in Q1 FY25

- Your Company continued to deliver strong performance across businesses. The consolidated revenue grew 26% year-on-year to Rs. 10,258 Crore, compared to Rs. 8,144 Crore in the corresponding period of the previous year. The consolidated net profit after tax, excluding one-off items (after minority interest) grew 15% year-on-year to Rs. 745 Crore.
- The overall lending portfolio (NBFC and HFC) grew 27% year-on-year to Rs. 1,27,705 Crore as on June 30, 2024.
- Gross premium across life and health insurance businesses grew 30% year-on-year to Rs. 5,027 Crore. The total AUM (AMC, life insurance and health insurance) grew by 20% year-on-year to ~ Rs. 4.6 Lakh Crore.

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- Your Company's NBFC loan book grew 25% year-on-year to Rs. 1,07,306 Crore. Business loans to SMEs grew by 39% year-on-year and Profit before tax grew by 20% year-on-year to Rs. 833 Crore.
- In the housing finance, significant capacity was built over the past few quarters through investments in digital properties, technology, people and distribution. This resulted in a robust growth of 41% year-on-year in the HFC loan portfolio and an increase in market share. The demand for housing continues to remain very strong in India and the recently announced measures by the government such as expansion of PMAY and investments in affordable urban housing will create ample opportunities in the housing sector.
- In the AMC business, the AAUM grew 19% year-on-year to Rs. 3,52,542 Crore. The overall equity AUM mix has improved to 46.0% as on June 30, 2024. Monthly systematic investment plan (SIP) inflows grew by 39% year-on-year to Rs. 1,367 Crore in June 2024.
- In the Life Insurance business, the individual First Year Premium (FYP) in Q1 grew 19% year-on-year to Rs. 644 Crore. The group's new business premium grew by 41% year-on-year to Rs.1,498 Crore. We remain in the top quartile in terms of 13th and 61st month persistency among private players.
- In the health insurance business, we witnessed a robust growth of 35% year-on-year in gross written premium, driven by our 'health-first' and data-based approach. The retail premium also grew by more than 50% year-on-year with market share amongst SAHI players increasing by about 90 bps year-on-year to 12.5% in Q1 of FY25.
- Aimed at driving penetration into tier 3 and tier 4 towns, and new customer segments, your Company's pan-India branch network stood at 1,505 branches across all businesses, as of June 30, 2024.

I would like to take this opportunity to acknowledge the pivotal role played by the entire team at Aditya Birla Capital in driving these outcomes. Your company's multidimensional achievements underscore what has been a foundational philosophy of our group - that true corporate success is measured by the enduring value we create for all our stakeholders. And that is our legacy, our promise, and our future.

I would like to express my gratitude to each one of you for your continued trust and confidence in our vision and strategy which has helped us deliver this transformational growth for our stakeholders. 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. Your continued support is our biggest strength.

Your company will remain focused on pursuing profitable opportunities and enhancing its franchise, underlined by risk-calibrated growth, long-term value creation for all stakeholders, and a firm commitment to building a culture that echoes the Group's ideals and purpose.

I am confident that your Company will continue to make rapid strides to drive sustained growth within the financial services space and deliver on the trust reposed by each one of you.

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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 2023-24 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 would request the Moderator to call out the names of the speaker shareholders and monitor the time limit of three minutes for each speaker.

The Moderator then called out the Speaker Members.

Shravan Vohra from Dehradun, Prashant Gangabisan Bajaj from Hyderabad, Rahul Goyal from Mumbai, Ankur Ashok Rege from Mumbai, Manoj Pillai from Bangalore, Anubhav Katare from Mumbai, Ramesh Mandabhai Pandit from Veraval, Lekha Satish Shah from Mumbai, Arpit Maheshwari from Mumbai, Sushma Chanda from Haryana, Manoj Harjivandas Shah from Veraval, Gagan Kumar from Delhi, Neha Dua from Delhi and Srikanth Jhawar 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 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.

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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 12:04 p.m.(IST).

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