TRANSCRIPT OF THE TENTH ANNUAL GENERAL MEETING OF ESAF SMALL FINANCE BANK LIMITED HELD ON FRIDAY, AUGUST 14, 2026 HELD THROUGH VIDEO CONFERENCING (VC) / OTHER AUDIO-VISUAL MEANS (OAVM) AT 03:00 PM.

MODERATOR:

Good afternoon, Ladies and Gentlemen. A warm welcome to one and all present at the 10th Annual General Meeting of ESAF Small Finance Bank Limited.

To begin with, let us start the meeting with a silent prayer.

Thank you everybody.

Going ahead for the benefits of the 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 the first come first serve basis.

2. All members who have joined the meeting are by default placed on mute mode by the host to avoid any disturbance arising from the 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 shareholders, 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 or she may contact the helpline number of NSDL mentioned in the notice of the AGM.

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

To begin with. We have with us

1. **Shri. Karthikeyan Manickam** – Part-Time Chairman and Non-Executive Independent Director.

2. **Dr. Kadambelil Paul Thomas** – Managing Director and CEO .

3. **Shri. George Kalaparambil John** – Executive Director.

4. **Ms. Kolasseril Chandramohanan Ranjani** – Non-Executive Independent Director and Chairman of the Audit Committee of the Board.

5. **Prof. Biju Varkkey** – Non-Executive Independent Director and Chairman of the Nomination Remuneration and Compensation Committee of the Board.

6. **Dr. Vinod V Vasudevan** – Non-Executive Independent Director

7. **Shri Ajay Sharma** – Non-Executive Independent Director .

8. **Shri. George Ittan Maramkandathil** – Non-Executive Director and Chairperson of the Stakeholders' Relationship Committee of the Board.

9. **Shri. Gireesh C.P** – Executive Vice President - Finance & Chief Financial Officer.

10. **Shri. Ranjith Raj P** – Company Secretary and Compliance Officer .

We also have Ms. Mittal Shah, Partner, Kirtane & Pandit and Shri. S Ramkumar, Partner, Sundaram & Srinivasan, Joint Statutory Auditors of the Bank and Shri. Sivakumar P, Partner, SEP & Associates, the Secretarial Auditor of the Bank, attending this meeting through video conferencing.

Now I request Chairman of the Bank to please preside over the meeting and commence the proceedings. Thank you.

CHAIRMAN:

Good afternoon, Ladies and Gentlemen. I would like to welcome all the shareholders to the 10th Annual General Meeting of ESAF Small Finance Bank Limited. As the requisite quorum is present, I now call the meeting to order. 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 2025-26. 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:

Thank you, Chairman.

Dear All,

We are holding this Annual General Meeting through video conferencing in compliance with the circulars issued by the Ministry of Corporate Affairs vide its General Circular numbers 20/2020 dated May 05, 2020, 02/2022 dated May 05, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023, 09/2024 dated September 19, 2024, 03/2025 dated 22nd September, 2025 and Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 03, 2024. 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 2025-26 was sent on July 20, 2026, 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 August 11, 2026 till August 13, 2026.

The E-voting facility during the meeting is provided for Members present here through video conferencing and have not casted their vote yet.

Shri. Arun K Kamalolbhavan, Partner, Mehta & Mehta, Company Secretaries, 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. Over to the moderator.

MODERATOR:

Thank you so much sir.

I request Shri. Karthikeyan Manickam, Chairman of the Bank, to deliver his speech.

Thank you.

CHAIRMAN:

Dear Shareholders, Members of the Board, Distinguished Guests, and Dear Colleagues, Good Afternoon and a warm welcome to all of you.

It gives me great pleasure to address you today at the 10th Annual General Meeting of ESAF Small Finance Bank. I would like to begin by expressing my sincere gratitude to our shareholders for your continued trust, confidence, and support during what has been a transformative year for our Bank.

The Financial Year 2025-26 was a period of both challenge and opportunity. Across the world, economies continued to navigate geopolitical uncertainties, fluctuating commodity prices, and evolving market conditions. Yet, against this backdrop, India remained one of the fastest-growing major economies, demonstrating resilience and stability. In such an environment, our Bank remained firmly focused on strengthening its foundation and positioning itself for sustainable long-term growth.

During the year, we concentrated on improving the quality of our asset portfolio, reinforcing risk management practices, and building a more balanced and resilient business model. Rather than pursuing growth at any cost, we chose disciplined execution and prudent decision-making. I am pleased to say that these efforts are beginning to deliver tangible results.

One of the most significant achievements of the year was reaching the landmark of one crore customers. Achieving this milestone within nine years of operations is a testimony to the confidence placed in us by millions of individuals, families, and entrepreneurs across the country. It reflects the relevance of our mission and the trust we have earned as a financial institution committed to inclusion and responsible banking.

A key pillar of our strategy has been the expansion of our secured lending portfolio. Through our focus on MSME, Agriculture, Retail, and Gold loans under the MARG framework, we have continued to diversify our advances book while improving portfolio stability. The growth of secured assets has strengthened recoverability, reduced volatility, and contributed significantly to better asset quality. Today, secured assets account for 61% of our gross advances, creating a stronger foundation for future growth.

Importantly, the improvement in asset quality is also visible in the movement of SMA Accounts. Strengthened monitoring, sharper collection discipline, early engagement with customers, and calibrated underwriting helped contain stress at the SMA stage and reduce slippages into non-performing assets. These measures, together with our continued focus on secured lending and recoveries, supported the reduction in Gross NPA to 5.41% and Net NPA to 1.77% as at 31 March 2026, reflecting the Bank's steady progress towards a healthier and more resilient loan book.

