

**TRANSCRIPT OF THE SEVENTH ANNUAL GENERAL MEETING OF ESAF SMALL FINANCE BANK LIMITED HELD ON FRIDAY, DECEMBER 29, 2023 HELD THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO VISUAL MEANS (OAVM) AT 03:00 PM.**

**MODERATOR:**

Welcome you all to the 07<sup>th</sup> Annual General Meeting of ESAF Small Finance Bank Limited.

We will start the meeting with a silent prayer.

Thank you so much everyone for joining for the prayer.

For the benefit of shareholders, I will brief certain points regarding the participation at this Annual General Meeting:

1. The facility for joining the AGM through video conferencing or other audio-visual means is being made available for members on first come-first-served basis.
2. All members who have joined this meeting are by default placed on mute mode by the host to avoid any disturbance arising from background noise and to ensure smooth and seamless conduct of the meeting.
3. Once the question and answer session starts, we will be announcing the name of the shareholders who have registered as speaker shareholder, one-by-one.
4. The speaker shareholder will thereafter be 'unmuted' by the host. To start speaking, the shareholder is requested to click the video 'on' button only once and wait till the video is on. If the shareholder is not able to join through video for any reason, the shareholder can speak through the audio mode.
5. While speaking, we would request the speaker to:
  - (a) use the earphones so that speaker is clearly audible;
  - (b) minimize any noise in the background;
  - (c) ensure that Wi-Fi is not connected to any other device;
  - (d) no other background applications are running; and
  - (e) there is proper lighting to have a good video experience.

6. If there is a connectivity problem at the speaker shareholder's end, we would request the next speaker to join. Once the connectivity improves, the speaker shareholder may be called again to speak, after other registered speakers, complete their turn.
7. We request the speaker shareholders to limit their speech to three minutes. All the questions will be answered together at the end.
8. During the AGM, if a member faces any technical issues, he/ she may contact the helpline number of NSDL mentioned in the notice of AGM.

I shall now introduce the Directors and other Officials attending the meeting.

1. **Shri. Ravimohan Periyakavil Ramakrishnan** - Part-Time Chairman and Non-Executive Independent Director
2. **Shri. Kadambelil Paul Thomas** - Managing Director and CEO
3. **Shri. Thomas Jacob Kalappila** - Non-Executive Independent Director and Chairman of the Audit Committee of the Board
4. **Shri. Biju Varkkey** - Additional Non-Executive Independent Director and Chairman of the Nomination Remuneration and Compensation Committee of the Board
5. **Ms. Kolasseril Chandramohanan Ranjani** - Non-Executive Independent Director and Chairperson of the Stakeholders' Relationship Committee of the Board
6. **Dr. Vinod Vijayalekshmi Vasudevan** - Non-Executive Independent Director
7. **Shri. Ravi Venkatraman** - Non-Executive Independent Director
8. **Dr. Joseph Vadakkekara Antony** - Additional Non-Executive Director
9. **Shri. Ajayan Mangalath Gopalakrishnan Nair** - Non-Executive Nominee Director
10. **Shri. John Samuel** - Non-Executive Nominee Director
11. **Shri. Gireesh C.P** - Chief Financial Officer
12. **Shri. Ranjith Raj P** - Company Secretary and Compliance Officer
13. **Shri. George Thomas** - Executive Vice President – Corporate Services
14. **Shri. George K John** - Executive Vice President – IT and Operations
15. **Shri. Hari Velloor** - Executive Vice President – Network – 1 (South)

We also have Shri. G.K. Subramaniam, Partner, Deloitte Haskins and Sells and Ms. Abarna Bhaskar and Shri. Mohan Rao, Partners, Abarna and Ananthan, Joint Statutory Auditors of the Bank and Shri. M Vasudevan, the Secretarial Auditor of the Bank, attending this meeting through video conferencing.

Now, I request Chairman of the Bank to preside over the meeting and commence proceedings.

