



AU Small Finance Bank Limited

Transcript of 29th Annual General Meeting

July 26, 2024

Management:

Mr. H R Khan – Part-Time Chairman and Independent Director
Mr. Pushpinder Singh – Independent Director (Authorised by Chairman of NRC To Attend AGM on his behalf)
Mr. Kamlesh Vikamsey – Independent Director and Chairman of Audit Committee
Ms. Kavita Venugopal – Women Independent Director and Chairperson of Stakeholders Relationship Committee
Mr. Divya Sehgal – Non-Executive Non-Independent Director
Mr. M S Sriram – Independent Director and Chairman of Nomination and Remuneration Committee (**Leave of Absence**)
Mr. V G Kannan – Independent Director (**Leave of Absence**)
Ms. Malini Thadani – Independent Director (**Leave of Absence**)
Mr. Sanjay Agarwal – Managing Director and Chief Executive Officer
Mr. Uttam Tibrewal – Whole-Time Director & Deputy Chief Executive Officer
Mr. Rajeev Yadav – Deputy Chief Executive Officer
Mr. Vimal Jain – Chief Financial Officer
Mr. Manmohan Parnami – Company Secretary
Mr. G K Subramaniam and Mr. Piyush Chaniyara - Representatives from Deloitte Haskins & Sells, Joint Statutory Auditors
Mr. Atul Shah and Mr. Abhishek Singh – Representatives from G M Kapadia & Co., Joint Statutory Auditors\
Mr. Manoj Maheshwari – Representative From M/S V M & Associates, Secretarial Auditor and Scrutinizer

Moderator:

Welcome to the 29th Annual General Meeting of AU Small Finance Bank Limited conducted through video conferencing or other audio-visual facilities. As a reminder, all members who have joined are by default placed on mute by the moderator. When the session on question and answer commences, the speaker member will be unmuted when they will speak at the AGM as per the registration.

Members may also note that the bank shall require to limit the number of members asking questions depending on the availability of time. Please note that as per the regulatory requirement, the proceedings of the Annual General Meeting will be recorded and transcripts shall be available on the website of the bank.

Now I hand over the proceedings to Mr. Manmohan Parnami, Company Secretary of the bank. Over to you, sir.

Manmohan Parnami:

Thank you very much. Namaskar, everyone. Thank you for joining us today at the 29th AGM of AU Small Finance Bank. I, Manmohan Parnami, Company Secretary joining this AGM from the head office of the Bank at Jaipur, express my sincere and warm thanks to shareholders, honorable board members, auditors, scrutinizers for joining this AGM virtually. I hope you and all your loved ones are safe and healthy. And I wish that they remain safe and stay healthy.

Now, there are few general instructions which I will be reading now for the ease of the shoulders. In compliance of the circulars issued by the Ministry of Corporate Affairs, & SEBI respectively, the bank is conducting the 29th AGM through video conferencing. Since the AGM is held through VC, the requirement of appointing proxies will be dispensed with as per MCA circulars.

The Bank has appointed NSDL, National Securities Depository Limited as Authorized Agency for conducting the AGM through VC and for facilitating AGM through VC by electronic means. The facility of casting E-voting by the Members during the AGM is also being provided by NSDL. Depending upon the availability of the time, the shareholders who have registered themselves as speaker shareholders would be provided an opportunity to ask questions and we will answer questions received from the shoulders at the AGM.

And in case of any connectivity issue, the shoulder then can write to us at investorrelations@aubank.in. Once the question-and-answer session starts, the name of the shareholders who have registered as the speaker shareholders will be announced one by one. Thereafter, the speaker shareholders will be unmuted by the host to start speaking.

Moderator:

Should we move to the next slide, sir?

Manmohan Parnami:

Yes, please. The period of e-voting commenced on Monday, July 22, 2024, 9:00 AM IST and ended on July 25th, 2024, 5:00 PM IST. Further, the shareholders who are unable to exercise their voting during this period are allowed to cast their votes during the meeting through e-voting. Through e-voting system provided by the NSDL. The icon for e-voting is available on the screen which shall redirect you on the separate window to the e-voting portal of the NSDL.

The e-voting facility will be available from the start of the meeting and shareholders are requested to exercise their voting rights who have not yet carried out their e-voting. Further, after the question-and-answer sessions, 15 minutes time will be provided to the shareholders to cast their vote. Thereafter, e-voting window will be closed.

Members are requested to refer the instructions provided in the notice of AGM. In case members face any difficulty, they may reach out on the helpline number given in the notice. Since the notice of AGM along with the explanatory statement were circulated to the shareholders and with the permission of shareholders, we take the notice of this meeting as read.

Statutory registers as required to be maintained under the Companies Act and required documents as referred under the notice of AGM have been kept open for the inspection and the link provided on the NSDL platform. With the permission of shareholders, we ask, we take the audit report as read and confirm that the audit report of the Statutory auditor and the Secretarial auditor does not contain any adverse remarks or qualifications.

Mr. Manoj Maheshwari, Practice Committee Secretary, has been appointed as scrutinizer to scrutinize the vote cast through remote e-voting and for the voting during this AGM. It is hereby informed to the shareholders that the result of the e-voting will be declared by or before July 30th, 2024, Tuesday, and the same shall be intimated to the Stock Exchanges and the result will be uploaded on the website of the bank and the e-voting agencies as per the statutory provisions and guidelines. The proceeding of this AGM will be filed with the Stock Exchanges and the same will be available for the shareholders at the bank's website and of the e-voting agency.

Moderator: I now request Mr. H.R. Khan, Honorable Chairman of the Bank, to introduce the Directors, KMPs and auditors present and to address the shareholders.

H R Khan: Namaskar. I am Harun Rashid Khan, Part-Time Non-Executive Chairman of your Bank, AU Small Finance Bank. I extend a very warm welcome and greetings to all the shareholders, my fellow Board members, invitees to the meeting and the entire AU team attending this 29th Annual General Meeting of the Bank.

I am attending the meeting from Delhi. As Mr. Manmohan has said, I think all of you are taking care of yourselves and your families and you are all safe and staying protected. In the financial year which passed by recently, FY '23-'24, your bank has demonstrated remarkable resilience and adaptability.

Despite the uncertainties posed by global challenges, your bank has not only navigated through the challenges but emerged stronger. Your Bank has ensured operational and financial excellence and the delivery of best-in-class services to its customers. As the requisite quorum is present, with the requisite number of shareholders joining this AGM, as has been confirmed by the Company Secretary, Mr. Manmohan Parnami, I now call the meeting to order.

The agenda, along with the explanatory statement has been given in the notice to the AGM. I would now like to introduce my colleague Mr. Pushpinder Singh who is our member.

He is a banking technology expert with 37 years of rich experience in Banking, IT, Payment and settlement Systems, and Business Management. He has been Chief Information Officer at Bank of India, where he was responsible for IT infrastructure, implementation of various IT systems and projects and he was also associated with National Payment Corporation of India as an advisor on Financial Institutions and new Business till 2017. In AU Bank he especially focuses on technological transformation and implementation of IT strategy in AU Bank solving its customers. Welcome Pushpinderji.

Next is Mr. Kamlesh Vikamsey. He is a well-known Chartered Accountant and a Fellow Member of ICAI. He has vast experience of over 37 years in the areas of Auditing, Taxation, Corporate & Personal Advisory Services, Business & Management Consulting Services, Due Diligence & Valuations etcetera. He also held leadership & directorship positions in various Companies/Institutions nationally as well as internationally. He is the Chairman of our Audit Committee. Welcome, Kamleshji.

Now we have Madam Kavita Venugopal is Independent Women Director. She provides has much of experience including leadership positions with various Multinational Banks and Private sectors Banks in India. She was CEO of Abu Dhabi Commercial Bank, India and prior to that, she has led various teams at Standard Chartered Bank & Grindlays apart from various other private sector banks. She has wide knowledge and extremely vast experience in the areas of Banking and Finance, including Risk Management, Economics, Business and Strategy, Customer Management, HR, Corporate Governance, Investment Banking and Financing to SME and Mid Corporates. She is the chairperson of our Stakeholders Relationship Committee. Welcome, Kavitaji.

Kavita Venugopal:

Thank you.

H R Khan:

We have Mr. Divya Sehgal. He is Non-Executive, Non-Independent Director, he was Founder and Chief Operating Officer of Apollo Health Street, a leading healthcare outsourcing firm and one of the top five in its space globally. He has also worked as consultant with McKinsey, with Corporate Finance Team at ANZ and as an entrepreneur at E-medlife, a corporate healthcare advisory firm. He has special knowledge and practical experience in areas of Accountancy, Rural Economy, Banking, Economics, Finance and Treasury, Small Scale Industry, HR, Risk Management and Business Management. Welcome, Divya ji.

Divya Sehgal:

Thank you, sir.

H R Khan:

We have Professor Sriram. He is passed out of IRMA, and who has done, of course, studies from IIM Bangalore. He has more than 32 years of experience in banking, economics, finance, business management, accountancy, financial inclusion, rural economy, corporatism, agriculture, finance. Many of you know him as a well-known expert in the field of agriculture, corporatism, agriculture, finance. He is the Chairman of our Nomination and Remuneration Committee.