I am also encouraged by the progress made in improving our financial performance. Better credit discipline, focused recovery efforts, and controlled credit costs enabled the Bank to return to profitability during the second half of the financial year. We reported a profit after tax of ₹7 crore in the third quarter and improved further to ₹24 crore in the fourth quarter. These results provide confidence that the strategic measures undertaken are delivering positive outcomes.

On the liabilities side, we continued to strengthen our retail deposit franchise and maintain a healthy balance sheet. As at 31 March 2026, the Bank maintained a capital adequacy ratio of 22.2% and a liquidity coverage ratio of 143.4%, both comfortably above regulatory requirements and providing a strong foundation for future growth.

At the heart of our journey remains our commitment to financial inclusion. We continue to serve customers in rural and semi-urban India through a relationship-driven approach. Our objective is not merely to provide financial products, but to create meaningful financial empowerment. Through financial literacy programmes and sustained engagement, we seek to promote responsible borrowing, informed financial decisions, and long-term financial wellbeing.

Our people continue to be our greatest strength. I would like to place on record my appreciation for the dedication, resilience, and commitment demonstrated by our employees throughout the year. Their efforts, especially during a demanding period of transformation, have played a vital role in sustaining our momentum and delivering value to our customers and stakeholders. As we prepare for the future, technology will play an increasingly important role in our growth journey. During the year, we launched ESAF 2.0, our strategic transformation programme aimed at building a more agile, technology-driven, and future-ready bank. Under the initiative, we are modernising our core technology architecture, streamlining processes, and strengthening our digital capabilities across the organisation. This programme is designed not merely as a technology upgrade, but as a business transformation that will enable us to serve customers better, improve productivity, strengthen governance and risk management, and create a stronger platform for sustainable growth. Once fully implemented, it will significantly enhance customer experience, improve turnaround times, provide stronger data management and analytics capabilities, and increase operational efficiency. By combining these digital capabilities with our trusted physical network, we are creating a banking model that is scalable, resilient, and customer-centric.

Looking ahead, we remain optimistic about the opportunities before us. Our priorities are clear: continue strengthening asset quality, deepen our deposit base, expand secured lending, enhance digital capabilities, and uphold the highest standards of governance and compliance. We believe these priorities will enable us to generate sustainable value while remaining true to our founding mission of serving underserved communities and advancing financial inclusion.

Before I conclude, I would like to thank our shareholders, customers, employees, Board members, business partners, and regulatory authorities for their support and guidance. Your confidence inspires us to work harder and reinforces our commitment to building a stronger and more resilient institution for the years ahead.

Together, we have navigated a period of transition and emerged stronger. With a clear strategy, a solid foundation, and the collective support of all our stakeholders, I am confident that ESAF Small Finance Bank is well positioned to achieve sustainable growth and create enduring value.

Thank you for your continued trust and support.

Over to the moderator.

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Joy of Banking

MODERATOR:

Thank you so much sir.

I now request, M D and CEO of the Bank to please address the meeting.

MD and CEO:

Dear Shareholders, Chairman, Members of the Board, Distinguished Guests, and Dear Colleagues. Good afternoon.

It is a privilege to stand before you once again and address the 10th Annual General Meeting of ESAF Small Finance Bank.

As I look back on FY 2025-26, I see a year that demonstrated the strength and adaptability of our institution. It was a year in which we made important choices, accelerated our transformation journey, and strengthened the foundations of the Bank for the future. Above all, it reaffirmed a quality that has always characterised ESAF: our ability to evolve with changing circumstances, remain focused on our purpose, and translate challenges into opportunities for growth.

The progress we achieved during the year has helped us build a stronger, more sustainable and more diversified institution, while remaining firmly committed to our mission of financial inclusion and social impact. From strengthening our portfolio and improving asset quality to crossing the milestone of one crore customers and advancing our digital transformation agenda, FY 2025-26 was a year of purposeful progress and renewed momentum.

One of the defining features of the year was the progress we made in reshaping our loan portfolio through our MARG strategy, covering MSME, Agriculture, Retail and Gold loans. This framework has provided a clear strategic direction for the Bank and has been central to our efforts to build a more secured and resilient advances portfolio.

I am pleased to share that advance under the MARG segments grew by 47% during the year. Gross advances increased by 19% from ₹18,779 crore to ₹22,426 crore, while total disbursements more than doubled from ₹20,984 crore to ₹42,530 crore. Significantly, 83% of our disbursements came from secured lending products. As a result, secured advances now constitute 61% of our gross advances portfolio, a substantial increase from the previous year and a major milestone in our transformation journey.

While growth was important, improving asset quality remained our foremost priority.

Over the last eighteen months, we undertook several corrective measures, including tighter underwriting, stronger monitoring mechanisms, focused collection efforts, higher provisioning, and selective sale of stressed assets. These actions have delivered encouraging results. Gross NPA improved from 6.9% to 5.4%, while Net NPA reduced from 3.0% to 1.8%. The gross slippage ratio also declined significantly from 10.5% to 6.5%, indicating better portfolio quality and strengthening credit discipline across the organisation.

Perhaps the clearest validation of these efforts was the improvement in our financial performance during the second half of the year. While the first half reflected the challenges faced by the sector, the second half marked a clear turnaround. We returned to profitability in the third quarter, reporting a profit after tax of ₹7 crore, and improved further in the fourth quarter with a profit after tax of ₹24 crore. These quarterly results provide a strong indication that the strategic actions undertaken over the past year are beginning to deliver the intended outcomes and are placing the Bank on a stronger footing for future growth.