**CHAIRMAN:**

Good Afternoon Ladies and Gentlemen. I would like to welcome all the shareholders to the 07<sup>th</sup> Annual General Meeting of ESAF Small Finance Bank Limited. I would also like to welcome the Managing Director and CEO, all the Directors, Key Managerial Personnel, Statutory Auditors and Secretarial Auditor of the bank. As the requisite quorum is present, I now call the meeting to order.

Notice of this meeting was sent by electronic means to those members who are entitled to receive the same. With your kind permission, ladies and gentlemen, I take the notice as read. The statutory auditors and the secretarial auditors' have given unqualified opinion and unmodified opinion without any reservation or adverse remarks in their respective reports for the Financial Year 2022-23. The statutory auditors' report on financial statements and secretarial audit report form part of the Annual Report. Since, the audit reports were circulated to the members electronically, with their consent, the same is taken as read. I now request Company Secretary to explain the sequence of meeting and process of voting on the resolutions in the meeting.

**COMPANY SECRETARY:**

Dear All,

We are holding this Annual General Meeting through video conferencing in compliance with the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. The deemed venue for the AGM shall be the registered and corporate office of the Bank situated at Building No. VII/83/8, ESAF Bhavan, Mannuthy, Thrissur – Palakkad National Highway, Thrissur, Kerala, PIN – 680 651. The Company has taken the requisite steps to enable members to participate and vote on the items being considered at this AGM. The annual report for the financial year 2022-23 was sent on December 04, 2023, to all the shareholders through e-mail in compliance with the directions of the Ministry of Corporate Affairs and SEBI and the physical copy of the annual report was also sent to those shareholders who had requested for the same.

For your information, since there is no physical attendance of members, the requirement of appointing proxies is not applicable.

The registers mentioned in the notice as required under the Companies Act, 2013 and other documents related to the ordinary and special business are available for inspection electronically.

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires to provide electronic voting facility on the resolutions set out in the notice of the AGM. The company is also providing the e-voting facility, administered by NSDL, during the AGM.

Accordingly, the company had provided remote e-voting facility to its members from December 25, 2023 till December 28, 2023.

The e-voting facility during the meeting is provided for members present here through video conferencing and have not casted their vote yet. Shri. N. Balasubramanian, Practicing Company Secretary, has been appointed as the scrutinizer to scrutinize the votes cast through remote e-voting and e-voting during the AGM.

Since the AGM is being held through video conferencing or other audio-visual means and the resolutions mentioned in the notice convening this AGM have been already put to vote through remote e-voting, there will be no proposing and seconding of resolutions.

Thank You.

**MODERATOR:**

I request Shri. Ravimohan Periyakavil Ramakrishnan, Chairman of the Bank, to deliver his speech.

**CHAIRMAN:**

Good afternoon. At the outset, it is a great occasion for your bank to conduct the annual general meeting after a very successful initial public offering of equity shares. The listing process has been completed and the bank is now a scheduled listed bank. Within a very short period of 6 years, the trust and the confidence placed by the shareholders is remarkable and that gives us lot of confidence in the way forward. But, your bank's initial years were not very rosy. The first two years, floods in Kerala and the later years, the biggest pandemic mankind ever faced has posed the greatest challenges for the bank. But, despite all these, your bank

increased its balance sheet size, improved the capital adequacy ratio, reduced the non-performing assets and recorded the highest profit of Rs. 302 Crore during the financial year 2022-23, which is a remarkable achievement.

In fact, in addition to the numbers, which the Managing Director and CEO of the Bank will be briefing in detail, the Bank also had several other achievements to its credit. Your Bank has obtained very good Environment, Social and Governance (ESG) Grading from the CARE – Care Edge ESG Grade-3. In addition to that, in other aspects like Corporate Social Responsibility, the Bank has taken a lead by earmarking 5% of its average net profit and its activities are designed in such a manner that, it touches the lives and livelihood of a large number of people.