Moderator:

I'm sorry to interrupt. Chairman sir, we are not able to hear you clearly, sir. Ladies and gentlemen, please stay connected.

H R Khan: So, we have Professor Sriram, who is the Chairman of our NRC. Unfortunately, because of his travelling commitments, he is not able to attend the meeting. Now, another member of the board is Mr. V G Kannan. Am I audible now?

Moderator: Yes, sir.

H R Khan: Okay. Another member of the board is Mr. V.G. Kannan. He is a well-experienced banker and a well-known figure in the field of banking and financial services. He has held several leadership positions in the State Bank of India. He was the former MD of the State Bank of India. And he was also the Chief Executive of the Indian Bank Association. Sri Kannan is an authority in Credit, treasury and Risk Management. He chairs our Risk Management Committee. Unfortunately, because of his traveling commitments, he is not able to attend the AGM.

We have another women Independent director, Madam Malini Thadani. She has a successful career spanning over almost four decades, past as an Officer of the Indian Revenue Service, second in the banking space, started with HSBC in India and Hong Kong. She has been a Strategic Advisor on Sustainability and ESG.

And she is associated with quite a few non-profit organizations. She has a very deep and passionate understanding in India of sustainable finance, ESG, CSR, besides the business management, risk management. Unfortunately, due to her other commitments, she has also not been able to join the AGM.

We have, besides this Director, we have two Executive Directors on our board who are here. Mr. Sanjay Agarwal, as all of you must be knowing, is the Managing Director and CEO of a Bank. He is a passionate entrepreneur and all-India rank holder Chartered Accountant.

Over 29 years of strategic executive experience, he possesses extensive experience in Accountancy, Banking, Economics, Treasury, Small Business Finance, Risk Management, Rural Economy. He spearheaded several initiatives that have been helping us to create a number of bank organizations that he is known for. He is a dynamic leader, as you all know, prospective in his approach, and is credited with creating a culture for business excellence and known for delivering superior benchmark performance throughout his association with this AU Bank. I welcome Mr. Sanjay Agarwal to this AGM.

We have with us Mr. Uttam Tibrewal, who is a Whole-Time Director and Deputy CEO of the Bank. He has a wide experience of 28 years in the financial services with rich exposure in the field of Financing Small Scale Industries, Accountancy, Economics, Banking, Risk and Business Management. He has a very, very deep understanding of operations and has broad strategic insights, which has helped the bank to scale up its retail business. Welcome, Mr. Uttam ji.

I also take this opportunity to welcome Shri. Rajeev Yadav, the former CEO of Fincare, and the Deputy CEO now of the AU Bank. He has long-standing experience in the field of banking and consumer finance. And of course, he's well-known for the way he has led the consumer finance community in Fincare. He also is a well-known expert in the field of Information Technology.

And the bank benefits from his strategic experience and leadership qualities. Welcome, Rajeev ji.

I would also like to take this opportunity to introduce our colleagues who are the Key Management Professionals of the bank. We have Mr. Vimal Jain, Chief Financial Officer. Vimal ji, we have Manmohan Parnami, whom you met at the starting of the meeting, who is the Company Secretary of the Bank and Head of the Bank in the rest of the world. We have authorized representatives of our joint statutory auditors from Deloitte and G M Kapadia. And I welcome them.

I also welcome Mr. Manoj Maheshwari and Secretarial Auditors, who is the scrutinizer for e-voting for this AGM. So, thank you once again, everyone. We are continuing this meeting through AGM video conferencing mode. First of all, to the guidelines issued by the Ministry of Corporate Affairs, SEBI which allows companies to hold AGM through audio-visual means. And the live streaming of this meeting is being done through the website of NSDL. The Bank has taken requisite steps to enable members to participate and vote on the new titles considered in this AGM, as was initially mentioned by our company secretary, Mr. Manohar Parnami.

Moderator:

All right, sir. So you can go ahead now.

H R Khan:

Okay. So I'll slightly increase my volume. I am pleased to address you in my inaugural letter since assuming the role of Chairman of the Board of Directors at AU Small Finance Bank. I wish to extend my gratitude to our esteemed Board of Directors, Shareholders, and the Reserve Bank of India (RBI) for entrusting me with the responsibility of guiding the Bank at a crucial juncture in its journey.

I would like to extend my utmost gratitude to our former chairman Shri Raj Vikash Verma, who completed his tenure in the last financial year, as you know I took over from him. Amidst the challenges posed by the COVID-19 pandemic, inflation, liquidity issues and volatility in interest rates, Mr. Verma adeptly steered the Bank in the right direction with his exceptional knowledge and skills. His strategic guidance and sagacious leadership have significantly strengthened the Bank's sustainable business model, ensuring its long-term success and preparedness for future opportunities.

We forever rely on him. And let me start with the very great performance which we have done in a very challenging environment. We are in the midst of exciting times, and India progresses towards becoming the world's third-largest economy with GDP projected of \$10.7 billion in the decade and banking, financial services and the insurance industry are poised to play a very significant role in this area.

However, this also introduces newer emerging challenges and risks, particularly in the areas such as finance, regulatory focus, particularly for customer protection, cyber security, personal risk, compliance with know-your-customer and anti-money laundering climate. Additionally, you have seen retail inflation has proven to over-persist than was anticipated, remaining above the long-term target of 4%, and liquidity conditions have stayed quiet for some time.

Despite intense competition for deposits and increased cost of funds, AU Bank recorded 28% growth in loan portfolio and delivered ROA of 1.6% and ROE of 13.5% - excluding exceptional items.

FY 2023-24 was a year of milestones and many firsts. The most significant one was the merger of Fincare SFB with AU SFB. This strategic move is aimed at creating a stronger and more resilient institution, well-positioned to capitalise on emerging growth opportunities in complementary geographic areas and deliver enhanced value to our customers, employees and shareholders.

Your Bank has now launched Trade Finance and Forex services which will facilitate cross-border trade of our customers by providing financing, document handling, and cross-border remittance solutions along with support in regulatory compliances. Your Bank is well-prepared with a robust risk management, transaction screening and monitoring framework to mitigate KYC/AML and sanctions related risks associated with cross border transactions.

Aligned with our commitment to empowering underserved communities and fostering economic growth in rural and unserved areas, your Bank has launched Swadesh Banking during last financial year. This unit has been designed to leverage our legacy of financial inclusion, and deep understanding of the rural and semi-urban markets combined with 360-degree comprehensive solution for the farmers, self-employed personnel, and micro enterprises. Our initiatives at Unbanked Rural Centres further enhance access to financial services. In FY 2023-24, we organised 2,081 Financial Literacy Camps at rural branches. With a strong emphasis on digital literacy, our on-ground efforts are aimed at customers in the rural and semi-urban areas overcome the digital divide and are well-equipped to utilise digital banking services, for their financial security and sustainable economic growth.

So this is really galvanizing growth in India or Bharat as you all know. We also focus on empowering people and communities. Through our commitment to Badlav Humse Hai, we are the harbingers of change, we strive to make a difference in the lives of our customers, particularly hitherto unbanked and underbanked, by fostering meaningful financial inclusion combining Hardware, Software and Humanware.

The success of our Bank is firmly rooted in the five pillars of Trust, Technology, Teamwork, Talent and Touch. These key elements play a crucial role in driving our mission forward and ensuring symbiotic growth and development of the institution and the community.

Trust is fundamental to our relationships with depositors and other stakeholders, providing a solid foundation for our business operations in ethical manner. Technology enables us to implement innovative solutions for inclusive banking, reaching a wider customer base. Teamwork is essential for achieving success at all levels, ensuring that we work together seamlessly to meet our goals. Our employees' Talent is what sets us apart, enabling us to remain agile and competitive in a dynamic industry.

While we embrace technology, we also recognise the importance of maintaining a human Touch in all our interactions, thus enabling us to impact the lives of our customers, employees, and stakeholders in a meaningful way.

Your Bank has been working on seamlessly integrating ESG principles into our business model and embed them in our products and processes with formal guidelines and policies, guided and supported by the dedicated Sustainability Committee of the Board that the Board has set up sometime back.

Our Green Fixed Deposit program is dedicated to financing renewable and green projects, such as solar power and electric mobility solutions. Other key sustainability initiatives being driven by your Board are focused towards minimizing environmental impact, promoting gender diversity, and empowering women.

The Board of Directors of your Bank continue to focus its close attention on ensuring the highest standards of corporate governance and effectiveness of its assurance functions comprising risk management, internal audit and compliance.

I'm tempted to just deviate from the text here because last night when I was coming in the plane from Jaipur to Delhi, one, I think he's an investor in AU Bank and he asked me, who is the Governor of the bank? He said, according to our perception, he says, my perception of governance of a governance and assurance structure for the bank is excellent.

He said, you are right, your perception is also my perception, which is the last evening when I was returning. Your Bank will remain committed to continuous monitoring and management of credit, liquidity and operational risks alongside mitigation of cybersecurity threats. The Board and its committees always strive to comply with the supervisory observations and regulatory requirements in letter and spirit.

Sustainability and development of the leadership are key focus areas in our journey of a Forever Bank. The Bank's structure by design supports succession planning and it is integrated into its Strategic Business Units (SBUs) via a hierarchical setup. This means that there are clear pathways for career advancement and leadership development within different divisions of the Bank.