Our liabilities franchise also continued to remain strong and stable.

Total deposits grew by 11% to ₹25,850 crore from ₹23,276 crore in the previous year. Retail deposits stood at ₹23,674 crore and continued to account for 92% of our overall deposit base. CASA balances increased from ₹5,783 crore to ₹6,181 crore, reflecting continued customer confidence in the Bank and the strength of our branch-led franchise. We also maintained a healthy Capital Adequacy Ratio of 22.2% and a Liquidity Coverage Ratio comfortably above regulatory requirements, providing a solid platform to support future growth.

One achievement that all of us at ESAF take immense pride in is crossing the milestone of one crore customers.

When we commenced our banking journey nine years ago, we had a vision of creating a bank that would combine financial performance with social purpose. Reaching one crore customers is not simply a measure of scale; it is a reflection of the trust placed in us by individuals, families, entrepreneurs, farmers, and small businesses across the country. Every customer relationship represents a story of aspiration, opportunity, and empowerment, and we are honoured to be part of that journey.

Today, our presence extends across 24 states and 2 Union Territories through 804 banking outlets, 720 ATMs, Business Correspondent partnerships, and customer service centres. This network, built patiently over the years, continues to be one of our key strengths and creates significant opportunities for future growth.

The year also marked an important phase in our transformation journey through ESAF 2.0. The banking industry is evolving rapidly, and institutions must continuously invest in technology, data, and digital capabilities to remain competitive. ESAF 2.0 represents much more than a technology upgrade. It is a comprehensive transformation programme designed to strengthen risk management, improve customer experience, enhance operational efficiency, support regulatory compliance, and create a scalable foundation for the future. As these initiatives are implemented, we believe they will significantly strengthen the Bank's ability to serve customers and drive sustainable profitability.

Even as we focus on performance and growth, we remain deeply committed to our social mission. During the year, we conducted more than 2,600 financial literacy programmes and continued our efforts to promote responsible borrowing, financial awareness, and community development. These initiatives reflect our belief that financial inclusion remains one of the most powerful tools for social transformation.

Our commitment to responsible banking is also reflected in our ESG achievements. During the year, our ESG score improved to 75.4 from 68.1, and we continued to receive recognition for sustainability and social impact. These achievements reinforce ESAF's distinctive identity as a financial institution that combines commercial discipline with social purpose.

As we enter FY 2026-27, our priorities are straightforward and clear: further improvement in return ratios, continued strengthening of asset quality, expansion of secured lending under the MARG framework, growth of our deposit franchise, and successful execution of our digital transformation agenda. Above all, we will continue to build a diversified and resilient institution that creates sustainable value for all stakeholders.

Before I conclude, I would like to express my heartfelt gratitude to all our stakeholders whose trust and partnership continue to inspire us. I sincerely thank our shareholders for their unwavering confidence and support, our Board of Directors for their guidance and stewardship, and our regulators for their continued support and constructive engagement. I am grateful to our customers for the faith they place in ESAF every day, to our business partners and channel partners for their valuable collaboration, and to our promoters for their vision, commitment, and steadfast support. Most importantly, I extend my sincere appreciation to every member of the ESAF family whose dedication, perseverance, and commitment have made this progress possible and continue to drive our journey forward.

The year behind us strengthened our foundation. The year ahead presents even greater opportunities. We move forward with confidence, encouraged by the progress we have made, guided by a clear strategic direction, and inspired by our purpose of creating sustainable impact through inclusive banking.

Thank you.

COMPANY SECRETARY:

Thank you, sir. Now with regard to the agenda to be transacted as forming part of the notice, there are 10 items:

Item 1: To receive, consider and adopt the Standalone Audited Financial Statements of the Bank for the Financial year ended March 31, 2026, together with the schedules and annexures thereto, reports of the Board of Director's and the Auditor's thereon.

Item 2: To re-appoint Shri. George Ittan Maramkandathil (DIN: 11193648), Non – Executive Director who retires by rotation this year, and being eligible, offered himself for re-appointment.

Item 3: To appoint M/s. Rodi Dabir & Co, Chartered Accountants (Firm Registration Number: 108846W), as one of the Joint Statutory Auditors of the Bank to hold office for a period of Three (3) consecutive financial years, who shall hold office from the conclusion of the 10th Annual General Meeting until the conclusion of the 13th Annual General Meeting of the Bank and to authorize the Board of Directors of the Bank to fix their remuneration.

Item 4: Appointment of Shri. Hari Velloor (DIN : 11650530) as Non – Executive Director of the Bank.

Item 5: Appointment of Shri. Ashok Tukaram Dhamankar (DIN: 03066552) as Non – Executive Independent Director of the Bank.

Item 6: Re-appointment of Prof. Biju Varkkey (DIN: 01298281) as Non – Executive Independent Director of the Bank.

Item 7: Revision of Remuneration of Dr. Kadambelil Paul Thomas (DIN : 00199925), Managing Director and CEO of the Bank.

Item 8: Revision of Remuneration of Shri. George Kalaparambil John (DIN : 00694646), Executive Director of the Bank.

Item 9: Borrowing / raising of funds, by issue of debt securities on a Private Placement basis.

Item 10: Amendment to the Articles of Association of the Bank.

Thank You. Over to the moderator

MODERATOR:

Thank you so much Sir. 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.

Starting with the first person on the list, we have with us Mr. Srikanth Jhawar. Sir, you may please speak now.

SRIKANTH JHAWAR:

Sir, Am I audible ?

MODERATOR:

Yes Sir.

SRIKANTH JHAWAR:

Thank you, moderator.