Another very important factor is that, we are proud that, more than 25% branches of the Bank are located in the unbanked and the underbanked areas of India. Further, your bank has received various awards and accolades during its short lifespan. One of the recognition received was for 'Great Place to Work by the Great Place to Work Institute, India, which shows the intent of the bank to protect the workforce as a testimony to the resilience, courage shown by our bank staff during the COVID pandemic time. As we chart our course for future, our key priorities will be to maintain and further improve our asset quality, pursue growth on par with the industry with a key focus on quality assurance at all levels without forgetting our social objective, which has been one of our strongest niche points. We remain committed to upholding these values, integral to our culture and guiding our operation and we remain committed for guiding our aspiration for our customers and contributing towards development. I am sure your bank will be able to scale greater heights in the coming years. Let me also take this opportunity to take all the shareholders a very happy and prosperous new year.

Thank You.

**MODERATOR:**

I now request Shri. Kadambelil Paul Thomas, MD & CEO of the Bank, to address the meeting.

**MD and CEO:**

Good evening. It is a great joy to welcome all the shareholders to the seventh annual general meeting of the bank. After the successful completion of the IPO in November, the family of the shareholders has increased to more than one lakh. As a bank, we are only seven years, but

we carry a legacy of 31 years of community service. For the last three decades, your organization has been dedicated to providing service to the highest quality initially as an NGO and later as an NBFC and now as a bank. We are consistently relied on the ethos of service to earn the trust of our customers. Our journey has been the evolution of the service, taking different forms, we matured, at its core commitment to servant leadership remain steadfast in various manifestations. On the macro front, India's robust economic growth, post COVID-19 position, it has the fastest growing major economy in terms of aggregate and per capita GDP, India is forced to navigate as a leading player in the global economy. Despite global disruptions from wars, the banking industry has displayed remarkable resilience. Thanks to stringent regulations that bring clarity to future actions. The government reforms have fostered credit discipline, responsible lending and improved governance resulting in a profitable and well capitalized banking sector. The Make in India movement focussing on fostering entrepreneurship has made significant waves in rural India. We believe in building the nation from its roots and along with other banks have contributed in creating an equilibrium in the prosperity and projected to grow between 6% and 6.5% in Financial Year 2023-24. The Indian economy's success relies on financial inclusion. As a small finance bank, we emphasize, rely and exploit the potential of the micro-entrepreneurs, MSME and agricultural sectors in the journey forward. This year marked pivotal moment in the history with a successful initial public offer which was oversubscribed 77 times. Our commitment is a digital future combined with the agency banking differentiated social banking products. We focus on EV financing, agriculture, SME's showcase our vision for the future. Our net profit for the financial year 2022-23 experienced an all-time high Year on Year growth of 453% from Rs. 54.73 Crore in Financial Year 2022 to Rs. 302.33 Crore in Financial Year 2023. With a focus on financial inclusion, we have played our part. Thanks to our committed workforce and resilient customers. In 6 years, we have impacted more than 7 million people across 21 States and 2 Union Territories through our 700 banking outlets and 850 customer service centres. Our sustainability initiatives include expanding services to unbanked areas like Sholayar, Palakkad etc. We adapt the changing technological trends, providing personalized services through innovation, the rainbow account serving the transgender community received widespread appreciation. Further, investing in human resource is a key focus ensuring our vibrant and knowledgeable team experience success and expansion. Our triple bottom line approach focussing on People, Planet and Prosperity underpins sustainable growth. The products like Go Green Loan and solar initiatives align with this goal. Embracing digital alternatives, we digitized internal processes and the micro business loans procedure through e-signatures contributing to a sustainable growth. Your bank is also privileged to partner with the Kotak

Mahindra Group, one of the largest players in the BFSI segment. Our CSR initiatives in healthcare, women empowerment, livelihood development and pharma support have positively transformed lives. Our theme for the year – Sustain, Innovate and Grow, reflects our commitment to sustainable growth, financial, social and environmental terms. Our ESG roadmap to 2023-2027 aims at promoting sustainability and encouraging conscious choices. As India aims to become the third largest economy globally, sustainable growth is the only option. The vision of the country for 2047 aligns with our vision focussing on nature based solutions, renewable energy and impact investing in goodness business.