Moreover, to enhance leadership development, the Bank has engaged an advisory firm under the guidance of the NRC to further institutionalise this process with focus on identifying and preparing competent and high-potential candidates for leadership positions within the organisation. This will ensure that the succession planning initiatives are thorough, neutral, and in line with long-term strategic objectives of your Bank.

We have established a long runway for propelling us on a calibrated growth path and creating sustained value for our stakeholders. We have articulated our three-year strategic plan as we take confident strides into the future. I strongly believe that our best-in-class product offerings, robust risk management practices, future-ready technological capabilities and incredible talent will continue to power our growth journey for many many years to come.

Before concluding, I would like to take this opportunity to congratulate Mr. Sanjay Agarwal on his reappointment as the Managing Director & CEO, Mr. Uttam Tibrewal on being reappointed as the Whole Time Director. I would also like to congratulate Mr. Rajeev Yadav on being designated as Deputy CEO of your Bank. Their leadership will continue to play an instrumental role in creating a sustainable future, in a similar way that it has been building a well governed and risk-focused retail bank with a strong execution track record. As we pursue our vision of a Forever Bank, we are guided by the wise words of the Father of the Nation: Mahatma Gandhi: "The future depends on what we do in the present" let me repeat, The future depends on what we do in the present.

May I request Mr. Sanjay Agarwal, MD & CEO, to address the shareholders.

Sanjay Agarwal:

Okay. I would like to welcome all of you to this 29th AGM. And on behalf of you all, I would like to thank Chairman sir once again for managing your bank for the past six months. I would like to take this opportunity to thank him because I have always seen that the people at the top, the system, the organization, contribute a lot to the creation of an institution. And I would like to take the names of two people here today. One is Regulator RBI, and I would like to say to all my colleagues and shareholders that it is such a strong institution that not only manages the platform, but also creates it. And it always works with you so that this institution does not just exist for today and tomorrow, but forever.

That is why we always say in the AU that we have come for banking forever. And today on behalf of you and on my personal behalf I would like to thank that institution and I would like to thank them for the way they have supported us for the past seven years, how they have managed us for the past seven years guided us, it is very commendable.

And because of that, we are becoming such a strong institution. And the second is our board. Since you have been introduced by our Chairman, but again I would like to thank the Chairman sir and all our board members. And not only the present board, but the previous board as well. They have always managed us at every moment for so many years, talked to us, handled us, guided us and also forgave our mistakes.

And that is why we have come this far. And today the people on your board whether it is Khan Sir, Kamlesh sir, Malini ma'am, Kavita ma'am, Shriram, Kannan, Pushpinder sir and Mr. Divya they make a very big contribution. And I would say they are selfless. They are always available. They work 24x7. They are very concerned about the bank. They are concerned about every aspect of the bank. It's not only about looking at big things or supervising. I think they contribute to every important thing that makes the bank, sustains the bank and develops the bank.

And we are fortunate I would say as a promoter, as a CEO and it is the good fortune of our entire bank that we have such an involved board that whenever we want, we can go to them and find a solution to any doubt, any problem. So very well blessed. So I would like to share two of my joys with you. One joy the biggest joy that we got yesterday and maybe you all read in the newspaper today, there was a lot of news that our board has asked all of us to apply for a universal bank. Because the size of the bank has become such that it is justified for us to become universal.

And I would like to thank the board again for that. The wish of all the shareholders was that AU should become universal. They heard that and agreed to it. And the Chairman himself has constituted a committee for his leadership whose Chairman is also the Chairman sir and in that there is Mr. Sriram, Mr. Pushpinder and I have also been included that we put this application in the next 3 to 4 weeks and we request the regulator to make us universal. Because I think that there can be no bigger certificate than universal for an institution that has been working for 28 years because universal is such a status that I think our acceptance, our brand and our journey of forever will give a great contribution to it.

And if you ask me personally then universal will also be a stamp that your institution has been working with a lot of honesty, responsibility for so many years and will continue to do so. And I think that this Bharatvarsh we also have a need because the way we have been working for the last 28 years and the whole team has been working for the last 28 years, I think the last positioning is the status of a universal bank.

So I would like all of you to contribute in any way whether it is through prayers, guidance or suggestions and help us make our own institution universal. And secondly the biggest achievement that happened last year and you must have seen it in the Annual Report that last year, and today Rajiv ji is with me, my friend who is the Deputy CEO of the bank and Divya, who was a big investor of that bank both of them made us understand that their institution, which was running for 15-17 years under the name of Fincare they wanted to merge it in our bank, and they merged it. So our power has increased by 25%, 30%. So first of all, I would like to thank both of them, I would like to thank all their investors that they believed in AU as an institution that they can come here and merge and work with us and we can become one.

And that happened at a record time. I am very happy to tell you that I met Divya ji and Rajiv ji for the first time in August and then we talked for a few days in August-September. We announced our merger on 30th October 2024 and we applied for RBI on 1st November and we got approval on 3rd March. I think this process can't be approved faster than this. And on behalf of both the teams and I would like to thank Rajiv ji and Divya ji because they trusted us a lot.

And of course both the boards, both the investors, both the teams worked together and the regulator also showed phenomenal speed and in 4 months two different banks one from the South and one from the North gave permission to merge both of them and now both the banks became one on 1st April and our strength increased by 25%, 30% because we were around 30,000 people after the merger we became around 46,000 people.

Your bank's assets were around INR83,000-84,000 crores, after the merger we became INR97,000 crores, AU's standalone deposit was INR87,000 crores after the merger it became INR97,000 crores. We were around 1200-1300 touch points now we are around 2400 touchpoints. We were mostly in the North, West and a little bit in the South, a little bit in the East, but after this franchise we became very strong in the West and very strong in the South and the biggest thing which I am very happy to tell you, there was a small segment which we were not able to loan which is below the poverty line or a little bit below the poverty line which is called the microfinance segment.

And for so many years I have been working in lending and I used to think as an individual will I be able to loan that segment, but I think through the merger we got that segment, and microfinance is an industry which is growing 30%. 35% year-on-year and it has become very stable from last 10 years and the purpose of company that you go to the last mile and offer inclusive banking that is also happening through this.

So overall I think, there were two big highlights one was last night and the other was in March which I want to share with all my friends that the numbers you must have received the Annual Report, you must have seen our growth of last year be it asset growth, be it deposit growth, be it people management, be it technology growth, these numbers are very specific, but the extra effort put in, be it the merger effort or you are very compliant oriented, you are very governance oriented, you keep a lot of transparency in the system.

So you get the opportunity, to apply for a universal bank and I would like to tell you that for the last 12-13 years you have not received a universal license in this country, whereas in this country the economy has doubled in the last 10 years, but a new bank has not come yet and in your bank there is that strength, that fragrance, that purpose in this whole system that we will apply for a universal bank and I have full hope that we will definitely get it and we will be able to serve this country.

So this is my overall perspective on last year, but I feel that India is in a very advantageous stage because you saw that this year when our general election happened, and the way it happened, there is more hope in our constitution, how fair it was, how transparent it was and the way it came out it shows that we are really democratic because I feel that as an individual we all like democracy and if that democracy is transparent, vibrant and your voice is heard, that is very valuable.

So I would like to thank you all that we all made this democracy and we are able to enjoy the whole flavour of it and because of that the continuity in the government in that there is a growth I feel that. Today we have an economy of 4 trillion, but in the next 25 years it is being said that we can become 30 trillion, but we are creating a positioning but to do that do we have all the resources.

I feel that I have been working in India for the last 25 years, 26 years, 28 years technically, but I feel that the way India has been for the last 15 years, 20 years it has become a foundation where we can think about 30 trillion and the reason for that is the knowledge capital in India is very strong. India is still a developing country even today people have big aspirations, they have big hopes that their life will improve, they will get what they deserve, their potential in that country we will be able to unlock that, we have a big tech capability which is developing, we are talking a lot about manufacturing capability, we are doing a lot of reforms, we have a capital market it has become very transparent, our banking sector is very clean, our financial services are able to reach everywhere.

I feel that all these things a lot of internal issues are getting resolved and all 140 crores people I feel that everyone is thinking in the same direction that we have to do something, India is a very determined country. I feel that all these things are leading us towards growth, it doesn't matter

whether it is 30 trillion in 2047 or in 2057, but the path is important. I feel that as a country we are very growth oriented whether it is economic or socially we have become aware of all this that our prosperity, our growth, our potential if we are not able to unlock it, then maybe we will not be able to justify ourselves as a human and we will not be able to justify this country.

So in all this I feel that your bank is very important because a bank is a place which it touches everyone's life. If you want to do business, want to do a job, want to live a retirement life, want to sell your money, want to keep your money in an account, want to do UPI, want to give you open notes in marriage, give you good notes, a bank touches you somewhere. A bank is the trust of every citizen.

I feel that if you ask me honestly I will say that a person does not trust himself as much as he trusts the bank. He does not give us money, he gives us his trust, he gives us a trust. So I am very fortunate as a CEO that I am CEO of a platform where I get daily trust, where people trust us daily and I feel that where there is trust there the business becomes ours that is why in the last 7 years in AU.