Good afternoon, Respected Chairman, all Board of Directors. My name is Srikanth Jhawar, joining this meeting from Hyderabad. I would like to know more about the resolution no 9 pertaining to Borrowing / raising of funds, by issue of debt securities on a Private Placement basis. Further, I would also like to know about the number of branches proposed to be opened in this Financial Year in Urban and Rural areas as well as the number of ATM cards, debit cards and credit cards disbursed during this Financial Year.

I have also noted that during the festive seasons of Dussehra and Diwali, many Banks partner with automobile companies to offer attractive EMI schemes. I would like to check if our bank has planned any such tie-ups for the upcoming festivals. Additionally, with the rising demand for electric vehicles (EVs), I recommend expanding our business by partnering with EV manufacturers like Ather Energy to provide specialized EMI facilities for our customers.

I thank the Secretarial Team and I wish you all a happy Dussehra and advance Diwali. I once again thank everybody for giving me this opportunity and continue this Video conferencing facility in the future AGMs as well.

Thank You

MODERATOR:

Thank you. The next person on the list we have with us is S Karuna Sagar .

Sir is not present. So, we will move ahead.

Our next speaker is Mr. Sarvjeet Singh. Sir, you may please ask your question.

SARVJEET SINGH:

Am I audible?

MODERATOR:

Yes Sir.

SARVJEET SINGH:

Good afternoon, respected Chairman, all Board of Directors, all staffs of ESAF Bank and my fellow shareholders. My name is Sarvjeet Singh.

Sir, as you explained in your opening remarks about the present position of the Bank and its future plans, it has given us a lot of Confidence.

Sir, I would first like to know whether the bank is planning to open new branches in the coming years. If so, I would be grateful if you could share some details about the Bank's expansion plans and the areas where new branches are likely to be opened.

Secondly, in today's rapidly changing environment, online and digital banking platforms are becoming increasingly important. Customers are also preferring digital platforms for their banking requirements.

In this regard, I would like to know what kind of focus and future strategy the Bank has for digital and online banking services. I believe that strengthening digital banking will provide greater convenience to customers and will also create new business opportunities for the Bank. With the increasing use of online payments, digital transactions and other banking services, I believe that this area can contribute significantly to the Bank's future growth.

Sir, we fully appreciate the efforts being made by you and the entire management team to take the Bank forward. We have complete confidence in your efforts and sincerely hope that the Bank will continue to grow stronger and that, in the coming years, the shareholders will also receive good returns on their investment.

Finally, Sir, I would like to make a small request. There are 365 days in a year, but the AGM is the one day when shareholders get an opportunity to directly interact with the management and place their views and concerns before you. Therefore, this opportunity is very important for shareholders. We fully understand and appreciate the hard work and responsibilities of the management, and we have no objection to the sitting fees or other reasonable compensation provided to the directors and officials for their efforts. However, I would request the management to also consider the shareholders who come forward as speakers during the AGM, take their time to participate, and share their views and suggestions for the betterment of the Bank.

I request that some appropriate consideration or facility may also be provided to such shareholder speakers. I hope the management will consider this request positively.

Thank you, Sir. Thank you very much for giving me this opportunity to speak.

MODERATOR:

Thank you. Our next Speaker is Deepak Poddar. Sir, you can please ask your question

DEEPAK PODDAR:

Am I audible?

MODERATOR:

Yes Sir.

DEEPAK PODDAR:

Thank you very much, sir. I have a few questions from my side.

My First question is in this quarter we have delivered a very strong performance and achieved around 1% ROA, while the company is targeting 2% ROA by the end of FY27. Could you please explain the key drivers that will help us move from the current 1% level to 2% ROA? In particular, will we see a sequential improvement in ROA from Q1 to Q2, Q3 and Q4, or should we expect the improvement to be more back-ended towards the end 27?

Secondly, regarding the marked portfolio, we have been growing this portfolio at a very healthy rate. How are we managing the associated credit costs and asset-quality risks as this portfolio scales up? What gives us confidence that credit costs will remain under control despite the rapid growth?

Third question is regarding the industry scenario. Are there any states, regions, or customer segments in India where you are currently facing difficulties in collecting loan repayments or deterioration in asset quality? Also, could upcoming elections or any regional economic / political issues affect customers' ability to repay loans and therefore impact the company's collections or portfolio performance during the rest of FY 27?

MODERATOR:

Thank you, Sir. The next speaker shareholder is Gagan Kumar. Sir, you can ask your questions please.

GAGAN KUMAR:

Good afternoon, Mr. Chairman, Board of Directors, and fellow shareholders, Myself Gagan Kumar. I am joining this meeting from Delhi.
First of all, I would like to mention that I had requested for a hard copy of annual report which I received well in time. I have two related quick questions for today's AGM.

Firstly, I would like to know what steps have been taken to improve return for the shareholders and make our bank more profitable? and second one is how much time frame can we expect for the dividend? It would be unfair on my part without mentioning higher corporate governance under the leadership of our CFO, CS, and the entire secretarial team. Thank you so much for this opportunity.

MODERATOR:

Thank you, Sir. The next speaker is Rajendra Prasad Tulsian. Sir is not present. So, we will move ahead. Our next speaker is Davinder Kaur.

DAVINDER KAUR:

Am I audible?

MODERATOR:

Yes Ma'am.

DAVINDER KAUR:

Good afternoon to Chairman sir and all the members seated on the dais.

Sir, my question is regarding the premises where our branches are currently operating. Are these properties owned by the company, or are the branches operating from rented premises? Kindly provide us the details regarding the same.

I would also like to thank the moderator and the Secretarial Department for giving us the opportunity to speak.

Thank you, Sir.