In conclusion, let me also share our achievements in numbers. Our total business has grown to Rs. 30,996 Crore as on March, 2023 marked a 23% growth. As we are having this AGM in December, let me also share the business figures as on September, 2023 published in stock exchanges. As on first half, we have reached a total business of Rs. 34,906 Crores, marking a 12.61% growth and the GNPA as on September is 2.64%, Net NPA is 1.19% and as on September, Net Profit of Rs. 270 Crore, the earning per share is 6% as on September 2023, Return on Equity as of March, 2023 was 19.36% and has increased to 29.32%, Return on Asset as on March 2023 was 1.63% has grown to 2.54% as on September, 2023, CRAR was 19.83% as of March, 2023 and as on September, 2023, it is 20.56%. Before I conclude, it is my responsibility to thank almighty god for the blessings showered on the Bank. Further, I also take this opportunity to thank our Chairman, P.R Ravimohan and all the directors of the bank for their contribution and guidance and support. May I also appreciate the senior management team and all other staff members of ESAF Small Finance Bank Limited and all the business partners of the bank and their employees and the technology partners of the bank for their wholehearted support and trust. Let me also thank the auditors of the bank, the regulators and the media and finally all the shareholders including our promoter shareholder, ESAF Financial Holdings Private Limited and all the public shareholders for your confidence and trust in the Bank. Wish you all a happy and prosperous new year 2024.

Thank you very much.

**COMPANY SECRETARY:**

Thank you. Now, with regard to the agenda to be transacted, as forming part of the notice, there are 11 items:

**Item 1:** To receive, consider and adopt the standalone audited financial statements of the bank for the financial year ended March 31, 2023, together with the schedules and annexures thereto, the reports of the board of directors and the auditors thereon.

**Item 2:** To re-appoint Shri. John Samuel (DIN: 07725212), who retires by rotation this year, and being eligible, offered himself for re-appointment.

**Item 3:** To appoint M/s. Kirtane and Pandit, Chartered Accountants (Firm Registration Number: 105215W/ W100057), as one of the Joint Statutory Auditors of the Bank and fixing of remuneration of Joint Statutory Auditors.

**Item 4:** Appointment of Shri. Biju Varkkey (DIN: 01298281) as Non-Executive Independent Director of the Bank.

**Item 5:** Appointment of Dr. Joseph Vadakkekara Antony (DIN: 00181554) as Non-Executive Director of the Bank.

**Item 6:** Revision of Remuneration of Shri. Kadambelil Paul Thomas (DIN: 00199925), Managing Director and Chief Executive Officer of the Bank

**Item 7:** Borrowing / raising of funds, by issue of debt securities on a Private Placement basis.

**Item 8:** Ratification and Amendment of “ESAF SMALL FINANCE BANK EMPLOYEES STOCK OPTION PLAN 2019” (“ESAF ESOP PLAN - 2019” / “ESOP 2019” / “the Plan”)

**Item 9:** Material related party transactions for acceptance of deposits in current / savings account or any other similar accounts permitted to be opened under applicable laws

**Item 10:** Material related party transactions in relation to engaging of Business Correspondent of the Bank

**Item 11:** Related Party Transactions pertaining to payment of trademark license fee

**MODERATOR:**

It is now time for the members who have registered as speaker to ask their questions. I will call out the names of the registered speaker shareholders one by one. Please note that each speaker will be allowed to speak for 3 minutes only.

We shall start with Mr. Sarvjeet Singh. Sir, you have been unmuted now. Can we have your video turned on if possible.

Mr. Sarvajeet Singh does not appear to be in the attendees. With your permission, going ahead with the next speaker Mr. Manoj Kumar Gupta.

Manoj Sir, can we have your video turned on for the question.