We started with 10,000 crores today we are at 1.25 lakh crores, we were 3,000, 4,000 people in 2017 now we are 46,000 people, our deposit used to be zero now we are at 97,000 crores, we used to be 300 branches now we are around 2,400 branches. Now we are well known in the system as Chairman sir was saying last night's incident I get all the incidents daily wherever I go, wherever I carry AU people see with great hope that an ordinary bank, from an ordinary place, an ordinary people has created such a big thing.

So the opportunity we have got and the opportunity that is going to come for that that is why I would like to assure our shareholders that how much resource is there with this bank has, be it product resources, be it people resources, be it distribution resources, be it the capital that you have given us, be it the license that RBI has given us, be it the board resources, all the resources that we have cumulative power 46,000 people are busy increasing this bank.

They are all in one place that how or not we can increase our bank and include as many people as possible including means that I want that this bank should get the largest deposit in the world and I hope that in the next 10 years as we were seeing yesterday your bank's positioning, in the private sector, is at the 12th place. I feel that in the next 10 years our positioning will reach the 5th place and why it will reach I cannot assure you.

I have a feeling, that we will reach that position in the next 10 years and the reason for that is the way we have worked in the last 7 years very few banks have done this, very few institutions have done this and that gives me a big belief and the opportunity that India has that in the next 5 years, in the next 10 years we will make 5 banks in the country and for that deposit is very important and we have launched all those products, we have launched all those services, channels, products, everything and we get a very good response from your bank, whether it is a normal deposit franchise, whether it is a cross-selling franchise, whether it is an insurance or a wealth or an AD-1 license, all these together make the bank very powerful.

And one thing that is very special about your bank is that the experience we have after so many years, how much we understand the country, how much we understand the customers of the country, we know how to give loans and by giving loans we know how to maintain the quality and here I would like to assure that this is the special franchise that deals in this market which is a little unserved, unreached, we don't have mainline customers because our structure, our design it tells us to land in that market where the money has not reached yet, but to land in that market also our yield is around 14.5.

Despite that our gross NPA is 1.78 and your net NPA is 0.63 of your June quarter and plus the most important thing is that we lose only 0.5% of the money. So I feel your bank's ownership is very strong, knowledge base is very strong, people give loans considering it as money and the entire maintenance even after giving the loan shows a lot of ownership, collaboration is very strong.

So I think that is a clever thing that your bank has created and I feel the most happy thing that the bank has done in the last 7 years is our digital outlook, the way we have made our digital app which is 0101 consumer app, we have also launched a merchant app, apart from that the way we have made the backbone be it our CBS, be it our APIs, be it our team building I feel that being from Jaipur our IT team our Ankur who is our CIOs I would like to tell about them that a young boy came and he has committed himself in the entire bank and he has created one of the best technology platform and along with that Pushpinder sir is also there which never lets us go back and forth because tech is one thing which it runs since it has no value, but when it shuts down it has value like you saw when Microsoft shut down the world was in chaos.

There is a place where I feel the technology team remains unsung, but in your bank that team has done a good job led by Ankur, and handled by Pushpinder sir and I am saying this because as we move forward in the entire banking franchise, technology will play a more important role because in today's date, technology is not only maintaining the bank, it is also moving the bank forward like so many processes which used to be manual are now automated, when we onboard the customer through APIs, be it from Aadhaar or Pan Card or from any other API, we ask for information, the tax has increased.

I feel that in the next 10 years because of technology banking will become easier, operations will become easier, banks will become more cost effective and the size and scale of the bank will increase a lot that is why we have a big investment in technology, but there are people behind technology and I feel the best thing in your bank is the team.

I am thankful to my team that they not only want the bank more than me because you all know that I am the CEO of the bank and the biggest shareholder, my family is also a shareholder so I have a dual hat, but I see that above my dual hat people like the bank more, they show ownership in the bank, they consider the bank their own and through you I would like to say to my team, if you are listening to this call that I am very thankful to you that you not only considered the bank your own, but in its growth in its foundation, the way you put in your effort, the way you showed your commitment that is very commendable and that is unparalleled.

I feel that many people know the story of AU many people know my story, but they don't know the story of the team, but after 10 years AU will be such an organization that its team will be as famous as the bank and our HR the function itself, they have done a great job because our top 50 people they have been working in the bank for the past 8 years and I will be very honest if you ask me who was the most important person, I don't even know the name of one person because no one has been there and if someone has been there then there will be no discussion between us everyone has the right to choose their career, but largely your team is very intact, for that I would like to thank HR and HR has also done a great job for the past 2-3 years since Vivek came.

And they have made a whole system, a flow of HR practice and now a month ago we got the 56th position best place to work. We participated in 2000 companies and got that position which according to me is a very important milestone, the wish is to become number one, but this is a journey which I would like your bank to think about and build. So overall if you ask me as a CEO I would say the bank is in very good shape whether it is a deposit franchise, be it asset franchise, be it digital franchise, be it HR management or be it our CSR outlook as the chairman said our focus is on sustainability.

So it is an all-round our positioning in the system, the way the brand is being made, the way India is being made and your brand is being made it is coinciding so well, I don't see any reason that this institution will be one of the biggest institutions in the country in the next 10-15 years, and in 20 years and for that we are all working together, we need your support, your unconditional support so that you understand that banks are not made in 5 years, 10 years nor are they made for 5 years, 10 years, banks are made in 10 years, 15 years and when they are made they are made forever.

So I am trying my best with your support, with full responsibility, honesty, and intelligence I am working on this and as long as I am your nominee I will try to create that foundation where all stakeholders, whether it is a regulator, a government, a board, employees, customers, society in large, everyone should feel good that such type of institution was made in which so many people, will come and fulfil their wishes and maybe that will be my biggest positioning that I was able to do that and I am sure that on behalf of all of you I will be able to do this and I think we have a lot of data, but it is all written in the Annual Report I hope you will read it, but I can tell you this that our industry is only 0.5% deposit market share.

In India, today we are only 0.5% deposit market share. So believe me that in the next 15 years when India will be 7-8 times where we will be and where we will reach that motivates us daily, that positioning motivates us daily, inspires us to come to the bank daily, the team comes daily and serve the customer and move ahead and if you want to ask me what is the risk because you are a shareholder in the bank, you have invested your money, you will have expectations, but I think short term I don't see any long term risk.

I will say everything is cyclic. I have been working for the last 28 years so I can see there are ups and downs, but if you keep investing ultimately everything is good, I always say famously that nothing will happen in a day and one day everything will happen. So I think in today's date

interest rates are high, our loan portfolio is at a fixed rate. So we can't transfer higher cost of money because liability is short term, 17-18 months and asset is 5 years and fixed. So there is a pressure, but the team for the last 6-7 months has focused a lot on this and our higher ROA book where we can take more yield, we are focusing more on that and after microfinance there is a growth in that so that is a challenge.

And second is your bank is getting bigger because like I told you 7 years ago we had 5 lakh customers, now we have 1 crores, 5 years ago we had 10,000 assets, now we have 1.25 crores assets. So the scale has its own challenges, there is an inbuilt risk, I think if the team can understand that and the environment because nothing is isolated, everything is relatable. So I think risk management there is only one way that the whole team should collaborate and coordinate and align with a common goal.

So many times that is a challenge, but I think the way the team has always come at a new level and collaborated, coordinated them, align them I think we can come out of many things, other than that I think many times you have your ROA as a shareholder you might not like, but I think given the circumstances last year your bank gave 1.6% ROA, I know people were disappointed, but that was beyond our control.

We missed somewhere there, but this year we have not left any loss on our end and in this quarter we have shown 1.6% ROA in spite of this the cost has increased in spite of that, but I think, our ROA 1.6% which we did last year we will be able to defend it this year and it will be a big opportunity, but in the long run, when universal comes, when the bank grows, we will mature and the interest rate the present regime if it comes out of this, your bank will look very different.

And I think you all should be patience because when the size, scale and zone comes, the AU will be very different and other than this I think the reasons which are external. There is a lot going on in the world because of globalization it affects us too. I think if the cost increases what will happen, but I think there is no challenge in sustainability, in profitability there can be a challenge, but it is seasonal, it is cyclic.

In the long run when you define me I will say we should see a 10-year zone and in that the bank will always give you a good ROA and will increase your wealth. So with all these hopes, with all the assurance I would like to thank you again, I would like to thank my family not only they made me capable to promote a bank but to connect all of you and today to lead the whole community my family has played a big role in that and today through you, I would like to say thank you, we are all here because of them and again, government of India, regulators, my board, my team, my customers, the whole society, I would like to thank them because of your love and trust, we get courage and we come to Delhi to work so, in the end, I would like to say, “हम ना थकेंगे, ना थमेंगे, हम ना थकेंगे, ना थमेंगे, ना हालातो से झुकेंगे, हमेशा आगे बढ़ेंगे” (We will not get tired nor will we stop nor will we be defeated by conditions, we will always move ahead.) Badlav Humse Hai. Thank you.

Manmohan Parnami:

Thank you, Chairman sir. Thank you, MD sir. This noting containing the agenda items to be considered in this AGM, for circulate over email to shareholders and I am hereby mentioning agenda items for ease of the shareholders.