MODERATOR:

Thank you so much Ma'am. Our next speaker is Mr. Manoj Kumar Gupta. Sir, you may now please ask the question.

MANOJ KUMAR GUPTA:

Respected Chairman, Board of Directors, and fellow shareholders, My name is Manoj Gupta, and I have joined today's meeting from Ujjain.

First of all, I would like to thank the Chairman, the Managing Director, and the entire management team for the good performance of the Bank during FY 2025–26 and for the informative address to the shareholders.

I would like to seek clarification on a few points regarding the Bank's future plans:

- What is the Bank's vision and growth strategy for the coming years ?
- When does the management expect the Bank to be in a position to start paying dividends to its shareholders?

- What are the plans for expansion of branches, ATMs, banking centres, and other customer-service channels?
- Finally, how does the Bank propose to face the increasing competition from private-sector banks and other financial institutions in the coming years?

I strongly support the management's efforts towards growth and would also request the Board to give due consideration to the interests of shareholders, particularly with regard to dividend payments.

Thank you, and I wish the Bank continued success and growth.

MODERATOR:

Thank You Sir. Our next speaker is Mr K Krishnadas . Sir, you may please speak now.

K KRISHNADAS:

Good afternoon, respected Chairman, MD & CEO, members of the Board, senior executives of the Bank, central auditors, and my fellow shareholders.

I am Krishna Das. My question is regarding the Bank's cost-to-income ratio.

Over the last few quarters, the Bank has demonstrated a strong sense of urgency in reducing its cost-to-income ratio. It has declined significantly from 84.3% in Q4 FY25 to 66.4% in Q4 FY26, and further to 58.1% in Q1 FY27.

Could you kindly enlighten us on the key measures taken by the Bank towards cost containment, and cost optimization? Also, what further initiatives are planned to sustain this improvement going forward?

Thank you for giving me this opportunity.

MODERATOR:

Thank You sir. Our next speaker is Mr. Manjith Singh. Sir, you may now please ask the question.

MANJITH SINGH:

Respected Chairman, Board of Directors, Management Team, Risk Committee Members and my fellow shareholders, good afternoon to everyone.

First of all, I would like to congratulate the Chairman, Managing Director, CFO and the entire Management Team for the excellent results achieved during FY 2025–26 and the first quarter.

I have a few questions and observations:

1. Could you please explain the major business verticals in which ESAF Small Finance Bank is currently operating? In particular, does the Bank have plans to expand into Home Loans, Housing Finance or other secured lending segments? What is the Management's strategy for growth in these areas in the coming years?
2. The Bank has mentioned the sale of approximately ₹17.10 crore of bad loans to an ARC. Could you please clarify whether any specific approval from the Board or any regulatory authority was required for this transaction? Also, please explain the financial impact of this NPA sale on the Bank.
3. A serious incident has come to light in Chhattisgarh involving 239 customers, where certain employees of the Bank were allegedly involved in the misappropriation of money collected from customers. This is certainly a matter of concern for shareholders because such incidents not only cause financial losses but can also affect the reputation of the Bank. Could you please explain:

    - What action has been taken so far in this matter?
    - Has the internal investigation been completed?
    - What steps have been taken to protect the interests of the affected customers?
    - What additional security, audit and monitoring mechanisms are being introduced to ensure that such incidents do not occur in the future?

Could you please explain how the remuneration of our Company Secretary is determined? Is it benchmarked against Private Sector Banks, Public Sector Banks, or other Small Finance Banks? Also, does the Management have a policy to ensure market-competitive remuneration and retention of key professionals in this critical compliance position?

Today, a large number of students across the country are looking for opportunities to gain professional exposure through internships. Does ESAF Small Finance Bank have a structured internship programme for students, particularly those from Commerce, Finance, Law, Company Secretary or Management backgrounds? If not, does the Bank have any plans to introduce such a programme in the future?

Finally, I would like to thank the Secretarial Department, the Management Team and the entire Board for their efforts. It is because of the hard work of the entire team that shareholders like us have the opportunity to be associated with the Bank and participate in its growth journey.

I hope that ESAF Small Finance Bank will become even stronger in the coming years and continue to create long-term value for its shareholders.

And finally, I have one small personal request. If I could receive an autograph from the Chairman, MD or CFO, it would be a very special and memorable souvenir of attending the ESAF AGM in August 2026. I would be happy to preserve it as a memory for the next 5–10 years.

Thank you very much. I wish the entire ESAF team continued success and growth.

MODERATOR:

Thank You sir. Our next speaker is Dnyaneshwar Kamalakar Bhagwat. Sir, you may now please ask the question.

DNYANESHWAR KAMALAKAR BHAGWAT:

Am I audible?

MODERATOR:

Yes sir.

DNYANESHWAR KAMALAKAR BHAGWAT:

Respected Chairman, Board of Directors, Company Secretary Ranjith Sir, and my fellow shareholders.

Thank you very much for giving me an opportunity to speak. I am Dnyaneshwar K. Bhagwat from Mumbai, Maharashtra.

First of all, I would like to sincerely thank the Company Secretary, Ranjith Sir, and the entire Company Secretary team for providing the soft copy as well as the hard copy of the Annual Report well in advance. The report is comprehensive, informative, and very easy to understand. I would also like to appreciate the excellent presentation of the AGM documents. The cover page and the subsequent pages provide a clear and attractive overview of the Bank's performance, growth, and various activities. The information has been presented in a very systematic manner and reflects good corporate governance practices.