**MANOJ KUMAR GUPTA:**

I am joining this meeting from Rajasthan. I would like to thank the Company Secretary and his team for helping us to join this meeting through video conferencing. I would like to thank the MD and his team for the grand success of the IPO. Wishing the company, a grand success in the upcoming years. I would just like to know the future plans of the Bank and regarding the expectations in the growth of the private banking sector in the country. What is the preparedness of the bank to face the competition in the private banking sector?

I sincerely pray to god to gift bank with huge success in the coming years.

Wishing you a happy new year to all. Thanks.

**MODERATOR:**

Thank you Manoj Sir. Proceeding with the next speaker shareholder Shri. Srikanth Jhavar.

**SHRIKANTH JHAWAR:**

First of all, I would like to express my sincere thanks for helping me register as a speaker for the annual general meeting of the bank. I would like to know regarding the concentration of the branches in the rural and urban areas. Further, I would also like to know regarding the agenda regarding the fund raising for the issuance of Tier II Bonds and regarding the count of the ATM's open in Kerala and other parts of the country and the debit and credit cards issued by the bank. I would also like to know regarding the number of the branches that are likely to be opened.

Wishing all the very best wishes to the bank.

Thank you sir.

**MODERATOR:**

Venugopal Sir, you have been unmuted. We are ready for your question.

**VENUGOPAL:**

I do not have any questions to make. As a close observer, I only have few positive remarks to make for the bank and its management. Providing credit access especially to the unbanked segment is a major challenge in India. Microfinance institutions have been the in the forefront in addressing this challenge. But, size and constraints in scaling up posed major hurdle in this attempt for financial inclusion. After getting the license for ESAF Small Finance Bank Limited, overcome this hurdle and is now in the stage of fast growth. ESAF as a micro finance institution has always been trying to address the social issues by reaching out to the poor and marginalized sections of the society. The unique feature which distinguishes it from similar other institutions, it combines the professionalism required for the combined success with social concern for the financially excluded. ESAF has particularly demonstrated the principle popularized by Mr. Mohammed Yunus of Bangladesh Grameen Bank that, poor people are highly credit worthy and the right kind of handholding and mentoring can lift this people at the bottom of the pyramid above poverty. With less than years in existence, ESAF has earned a huge reputation across the country. I want to take this opportunity as a shareholder to congratulate the Managing Director and CEO and the Chairman of the Bank for their able leadership.

Thank you very much.

**MODERATOR:**

Thank you sir. Going ahead with the next person in the speaker shareholders, we were supposed to have Rudranath Tripathi as the next speaker. Unfortunately, he could not join for the meeting.

Going ahead with the next person, we have Aspi Bhesania. We are ready for your question. Can we also have your video tuned on for the question.

**ASPI BHESANIA:**

Thanks for the opportunity given to speak during the meeting. Requesting you to continue with the hybrid meetings even when the physical meetings resume. Firstly, I would like to

congratulate the management for the successful IPO. Further, I would also like to congratulate the management for the increase in the level of the AUM and the increase in the deposits. Since the brand name 'ESAF' is not very popular throughout India, the shareholders must be paid the trademark license fee from the promoters. I would also like to express my concern on the cost incurred by the Bank upon conducting multiple investor meets. Further, I would also like to know the difference between the normal banks and the small finance banks.

Thank you very much and all the best for the future.

**MODERATOR:**

Thanks Sir. We have Vinod Manjilla as the next speaker. You have already been unmuted and we are waiting for your question.

**VINOD MANJILA:**

I would like to congratulate the management for the success of the Initial Public Offer of the bank. It is really good to see ESAF grow and mature day by day and work for a larger social cause.

**MODERATOR:**

Thanks Sir. Our next speaker is Anantharaman. You have already been unmuted and we are waiting for your question.

**ANANTHARAMAN:**

Firstly, I would like to congratulate Chairman of the Bank, Ravimohan Periyakavil Ramakrishnan and Kadambelil Paul Thomas for the successful listing of the bank. Further, I would also like to congratulate the management for their ESG ratings earned, CSR initiatives undertaken till date and for winning acclaims as "The Great Place to Work". Wishing all good luck to the bank for their operations in the coming years.