1. To adopt audited financial statements of the Bank for financial year ended March 31, 2024 and the report of the Board of Directors and Auditors thereon.
2. To declare dividend of INR 1 per equity share of Rs. 10 each for the financial aid 2023-24.
3. To appoint a director in place of Mr. Sanjay Agarwal who retires by the rotation and being eligible has offered himself for reappointment.
4. To appoint joint statutory auditors of the Bank and fix their remuneration. So just to briefly update the shareholders that pursuant to end of term of existing joint statutory auditors of the Bank as per RBI guidelines, the proposal for new joint statutory auditor M/s. MSKA and Associates and M/s Mukund M Chitale & Co. put up to the shareholders for their consideration of audited committee and boards on approval of the board to the shareholders. The requisite form of the work of allocation is already in place.
5. To issue the agenda number 5 is a special resolution to issue non-convertible debt securities and bonds and other permissible instruments to eligible investors for amount not exceeding INR 6,000 crores during the period of one year from the date of passing of the special resolution.
6. Agenda number 6 to raise funds through issue of equity shares through QIP and other permissible mode. This item we have put up to the shoulders and enabling resolution to raise capital up to INR 5,000 crores to ensure that bank remains well capitalized and the capital is raised at appropriate time. Since all revisions have already been put up to the vote through remote voting there will be no proposing or seconding of these revisions and therefore, there will also be no show of hands on these revisions. Thank you very much. I request moderator to take forward the proceeding of the meeting.

Moderator:

Thank you very much. I will now call the shareholders who have registered as speaker shareholder to ask questions or give comments. Speaker shareholders are requested to mention their name. Members also requested to keep your questions brief and specific. Due to limitation of time may I request you to restrict your questions or comments to three minutes. Depending upon the availability of time the shareholders who have registered themselves as speaker shareholders would -- that AGM and in case we face difficulty to connect then shareholders may write as well at investorrelations@aubank.in and bank shall respond to their questions. I now invite Mr. Yashpal Chopra to please accept the prompt on his screen to join as a panelist. Mr. Chopra, please turn on your webcam. Unmute yourself and go ahead with your question please.

Yashpal Chopra:

Myself Yashpal Chopra calling from Delhi. I'm a shareholder of the company since the pre-IPO broker conference at the time of IPO. I'm associated with the company which is our bank since then. So I have seen the rising of the bank from this top to this level and I'm quite sure that our bank is just going to scale the new heights. Just let the time come because we are feeling that

that time is not far off and we wish that let the time come soon and that is coming. So before to begin with, I must compliment rather pay my gratitude to the outgoing chairman who has done a lot of effort for the growth of this bank and the bank which was just hardly in 11 states seven years ago.

Now it is in 24 states. So that shows the way he put his energy and his capability along with the team over there. So for that, he really deserves kudos. And at the same time, I would like to welcome our new chairman, Mr. Harun Rasid Khan and our MD, Mr. Sanjay Agarwal. I have seen the potential of our MD who was standing there for full one hour and just speaking and speaking and speaking left no point where we can raise a query. Almost all the queries in our mind, all the doubts, all the questions he has answered in his speech. So this was a great thing. And whatever he says, we know his potential. We have seen his capacity. So that means that we are in a very strong hands and our management is really dynamic.

So first of all, I would like to congratulate the management for getting that universal banking certificate. This is one of the best achievements that a bank can get. So this is a very good thing. Earlier, you got that permission to deal in a foreign exchange and all that. That was, of course, a laurel in the proficiency of the bank. That was one of the very, I can call it a recognized channel of approaching with the foreign countries, our link with foreign countries. And sir, this merger of this bank that our bank is, you see what is it called? Fincare Small Bank. That is just going to strengthen the bank very much because I have seen that grand balance sheet being sent by our Mr. Manmohan Ji.

I had just gone through that and that really shows that how much strength we will get our bank will get. So this is these are the laurels, these are the achievements. And that achievements do not come in a day. Therefore, that you had to work hard and that shows that the results, when we get the results, that how hard and how sincerely you are working on that with the integrity and with the aim. So as regards to my query, I can just ask just for the sake of asking that what is the new acquisition in your mind? And what is the level of expansion in this area, in the coming year, in this current year, 24- 25? So what are our new expansion and how many new states we will cover it? And of course, I know that you are just part of growth and definitely we will get a positive result.

But just because I have to ask something, so that is why I asked it. So before I wind up, I must thank our corporate governance under our Mr. Manmohanji. Manmohanji is really a Manmohan for the investors because investors are proud of him because whenever we have got a query, we ask him and we get the prompt reply. So this is a very big thing. And definitely I will compliment our CFO also because his Rome was not built in a day. And similarly, the company is not built by one person. So it is a giant effort of your team. Your team is excellent. So I pray God for the positivity for the team and that positivity shall be the strength of the bank and the strength of the bank means strength of my investment. And best of luck to you. Thank you.

Sanjay Agarwal:

Thank you very much for your appreciation. Seeing your enthusiasm, we are double excited to your own enthusiasm.

Yashpal Chopra:

I am only 85.

Sanjay Agarwal: Sir, you live for thousands of years, that is what we can wish you from here. Your enthusiasm is so much that you will probably get it easily. But thank you very much for all your appreciation. What you said about Manmohan, what you said about CFO, what you said about Vimal, that is absolutely true. Because our chairman sir is sitting, he also clapped because the chairman also knows that Manmohan is Manmohan. So, your sparking eyes, I won't say sparking eyes but your ability to recognize people, I don't think you have met Manmohan hope that you will be with us in the bank.

Yashpal Chopra: Sanjay sir. There are 400-500 companies in my portfolio and I attend at least 150 meetings every year. But only a few chairmen are there who stand and speak. The first is that Mr. Reddy of Apollo Hospital. I happened to see him. He stands there for about 50 minutes and speaks. So similarly, I have seen the chairman of Maruti, Mr. Bhargava. And now I have seen that today and it was you who was speaking continuously for one hour and you have left no point untouched. So this was a big thing. So definitely and we are in for a moment.

Sanjay Agarwal: I am sorry sir, but you made me realize my mistake that I forgot to mention the retirement of our chairman Verma sir in January. But I don't have in my mind that he is retired, so I didn't mention him. I would also like to thank Verma sir.

Yashpal Chopra: See his efforts. His bank has reached 24 states from 11 states.

Sanjay Agarwal: Absolutely, sir. Sir, I hope that the rest of the states will do the same. So sir, in our future expansion plan, last year we merged a lot of Fincare. Because of the merger, we have become quite stable. So this year we will increase our loan and deposit. I will say that it will increase by 22%-25%. And we will keep in mind that Fincare has an integration. It will take a year whether it is of people or products. We will work on the diversity of the state and language. So that both become one in a year.

And we will make a very good size bank. So that next year, if we feel that we have done a good job with the RBI and if we become universal then these are the 3-4 agendas of this year. And we are not coming with a lot of expansion. Because we have got a lot of branches due to the merger. We have got a lot of capital due to the merger. We have got people due to the merger. We have got products due to the merger. So this year, we will consolidate them and move the bank forward.

Yashpal Chopra: Sir, as a food for thought, I can tell you that when you will declare it as universal that should be celebrated. And I must get an invitation.

Sanjay Agarwal: Yes sir, we will call you. We will definitely call you. But sir, tell us, you have an account in our bank, right?

Yashpal Chopra: I have been saying this for many years, that in our Pritampura there are almost 12 banks. And I have an account in 10 banks. But the branch of AU Small Bank did not open here. I always say that you open the branch today, tomorrow I will put INR10 lakh rupees in it. But in Pritampura, no branch has opened yet and that Harsh Vihar is very far from my house. And I cannot afford to go there at this age.

Sanjay Agarwal:

Sir, our Chairman will say something.

H R Khan:

Mr. Yashpal, like you, I am also a senior citizen. And I also live in Delhi. And on behalf of the bank on behalf of the executives, I would like to say that we have started a new vertical. Senior Citizen Vertical. We have added so many product features in it. May be no other bank has brought so many product features. Mr. Uttam, will tell you about it in detail. One thing is that we have brought a door-step banking for senior citizens.

The account will open in it. Whatever you need, check book, draft, medical check-up arrangement, all those features have been added to the product. I will take your address and the team in Delhi will contact you today or tomorrow. The branch is not around you. You don't have to worry about the branch. Our door-step banking for senior citizens has just started. You will be its flag bearer in Delhi. Uttam Ji would you like to add something?

Yashpal Chopra:

And even last year, I was told that somebody would be coming from NCR and all that. But nobody came. And we have no problem. Whenever somebody comes, we welcome them.

Sanjay Agarwal:

Thank you very much.

H R Khan:

Yes, sir. Definitely, sir. Thank you.

Moderator:

Now I request Mr. Vaibhav Jain to please accept the prompt on the screen. Mr. Vaibhav Jain, I request you to please turn on your webcam. Unmute yourself and go ahead with your questions or comments, please.

Vaibhav Jain:

Yes, hi. First of all, thank you very much for the opportunity to speak. I have a few questions regarding our business. I just want to get that out of the way. So, sir, what is the view regarding the credit cycle going forward? As an industry, three years have been really good in terms of the NPA cycle. So going forward, what is the view in terms of what we see on the ground? Is there any stress in our segments? In the segments we operate. And we have said that we have a vision to become a forever bank and be top five in the country going forward.