I am happy to support all the agenda items placed before the shareholders. I have just a few questions:

1. How many new branches does the Bank plan to open during the current financial year?
2. What is the Bank's strategy for expanding its present Tier-2 and Tier-3?
3. What measures has the Bank taken to manage and reduce its bad debts or stressed assets?
4. What is the current level of lending to the MSME sector, and what are the Bank's future plans for increasing MSME lending?

Once again, I thank the Chairman, the Board, the management, and the Company Secretary team for their efforts. I wish the Bank continued growth, success, and a bright future.

Thank you very much for giving me this opportunity to speak.

MODERATOR:

Thank You sir. Our next speaker is Himanshu Anilbhai Trivedi. Sir, you may now please ask the question.

HIMANSHU ANILBHAI TRIVEDI:

Am I audible?

MODERATOR:

Yes Sir.

HIMANSHU ANILBHAI TRIVEDI:

Respected Chairman, Board of Directors, and fellow shareholders. Myself Himanshu Trivedi from Gujarat.

First of all, I would like to thank the Company Secretary and the management for providing the AGM documents in advance, which are comprehensive and informative.

I have two questions:

1. What measures has the Bank taken to recover loans from defaulting borrowers, and what is the current status of such recovery efforts?
2. What are the major sources or channels through which the Bank expects to recover these overdue loans?

Thank you, sir. I wish the Bank and the entire management team good luck and my best wishes for the coming financial year.

MODERATOR:

Thank You sir. Our next speaker is Ms. Neha Dua. Ma'am, you may now please ask the question.

NEHA DUA:

My question was already been placed by previous speakers. Keeping the time limit in mind, I would not like to repeat them. Thank you, Sir for giving me the opportunity to speak.

MODERATOR:

Thank You sir. Our next speaker is Ms. Savita Rani. Ma'am, you may now please ask the question.

SAVITA RANI:

Respected Chairman, Board of Directors, and Management Team. My name is Kumar, and I am joining this meeting from Delhi along with Ms. Savita Rani.

I would like to ask that how many branches the Bank currently has in Delhi and the NCR region. We observe that the Bank has a relatively limited branch presence in this area. Could you please share the total number of branches in Delhi-NCR and let us know whether the Bank has any plans to open additional branches in this region?

I would also like to understand what specific measures the Bank is taking to reduce NPAs and strengthen data privacy and cybersecurity. These are my questions. Thank you to the Company Secretary and the entire management team.

MODERATOR:

Thank You sir. Our next speaker is Mr. Damodaran Tumuluri.

Sir, has not joined.

Our next speaker is Mr. Sandeep Singh.

SANDEEP SINGH:

Good evening, Chairman Sir, respected Board of Directors, and all the staff of the Bank.

I would like to know about the Bank's future branch expansion plans. How many new branches are we planning to open in the coming years? Could you please share some details about our expansion strategy?

Most of the questions I had in mind have already been covered by the previous speakers, so I will not take much of your time.

I would also like to thank the Company Secretary and the entire team for giving us shareholders an opportunity to participate and express our views.

Thank you, Sir.

MODERATOR:

Thank You Sir. Our next speaker is Mr. Raju Upadhyay. Sir is not present. Our next speaker is Mr. Lokesh Gupta (Ayush Gupta)

LOKESH GUPTA:

Respected Chairman Sir, Board Members, and fellow shareholders. I am Lokesh Gupta from Delhi. I would like to welcome and congratulate the entire Board and management team.

Sir, your Chairman's speech covered the bank's present position as well as its future plans so comprehensively that there is hardly anything left to ask. We have full faith and confidence in the Board, and we believe that whatever decisions you take in the interest of the bank will continue to strengthen the institution.

Many shareholders have already raised several important questions, so I will not repeat them. My question is specifically regarding cybersecurity.

As banking is becoming increasingly digital and more and more transactions and services are moving online, cybersecurity has become a major concern. I would like to know what steps the bank has taken during the last one year to further strengthen its cybersecurity infrastructure. Also, whenever online fraud or cyber-fraud incidents have come to the bank's notice, how has the bank supported and assisted the affected customers? Could you please share some details about the measures taken in this regard?

Sir, we get an opportunity to interact with the management only once a year. I would also like to thank the Company Secretary and the team for patiently listening to shareholders and providing responses during the AGM.

Finally, I wish the bank and the entire management team a bright and successful future.

Thank you, Sir.

MODERATOR:

Thank You Sir. Our next speaker is Mr. Atanu Saha. Sir you may please ask your question.

ATANU SAHA:

Respected Chairman, Founder, Managing Director & CEO, members of the Board, Independent Directors, CFO, Company Secretary and the entire management team.

Good afternoon to everyone.

I am very pleased to participate in the 10th Annual General Meeting of our beloved Small Finance Bank. I would like to sincerely congratulate the management and the entire team for the excellent performance and the strong results achieved during the year.

I would also like to appreciate the Company Secretariat and Accounts teams for the excellent presentation and organization of the AGM documents and financial information. Everything has been presented in a very clear and systematic manner. I have already cast my vote on all the resolutions. I would, however, like to make one humble request regarding dividends. As shareholders, we look forward to receiving a dividend whenever the Bank's profitability, capital position and regulatory requirements permit. I request the management and the Board to kindly keep this expectation of shareholders in mind.

I wish the Bank continued growth, strong financial performance and sustained value creation in the coming years. I also wish the Chairman, Board members, management and the entire team good health and continued success.

Finally, I thank the NSDL team, the moderator and everyone involved in conducting this AGM so smoothly. I am proud to be a shareholder of our beloved Bank. I wish the Bank a very bright future with strong capital, sustainable growth and sustained value creation.

Thank you very much.

Vande Mataram.