**MODERATOR:**

Thank you Sir. Now I request the Chairman / Managing Director and CEO to respond to the queries raised by the shareholders.

**CHAIRMAN:**

Thank you shareholders for your valuable feedbacks and queries. The Managing Director of the Bank will be addressing each of the questions one by one. We are really proud that, we had been able to complete the listing process at a premium price above the issue price. Even though, the markets are volatile, the bank is growing at a consistent pace and we are sure that, it will give returns to the shareholders adequately.

Now, I would request the MD to address the queries which were raised by the shareholders.

**MD and CEO:**

Thank you Chairman.

Thank you shareholders for the specific issues that were raised by the shareholders of the bank.

Firstly, I would like to thank Manoj Sir for the special appreciation given for the successful completion of the IPO. With regard to the future plans of the Bank, the Bank wish to grow further through the support of all the shareholders of the Bank.

The 70% of the Indian population belong to the low income and middle income group. Hence, the bank wishes to target more on the low income and middle income segments in its future growth. We firmly believe that, our experience in working along with low income and medium income segments in the rural and semi urban areas for a period of past three decades will definitely harness good growth for the bank and meet any challenges ahead. Once again thanking you for getting registered as a speaker for the meeting.

Shrikanth Sir, thanks a lot for the appreciation given.

Our 25% of the branches are in the unbanked rural centres as per the stipulated guidelines of the Reserve Bank of India and the bank is ensuring the same. As far as the ATM's of the Bank are concerned, there are a total number of 579 ATM's across India and in Kerala we have a total number of 281 ATM. Currently, your bank has recently become the bancassurance partners for the Kotak Life Insurance Company. Your Bank has recently issued 6.5 million debit cards and the Credit Card business has not yet commenced. The Bank is also planning

to open 19 more branches in the coming year. Further, the bank is also looking forward to raise the Tier II Capital of the bank for maximizing the capital adequacy of the bank.

Thank you so much Srikanth Sir.

Thank you Venugopal Sir for the appreciation given by you.

Thank you Aspi Bhesania Sir for successfully registering as the speaker for the meeting and for the valuable feedbacks given. As long as the regulatory bodies permit, we will definitely continue holding the hybrid meetings.

The major differences between Small Finance Banks and other Banks are:

- In case of other Banks, 40% of their assets has to be in priority sector advances. However, in case of small finance banks, 75% of the loans need to be in priority sector areas.
- 50% of loans given by Small Financial Banks shall be less than Rs. 25 Lakhs.
- 25% of the branches shall be in unbanked and underbanked areas of the country.

Regarding the clarification sought on the royalty fee paid to the ESAF Foundation, owner of the ESAF brand, the agreement is presently for 15 years and after that, the shareholders of the Bank shall have the authority to decide regarding the continuation of the agreement.

Thank you Sir.

Thank you Vinod Sir and Anantharaman Sir for the encouragement and support given during all these days. I assure that, the bank will carry forward the ESG and CSR initiatives of the Bank with more vigour and enthusiasm in the years ahead.

As of now, the bank is not permitted to open branches outside India. We firmly believe India, itself offers opportunities and hence will be expanding our operations in India.

Thank You.

**CHAIRMAN:**

Before concluding, I would like to say that the requisite quorum was present throughout the meeting.

The e-voting facility will remain open for 15 minutes more from the conclusion of the meeting. The results would be announced within the regulatory timelines stipulated and the same would be intimated to the Stock Exchanges and uploaded on the website of the Bank and NSDL.

I thank all the shareholders for attending the meeting and for their continuous support for showing their keen interest in the bank by seeking clarifications on various matters. I also thank our Directors, Statutory Auditors and Secretarial Auditor for joining the meeting remotely.

With this, I declare the meeting concluded.

Jai Hind

**MODERATOR:** Thank You One and All for attending the 07<sup>th</sup> Annual General Meeting of ESAF Small Finance Bank Limited.

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