So does that mean that we're going to get into segments that the large private sector banks operate in the social segments of the society which they operate in? If yes, then the requirements of that business is very different from the business that we are in right now in terms of operations and all. Somewhere there is a mismatch going forward. May be there is a timeline issue. So that is one thing I wanted clarity on. After our AU at 2027 vision was announced, how do you see the cost to income going forward after that? That is my third question.

And, sir, what is our branch expansion strategy going forward? I think FY '24, our deposits per branch is roughly INR155 crores, which is very good when compared to other small finance banks. Are we going to get our deposit growth from expanding our branches or are we going to deepen connection in existing branches? Over the next five years, what is our plan is something I wanted to understand. And, sir, some questions for Sanjay sir and Uttam sir and also Rajiv sir. Sir, who is the competitor who has inspired you most in terms of an organization as well as an individual? Who has inspired you the most and why? And also, in your 20 years, 8 years of

journey with the bank have you faced a very difficult situation and what was your mindset at that point and how you got out of it is something I would like to understand. So that is all from my end, sir.

Sanjay Agarwal:

So, hi Vaibhav. You look like more analyst than a shareholder. So, welcome to AU AGM. I am very happy to see that you are an investor. So, I think let me figure out your question because there are too many. So, I would have lost something, but you can ask me again. But I remember one question around that, if you want to be top five bank, then you have to change your color. I think that is not true, Vaibhav. We really want to remain a retail bank and you know how the whole opportunity around retail is.

As I commented in my speech that we are just 0.5% deposit market share of the India opportunity as of now and India next 20 years will become maybe 30 trillion economy, maybe next 30 years the size of the opportunity will be humongous size. So, I think top five banks means what in the sense of the asset, deposits, profitability, people, distribution? So, we need to chart out. My expression was around my hope. It was not specific to any data.

So, it is about that whole joke that we need to be top five bank, it may be in profitability. It may be in terms of number of employees or number of customers. We need to figure out. But AU will become something very big in times to come because we have built that foundation where we know the soul of banking. It is built on trust. It is built on transparency. It is built on governance. It is built on how you remain compliant. How you remain responsive towards society and the general ask from banking. I think that foundation is being laid as of now.

And I believe that because of that we have a tremendous future as a team. But we don't have to change our color to be honest because we are just 0.5% of our market share. You know HDFC Bank because you spoke about my role model. So, in banking, I take HDFC Bank as my role model. I have learned a lot from them. Still, they are the largest one. They are around 10% of the market share. So, I believe that there is ample opportunity for us to be in top five banks and not change our colors.

And 20 years is a very long-term kind of frame in terms of timeframe. So you never know how the definition of retail gets changed, how the definition of SME gets changed, how the definition of MSME gets changed, the corporate changed. So, we do not know how India will be in 20 years. But India will be a very, very different country in my opinion. So, we need to go to that zone or have to be there in those times. So, I am very sure that we will go there without changing the color.

The color is not about the asset size or the deposit size. The color is that we have to remain one of the most trusted banks for this country. We need to create the most admirable bank for this country. We need to create a bank from the masses, for the masses, of the masses, so that we remain very important for everybody. So, that is my sense of building assets. That's number one.

Second, role model I told you about, HDFC in my whole career inspired me a lot. In my sense, and of course, I am a huge fan of our previous Finance Minister, Prime Minister, who was the architect of the whole globalization in this country. So, many people inspired me day in day out.

Shah Rukh Khan inspired me a lot. So, many people inspired you and you are a young guy. You should look for inspiration so that you can build yourself. So, what are the other questions? I just remembered these two ones.

So as of now, I believe that we are in a very different trajectory. And I would give the credit to present government, our leadership here that they have brought in a lot of transparency and compliance orientation in the system. People are not now wanting to take the advantage of banks. People really want to pay back their loans and their intention is very high.

Our balance sheets are kind of from years they were struggling to be cleaned out, but they are now clean. So, I hope that will continue. There would be losses, there would be a business failure, there would be some cyclic kind of positioning but I think the intention, where we were challenging the intention 20 years back is not there.

So, that means that if you have money you have to pay back. So, I don't think that there would be some business failures there would be some NPAs, that's the way the whole business model is. But whether as an executive we can predict and we can rationalize it, is our expertise. So, I don't think that India will go through again a very high NPA kind of positioning, but there would be some kind of spike, some kind of things here and there. But largely I believe that Indian financial markets are a lot much mature in all sense.

So, good to be in this. The fear of losing money is not there, to be very honest. I don't come to an office with the mindset that my money will get lost. We always look for better asset quality, all those things. And there are numbers which will go bad, but it is quite in range. That's my sense. Anything else, Vaibhav, you want to get addressed?

Management: Vaibhav, for your other question about cost to income ratio. So, post 2027, it will be below 60 because you will get the leveraging benefit. So, somewhere around 57, 58, 59.

Vaibhav Jain: And just, you know, one more question. So, congratulations on deciding to be a universal bank now. Of course, there are approvals and all of that have to come in place. So, is there any additional cost that we would incur in terms of systems and processes? And also, what impact will it have on our cost of funds going forward, you know, with respect to how we want to strategize our mobilization of deposits?

Sanjay Agarwal: Vaibhav, do you have an account with us?

Vaibhav Jain: No, sir, not yet. But, yes, soon.

Sanjay Agarwal: So, you will open an account, right? When you become universal, right? Or wrong?

Vaibhav Jain: I will, I will.

Sanjay Agarwal: So, that's the change that will happen. That's the change that will happen when we get the license. I think it will enhance our visibility. It will enhance our credibility. It will push more people to recognize us and start banking with us. And with the due permission of the Chairman, sir -- I

took the permission from the chairman, sir, on your behalf only, that more people will come and bank with us.

So, I think there are two aspects of deposits. One, the volume, one, the cost. The cost is the different matter. But volume will come in, right? And as you know, the opportunity is more on loan side, asset side. So, we need a volume of money to come in so that we get more loans. So, I think that's the way I feel that it will be very good for us if we get the license. It's a top-notch license in the world. And we should get it there, that level if the RBI allows us.

And third, there is no additional cost because cost is equal on SFB and the Universal Bank. So, there will be extra capital requirement because of opex, operation risk and the market risk, which we don't get applicable. But our capital requirement at SFB is more than what Universal is. So, it can, you know, equalize that. So, largely, it's a more and more gain. No pain, you know. So, let's hope that, you know, we want the license as soon as possible so that you can open an account with us.

Vaibhav Jain: Okay. Thank you so much. Wish you all the best.

Sanjay Agarwal: Okay. Thanks Vaibhav.

Moderator: Thank you. I now request Mr. Redeppa Gunluru to please accept the prompt on his screen. Mr. Redeppa, please unmute your audio. Start your webcam and go ahead with your questions, please.

Redeppa Gunluru: Yes. Thank you. First of all, my Chairman, Rashid Khan, sir. Good evening.

H R Khan: Good evening.

Redeppa Gunluru: And also, my leader, MD and CEO, Sanjay Agarwal ji, hello to you also. And Uttam sir also. And Vimal Jain also, CFO. And non-executive directors, executive directors, my company's secretary, Manmohan Parnami ji. Good evening. Namaste sir. My name is Redeppa Gunluru from Hyderabad. Sir, as a shareholder of AU Small Fin Bank, I am very happy and proud about the company performance as well as yes sir.

I'm very happy and proud about the company. And you are giving us wonderful information about our business. You're using some, I mean, some saying, you are a very good motivator, sir, and that is why you are there in my company's backbone. That is the reason my company is great work. We are growing now.

Mr. Secretary, I got my annual report, well-in-advance. I follow the annual report, I found there is a wonderful corporate governance under the leadership of Company Secretary, CFO, and other directors. There is a good transparency. The numbers are, figures are, it is a, I can say there is a world-class transfer of governance. Special kudos to the entire team. Sir, there is a lot of happiness in the outgoing statements.

There is a lot of hard work. On my behalf, I would like to express my special congratulations. I am welcoming our H R Khan sir, we are growing. Thank you for our bread and butter for giving

the good in countries, good interest. You have brought change to the service. You have brought change to the industry. You have changed the company. You have changed India. You have brought change to the world. You have brought change to the world. Our bank is getting a lot of prosperity. Thank you very much for that. Sir, congratulations on your Universal brand. Because of your vision.

Moderator: I'm sorry to interrupt, I request you to restrict to three minutes, please. Thank you.

Redeppa Gunluru: This is the time to talk, I am proud to talk to the CEO sir. CEO sir please give me information.

H R Khan: Please go ahead.

Redeppa Gunluru: You have been working for 24 hours in my company. Meanwhile, you are dreaming and watching the vision of your company. I feel so good. Sir, I have just come to 24 states. Sir, my journey of AU Small Bank has started before 18 years. I am now growing stocks in I was an employee of a company before this. At that time, I did trading of this AU Small Bank. In one day, I lost INR 1 lakh. I did a lot of analysis. Why did I lose so much? I did research and analysis. After 8 years, I have a lot of money. I became an entrepreneur from an employee, sir, because of you, my life has changed. That's why I have a little gold in my heart.