MODERATOR:

Thank you, sir. Our next speaker is Bharat raj . K. Sir, you can please ask your question.

BHARAT RAJ . K:

Respected Chairman, members of the Board of Directors, and fellow shareholders, am Bharat Raj, joining this AGM from Hyderabad.

First of all, I would like to congratulate the management and the entire team for the wonderful performance during the financial year. I support all the resolutions placed before the meeting.

Chairman Sir, considering the prevailing geopolitical uncertainties and the current economic environment, what is the management's outlook for the Bank's savings deposits and CASA ratio? What is the present CASA position, particularly the current account component? What specific strategies are being planned to increase the Bank's current account deposits going forward?

Further, Chairman Sir, does the Bank have any plans to raise additional capital through a rights issue to support its future expansion and growth?

I would also like to appreciate the Bank's CSR initiatives. I strongly believe that responsible leadership and community development are important aspects of sustainable growth.

Once again, I congratulate the management and support all the resolutions. I wish the Bank and the entire team continued success in the coming financial year.

Thank you very much.

MODERATOR:

Thank you, sir. Our next speaker is J Abhishek.

Sir has not joined.

The next speaker is Ankur Chanda. Sir, you can please ask your question.

ANKUR CHANDA:

Am I Audible ?

MODERATOR:

Yes Sir.

ANKUR CHANDA:

Good afternoon, everyone.

Sir, first of all, I would like to appreciate the company for maintaining good corporate governance. We are happy with the way the management is handling the affairs of the company.

We have gone through a challenging period over the last one or two years, including losses. However, the performance during the last two quarters has been encouraging, and we have seen a good improvement in profitability.

We have confidence in our capable management team and believe that they will continue this positive momentum and deliver even better results in the coming years. We sincerely hope that by the time of the next AGM, the company will be able to generate profits that are significantly higher than the losses incurred in the past.

We also remain confident that, with improved financial performance, the value of our shares will appreciate and create value for all shareholders.

With this positive expectation, I would like to thank you, Sir, for giving me an opportunity to speak.

Thank you very much, Sir.

MODERATOR:

Thank you, Sir. Our next speaker is Reddeppa Gundluru. Sir you can ask your question.

REDDEPPA GUNDLURU:

Good afternoon, Madam, Am I audible?

MODERATOR:

Yes sir.

REDDEPPA GUNDLURU:

Thank you, Moderator, for giving me this opportunity to speak.

Respected Chairman Mr. Karthikeyan , Founder , MD & CEO Dr. K. Paul Thomas, CFO Mr. Gireesh CP, Company Secretary Mr. Ranjith Raj, respected Board members, senior management, auditors, scrutinizers, and fellow shareholders, a very good afternoon and Namaste to everyone.

My name is Redappa Gundurulu, and I am a shareholder joining this AGM from Hyderabad.

First of all, I would like to express my happiness and pride in the performance of ESAF Small Finance Bank. I sincerely thank Mr. Ranjith and his entire team for providing me with the physical copy of the Annual Report as requested. Your professional support and shareholder-friendly approach are truly appreciable.

The theme of this year's Annual Report, “Disciplined Steps, Stronger Outcomes,” beautifully reflects the transformation that ESAF is going through. The results achieved through disciplined execution are truly commendable.

Wherever I go, I can see the growing presence of ESAF, which clearly reflects the bank's expansion.

Dr. K. Paul Thomas, I am particularly impressed by your vision and entrepreneurial journey. Starting with a small initiative and, through decades of dedication, hard work, and the support of society, family, friends, and colleagues, you have built ESAF into a respected banking institution. Your journey is truly inspirational.

The transformation of ESAF from an organisation serving underserved communities into a strong banking institution is remarkable.

I would also like to place on record my special appreciation for Mr. Sreekanth C. K. for his professionalism and marketing initiatives. He has always treated shareholders and customers with great respect. During my interactions with him at various meetings in Hyderabad, I have always experienced his warm and courteous approach. He is certainly one of the valuable assets of the organisation. I request the management to convey my special appreciation to him.

I would also like to congratulate the entire management on the strong financial turnaround. The bank has reported a net profit of around ₹80 crore in Q1 FY27, compared with a loss in the corresponding period. This is a very encouraging development and reflects significant improvement in operational efficiency.

The bank's achievement of crossing the ₹50,000 crore business milestone is another significant accomplishment. Congratulations to the entire management team.

I also appreciate the MARG strategy and the key performance indicators highlighted in the Annual Report, including approximately 22% CAGR growth, a NIM of 6.40%, deposits of around ₹25,150 crore, and the bank's wide operational reach through its banking outlets and ATMs.

I am particularly impressed by the bank's focus on women empowerment and social impact. Women customers and microfinance communities are strong pillars of ESAF. It is encouraging to see women entrepreneurs gaining confidence, becoming financially independent, and contributing to their families and communities. The Annual Report beautifully demonstrates this impact through both numbers and stories.

I also appreciate the bank's CSR initiatives and the recognition it has received through various awards and achievements.

I will now come to my questions.

My first question is regarding Universal Banking.

As the bank has crossed the ₹50,000 crore business milestone, could the management please explain the roadmap and eligibility requirements for transitioning from a Small Finance Bank to a Universal Bank? What is the expected timeline for moving towards a Universal Banking licence, subject of course to RBI approval?

My second question relates to asset quality and the MARG strategy.

What is the bank's long-term target for the mix between secured and unsecured lending? How does the management plan to maintain strong asset quality while continuing to grow the microfinance portfolio? What measures are being taken to ensure that growth does not compromise asset quality?

My third question is regarding women-led MSMEs and enterprise banking.