Sir, I had 1 once and I researched why I am loss, what is my fault I wanted to move ahead, I worked hard and moved ahead later I became an entrepreneur in 2017 actually as a financial analyst. I have more than 300 customers now. I am giving the advices to my customers. So because of this experience of AU Small Bank the first trading, so my personal experience is that is why I am very happy now I am financially set. I have got a lot of success in my life so I thank you sir, sir. We can do anything with the shareholding pattern? That is my question.

Sanjay Agarwal: What is your question?

Redeppa Gunluru: Sir, what is your plan to increase the shareholding pattern?

Sanjay Agarwal: What is your question?

Redeppa Gunluru: Sir, what is your plan to increase the shareholding pattern? Next question is Pattern-- pattern. Shareholding pattern. Promoter shareholding pattern?

Sanjay Agarwal: Ask the second question. We will tell the answer please ask the second question, we will tell you the answer first.

Redeppa Gunluru: Sir, what is your vision and what are your plans for 2 to 5 years? So, any strategic plans to increase all over India and how many branches are you going to open? So, please tell us about this process and the structure. Apart from this, I don't have any financial stories. I need financials, sir. So, what is the impact of the global outages? What is the impact of this global outage and what is the impact on the budget? And the final question is, sir, what is the impact on geopolitical issues like the war and other geopolitical issues?

So, what is the impact, sir? Please tell us about this, sir. So, I am thankful to Manmohan sir for the wonderful, smooth proceedings we see. Always a reasonable, wonderful person, fast working person, Manmohan sir. So, I would like to congratulate you, sir. Chairman sir and MD sir, finally, we have faith on you, trust on you. Go ahead and take appropriate decisions in my company's growth. We are with you as a shareholder, sir. I wish good health to you, sir.

I am happy to direct this to all the hardworking employees of my company. So, happiness and good health to you, sir. Thank you so much for giving this opportunity to speak in front of the board and also in front of Sanjay Agarwal sir. Thank you so much, sir.

Sanjay Agarwal:

Thank you so much for taking out time, sir. So, I am very happy that you are supporting AU in its journey. The first question around my shareholding, as you know that I am a first-generation entrepreneur, right? So, I don't come with a lot of money, right? It has been built over the years with just, you know, I would say people like you supported us throughout. So, there is nothing where I can come back and put more money. And that is no idea because I have enough shareholding, you know, in my opinion to really be very happy and chill guy here.

Second, you know, banks are generally not run by the shareholders, right? Banks have more ownership of depositors. So, I think the overall structure of this regulator and I also personally feel that bank's real owner is the depositors, right? And bank is owned by depositors, right? We as a shareholder will get our share. But, you know, the color of money of depositor is more important. So, I believe in this and I am happy that you are part of this whole story.

So, shareholding pattern will change. More investors will come. You know, I will go down and down. Don't worry about it. You know, but bank will grow, right? Bank has to remain there forever. So, that depositors faith is always there and bank is growing and growing. That's the whole motive and idea of personally me as a highest or biggest shareholder.

Second, you know, the expansion I explained in my speech and of course in the last call also. But in the interest of time, I would say bank is in very good shape. India is in very good shape. The whole compliance, regulation, the path is very clear that, you know, how we really want to build this bank. And your bank has to be retail bank of this country. We have got the board approval. Chairman sir is there in the call. So, he has given us an approval to go for transition.

If we get a universal license, the journey will be very different. But we really want to keep our fiber of bank in similar fashion. It has to be retail detail, you know. So, I think India has a humongous opportunity. Whatever I will think or speak today might not be relevant in next 5 years because we are just 0.5% market share of our overall opportunity.

So, there is an amazing path available for us. We need to execute. We need to play our inning well. We need to be patient enough. We don't have to be aggressive. We don't have to over-exuberant, you know. Just be there. Just be on pitch, you know. Play your inning. Build chanceless inning.

So, that's the overall idea of me, you know. And we would love to serve you more and more in terms of our product, you know. Through the different channels, be it brick and mortar, be it

digital channels, digital channels, you know. And I hope that people like you will support us. And I hope you have an account with us. And you will participate in...

No, no, no. Then you have to open because it's your loss, right? It's your loss because being a shareholder, your bank account has to be with us. We are in Hyderabad, right? I'll ask for Hyderabad team to approach you because being a shareholder, you know, you can't have an account because you want your wealth to be created from this bank and you want to keep your wealth in some other bank. It's not good advice given by your advisor.

So, bring your wealth in this bank only so that your wealth creates more, right? So, that's from our side. So, thank you for your time and your patience. Thank you so much.

Moderator: Thank you. I now request Mr. Manjeet Singh to please accept the prompt on the screen. Mr. Manjeet Singh, please turn on your webcam. Please unmute yourself and go ahead with your questions or comments, please.

Manjeet Singh: I welcome the management team of AU Small Finance Bank, the Secretarial team and my co-shareholders and I hope that the growth that our bank is showing and the results that will come in 2024-2025 will also show good growth and our share will increase on earnings. This is what we expect from you. Sir, what kind of loans are we giving in SME and Agriculture? And are those loans insured? And what is their NPA? If you could tell us a little bit about this, it would be good.

Sanjay Agarwal: What did you say, Mr. Manjeet?

Manjeet Singh: Yes. What kind of loans are we giving in SME and Agriculture? And what is the position of NPA in them? Are some of our loans insured? If this is the case, please tell us about it.

Sanjay Agarwal: Mr. Manjeet, with the permission of the Chairman, I would like to answer your question. Your bank is very solid and sound. And as you said, I think that since you have become our shareholder, you must have grown in some way. And that is why we work. The history of our bank is correct. But our 28-year history says that when we give loans, we are very careful.

We understand the customer and his requirements. And we understand his business. And we understand his business and give loans. So that there is no problem in repayment. Historically, we have been doing vehicle loans and business loans. But as a bank, our target is to give 8% to small farmers and 10% to agricultural loans.

And it should be done because agriculture is a big backbone of our economy. And it is very important to have their inclusion. And it is the job of the bank to help them, to help them move forward and make them capable. And in agriculture loans, we do 4-5 projects. One is the tractor loan. The second is that we have come to the FPO. We have also positioned ourselves there. We also give loans to buy cows and buffaloes. And there are small agri-processing units.

Small businessmen who are connected to the crisis, they also finance them. But our track record since the start of giving in the last 7 years is very good. It is very good. There is no risk there.

And all loans are cauterized. And their repayment is also good, the NPA is in the other asset, that is the NPA in the assets, but sometimes these assets are behaving better, so you don't have to worry that we are giving SME loan or the capability of many people who understand this area and give loans with understanding. And not only we are increasing the value of the shareholders, but the important branch of the country, like farmer, SME, MSME is our focus.

Manjeet Singh: Sir, this country is worth 140 crores. And in this, the issue of paper leak for youth, the unemployment that is going on, How many jobs have been released in our bank in 2023-24 and what is our target in 2024-25? How many more jobs will we be able to provide to the youth? If you tell us a little about this, it will be good.

Sanjay Agarwal: Mr. Manjeet, last year, your bank was at around 30,000 people, but when we did the merger, 15,000 people came to us. So we increased the net by giving 2,000 jobs in AU. And this year, we will probably give 2,000-3,000 jobs. But let me tell you one more important thing, that we have a CSR program, and the board has told us that you will do people's skills, you will teach people something or the other, and you will get them jobs.

So last year, our CSR wing skilled about 5,000 children. They were given reception skills, accounting skills, computer skills, we have a lot of such skills, and by teaching them, we also got them jobs. And your bank has done this for 15,000 children in the last 4-5 years. So we create a lot of job opportunities, and this happens directly. But our business model gives loans to self-employed people. It also gives loans to new people. So through that medium, we make people employable. So we say that your money and everyone's well-being. So that is our model. So basically, your bank has a very strong impact, socially and financially.

Manjeet Singh: We also invest in your bank. We have a BSC Scrip code of 540611. Investors invest in it with full confidence. And you keep running this bank with a smile on your face, keep playing, and keep developing it day and night. And in your speech earlier, you said that the party is still left. We still have to get the party. So the party is still left.

Sanjay Agarwal: Okay. Manjit sahib, open your account.

Manjeet Singh: We don't have any bank in East Delhi. There is no such bank here.

Sanjay Agarwal: No, no, no. We are not even there today. We are in Delhi, we are in Jaipur.

Manjeet Singh: When Metro was invented in Delhi NCR, Atal Bihari Vajpayee had made a bet on metro from Shahdara. So we want that the first place for your branch - Shahdara should be somewhere near Metro city because this is the first station of the metro when in 2005 Atal Vihari Vajpayee showed the green flag and celebrated the metro.

Sanjay Agarwal: Yes, yes, yes, but before that celebration, you and I celebrate and try to make a deal, sir.

Manjeet Singh: Okay, sir.

Sanjay Agarwal: Chairman sir wants to say something.

- H R Khan:** Sir, Manjit ji, I also live in Delhi. So, what I had told earlier, regarding the question of Mr. Chopraji, we have brought a senior citizen scheme.
- Manjeet Singh:** We are far from senior citizens. We are 3 years away. No, no, I am saying. It is my birthday of 67. Now I am 57 years old.
- H R Khan:** No, no, we have also Shahdara that you suggested for the branch. And you can tell that our digital platform of AU Bank is very strong. You can do all the transactions digitally. AU0101 is a banking app. It is very easy and customer user friendly. So you can also use it so this all product still...
- Manjeet Singh:** We are with you.
- H R Khan:** Thank you.
- Moderator:** I now request Vasudha Vikas Dakwe to please accept the prompt on the screen. Vasudha Dakwe, please accept the prompt on your screen. Vasudha, I have unmuted your line. Can you go ahead with your question please?
- Vasudha Dakwe:** Very good afternoon, respected Chairman sir, Board of Directors and my fellow shareholders, myself Vasudha from Thane. I would like to thankful our secretarial team for sending with a soft copy as well as a physical copy of the report well in advance which is clear and transparent. Most of the questions were asked by the previous shareholders. I would not like to repeat it again. With this, I support all the resolution. Thank you very much. All the best for coming financial year and my best wishes for the coming festivals during the month of Shraavan and Badrapad. Thank you sir.
- Sanjay Agarwal:** Thank you.
- Moderator:** I now invite Mr. Chetan Chadda to please accept the prompt on the screen. Mr. Chadda please accept the prompt. Turn on your webcam. Unmute yourself and go ahead with your question, please. Since there is no response, I now request Mr. Dilip Kumar Jain to please accept the prompt on the screen. Mr. Jain, please turn on your webcam. Unmute yourself and go ahead with your questions or comments please.
- Dilip Kumar Jain:** Respected Chairman sir and Mr. Agrawal, Sanjay Agrawal ji, MD sir. I am Dilip Kumar Jain from Jaipur. I am a 63 years old senior citizen. I feel happy that I live in Jaipur from where a bank has emerged that has created its own image in India, plus it is preparing to be global. It is very happy in itself and more than that I am a shareholder of it. I congratulate you in advance for being global. So that you get your global opportunity soon. For this you have to congratulate you in advance. One thing I liked very much that in Jaipur, I think in the basic employment phase, your Bank has contributed a lot. That is a very appreciable thing.
- Because the biggest issue in today's time is employment and you are solving it. Congratulations to all of you for this. Mr. Manmohan Parmani, who you have brought the diamond in the

company, he is very polite and he has impressed me so much by calling three times that I cannot tell you. So keep this diamond safe.

Sanjay Agarwal:

No, Dilip ji, he has kept me safe.

Dilip Kumar Jain:

Actually, the main thing is that polite speaking. Everyone attends the AGM and speaks well. But he is a person who is very good.

Sanjay Agarwal:

Manmohan ji, show your face to sir. Manmohan ji, where are you lost? show your face to sir. Where is he?

Moderator:

Sir, his audio will be on. Yes. Manmohan sir, your audio will be on. Manmohan sir, audible please go ahead.

Manmohan Parnami:

Thank you very much for your kind words, sir. We will open bank account and will increase relations with you.

Dilip Kumar Jain:

I was saying that actually all accounts are very old. So our accounts are generally most faced in SBI, in other banks, in PNB, he does it in these. So, till a little bit, although your meaning is...

Sanjay Agarwal:

Mr. Dilip, the chairman is listening. You are from Jaipur, you are from Tonk Road. The chairman is listening. Our appraisal is in his hands now after a month. And Manmohan's appraiser is also doing. You are saying that you don't have a account. Now, now, you will have to open today. You will have to open today and send the receipt to sir. Sir is bringing schemes for senior citizens. You will take my job.

Dilip Kumar Jain:

No, sir, it's not like that. We have to work together. We are also part of this company.

Sanjay Agarwal:

Sir, you don't know our chairman.?

Dilip Kumar Jain:

But I would like to say that sir, the big banks have made such a quick progress because the progress that you have made in such a short period, the progress that AU has made, that is very impressive. It will be inspiring for others that in such a short time, the heights that AU have achieved in such a short time, it has helped many people.

Sanjay Agarwal:

Thank you so much, Mr. Dilip ji, chairman sir is also on our call. Do you want to say anything, Chairman sir?

H R Khan:

Mr. Uttam, activate your senior citizen team.

Dilip Kumar Jain:

No, no, sir. I can go to the bank. There is no such problem.

H R Khan:

No, no. You can go to the bank. The bank will go to you.

Dilip Kumar Jain:

No problem. And once, Mr. Sanjay ji, we would like to meet you in Jaipur.

Sanjay Agarwal:

Come to office. Come, come. Come now. I will tell Manmohan that he will bring you to us.

- Dilip Kumar Jain:** No, not now. We will call and come. Thank you. Sir, what is going on for women empowerment and CSR? We also run some activities. So if the bank comes under your criteria, then we are trying for a medical facility for that. If it comes under your criteria, then I would like to request you.
- Sanjay Agarwal:** Yes, so you tell Manmohan ji, we support for medical and if it will have a wide impact and meets our rules and regulations.
- Dilip Kumar Jain:** Yes, Do the same, if it comes under your criteria.
- Sanjay Agarwal:** So Manmohan ji, the person you have praised is your relationship manager from today. So you can also open an account and tell people around you. We will help you in CSR. We are from Jaipur, we will meet you. Thank you very much.
- Dilip Kumar Jain:** Thank you very much, sir. Thank you. And one more thing, send the customers, at least send the speaker shareholders, that we are here.
- Sanjay Agarwal:** I will give you when I meet you.
- Dilip Kumar Jain:** Okay sir, thank you.
- Moderator:** Thank you. That was our last speaker shareholder for today. The icon for e-voting is available on the screen, which will redirect you to a separate window on the e-voting portal of NSDL. The e-voting facility will be active now and will be closed after 15 minutes.
- Dear members, 5 minutes for e-voting is left. Members are requested to exercise their voting rights who have not yet carried out e-voting.
- Dear Members, as advised by the Scrutinizer, the time for e-voting has elapsed and they are of the view that all members who are participating in the Annual General Meeting have been given adequate time and opportunity to vote at the AGM.
- I now request Mr. Uttam Tibrewal, Whole-Time Director of the Bank to give vote of thanks. Over to you, sir.
- Uttam Tibrewal:** Thank you, Yashhasvi. Namaskar. Our esteemed shareholders, respected Chairman Sir, distinguished members of the Board, our MD and CEO, valued customers, my colleagues, and esteemed partners, I wish you a splendid evening. As we conclude our 29th Annual General Meeting, it is our privilege to present a vote of thanks. Together, we have achieved tremendous progress over the past years. This is a moment to celebrate our shared vision and collective efforts in advancing AU Small Finance Bank to new heights.
- As we continue to strive forward in our forever journey, our resolve to serve the aspiring Bharat is further strengthened. Our recent merger with Fincare SFB has been a pivotal step in this direction, strengthening our presence across India, giving us a truly pan-India presence as a complete bank. This merger has broadened our customer base, expanded our workforce, spread

our geographic reach, and enhanced our financial capabilities for us to empower the financially underserved and unserved segments so they can contribute to the nation's prosperity.

I would like to thank the Government, the RBI, and various regulatory bodies for bestowing their trust in our bank and further approving the merger expeditiously. Looking ahead, we are steadfastly focused on executing our vision for AU2027, be it focusing on increasing mix of high ROI assets or enhancing branch profitability and growing in a sustainable manner. I take this opportunity to extend our sincere gratitude to our investors and shareholders for your faith in our abilities and invaluable support.

We have recently launched our AD-1 business and would be able to serve our customers more holistically including serving their needs for foreign currency services, remittances and supporting our exporters and importers in every possible manner, be it funded or unfunded trade facilities. On this occasion, I would also like to thank our customers for banking with us and trusting us for their banking needs. A big thank you also goes out to all auditors, credit rating agencies, intermediaries and stock exchanges who help us maintain this trust.

On behalf of Team AU, I extend my heartfelt gratitude to our esteemed board members for their guidance. Lastly, I want to thank each of you for your unwavering support and presence here today. Your trust and commitment inspire us to reach new heights. At AU, we really believe that not only do we need a pen to write history, but we also need courage. With these words, demonstrating the true spirit of AU, let me take your leave to return next year with further updates, really, and we live up to your expectations. Thank you. Stay safe. Stay healthy. Namaskar.

Moderator: Thank you. I now request Mr. H.R. Khan, Chairman of the Bank, to kindly give his concluding remarks.

H R Khan: Thank you. I would like to conclude this AGM by expressing my heartfelt gratitude to all the shareholders, those who have joined, but those who are part of our journey but couldn't join, and all my Board colleagues, the entire team at AU, and all the people associated with today's meeting. AU Bank is on a journey of building a stronger, more resilient, forever bank, and in its pursuit of sustainability, technological innovation, building a strong, resilient, risk-focused banking franchise.

It will have lasting impact. With lasting impact, it shall continue to do so for generations to come. Since Uttam ji ended with poetry, let me also add where we stand and what we are aspiring to be. जो मिला है उससे बेहतर तलाश कर, जो मिला है उससे बेहतर तलाश कर, जो मिले दरिया तो समंदर की तलाश कर I think that spirit we always strive, always aspire, always try to achieve. I think that's the spirit of AU. Once again, thank you all of you for being with us and all the members who have joined this AGM and with this, we conclude the AGM. Thank you once again. Namaskar.

Management: Thank you, sir.

Moderator: Thank you, sir. Thank you all, Goodbye