ESAF has a strong presence among women customers and microfinance borrowers. What are the bank's plans over the next two to three years to expand financing for women-led MSMEs, small businesses, digital banking, and entrepreneurship?

My fourth question relates to regulatory compliance and ATM availability.

Considering the earlier RBI observations regarding ATM availability, what technology, monitoring systems, and internal controls have been implemented to ensure continuous compliance and prevent any recurrence of such issues?

My fifth question relates to the proposed ₹2,000 crore fundraising.

What will be the principal deployment priorities for the funds raised? Will the proceeds primarily support business expansion, capital adequacy, liquidity, technology, or other strategic initiatives?

Finally, I would request the management to comment on the bank's roadmap for sustainable profitability, particularly in terms of improving ROA and ROE, controlling credit costs, and maintaining consistent profitability over the coming years.

Thank you once again to Mr. Sreekanth, Mr. Ranjith, the entire Company Secretarial team, and all the employees of ESAF. I have visited the bank and attended its meetings several times, and I have always experienced the warmth, humility, and hospitality of the employees. It is truly commendable.

Once again, I would like to express my appreciation and confidence in Founder Chairman Dr. K. Paul. Thomas and the entire Board. We have great faith and trust in your leadership, and we wish you good health, wisdom, and continued success.

I congratulate the Chairman, the Board, the management, and all employees for taking ESAF forward with “Disciplined Steps, Stronger Outcomes.”

ESAF Small Finance Bank is demonstrating that responsible banking can create both shareholder value and social value.

I wish ESAF Small Finance Bank continued growth, stronger asset quality, excellent governance, and a bright future.

Thank you very much.

Jai Hind! Vande Mataram!

And, as Independence Day is approaching, I wish everyone a very Happy Independence Day.

Thank you.

MODERATOR:

Thank you, sir.

And now I request the Chairman, Managing Director & CEO sir to respond to the queries raised by the shareholders.

MANAGING DIRECTOR AND CEO:

Thank you to all the shareholders for actively participating in the discussions and registering yourselves to ask questions and seek clarifications. Thank you also for your encouraging words. Definitely, they will inspire the entire team and the Board to move forward with our plans and achievements.

I will touch upon all the points raised. There were also several repeated questions, so I will address those questions only once.

After five quarters of losses during FY 2025 and FY 2026, we are now back to profitability, with profits recorded in Q3 FY 2026, Q4 FY 2026 and Q1 FY 2027.We were also able to significantly control and reduce NPAs. There has been improvement in asset quality, along with asset diversification and geographical diversification. So, your bank is now on the right track to move into the next phase of growth.

On the question from Srikanth ji, regarding our branch expansion and new branch opening plans, the Board has approved the opening of 51 new branches during the current financial year.

Our expansion will focus on Tier 2, Tier 3, Tier 4 and Tier 5 locations. We plan to open 16 branches in Tier 2 and Tier 3 cities and 24 branches in Tier 4 and Tier 5 locations, with the remaining branches planned across other identified markets.

We will also be launching special campaigns during key festival seasons to support business growth and customer acquisition. Since Kerala, where we are headquartered, is currently celebrating Onam, we have already launched special campaigns for the Onam season. Similar campaigns will also be rolled out during Diwali and other important festive periods.

With this branch expansion and focused festive campaigns, we are confident of strengthening our presence and supporting sustainable business growth.

Now moving on to the next question from Sarvjeet Singh regarding the bank's Online/ mobile Banking platform and digital transformation, I would like to say that the bank already has mobile banking and internet banking platforms. It is currently upgrading its digital platforms. A major CBS (Core Banking System) migration is underway as part of the bank's "2.0" transformation. The bank is migrating from ASW CBS/FIS Profile to Oracle FlexCube. Several peripheral systems are also being upgraded/replaced. Management expects the migration to provide shareholders and customers with a much better online banking experience once implemented.

Regarding the question raised by Deepak Poddar ji on the factors for improved ROA and quarter to quarter ROA improvements, you may note that the ROA has been improving and we have taken steps for the same. We have already mentioned in Chairman's Speech and my speech and also in our Annual Report we have explained the strategies that we have taken, over the past two years. The Bank has reduced its dependence on unsecured lending significantly from around 70% to 38%. So, we have focused on gold loan and other secured assets , which really helped. And we are not facing any bigger collection issues, apart from the normal collection related challenges. The highest FD rate currently offered is 7.75% with an additional 0.50% for senior citizens.

Gagan Kumar ji also asked about the steps being taken to improve returns to shareholders. I have already addressed this point. Our ROA is steadily improving, and we are confident that this positive trend will continue. As regards dividend, in Q1 we reported a profit of ₹80 crore. If the current performance continues, the Board will take an appropriate decision on dividend at the relevant time.

Davinder Kaur also asked about the plans for opening new branches. This has already been covered in my earlier response.

Manoj Kumar Gupta ji from Ujjain asked about the future plans of the Bank. So, regarding the future plans, we will continue to open new branches, particularly in newer geographies. Over the last two years, we have expanded significantly across the north-western, central, and eastern regions, and we intend to further strengthen our presence in these markets. Our focus will also be on strengthening our team and increasing our secured asset book. We have already established around 42 Area Asset Centres and Local Credit Processing Centres to support the growth of our secured lending business. Through these centres, we will continue to expand our secured loan portfolio. Over the next two to three years, our objective is to bring down the proportion of our unsecured loan book to around 30%, while increasing the contribution from secured assets. Coming to competition, competition is a part of every business, and we have been facing competition across all the markets in which we operate, including our home market of Kerala. We believe that we can effectively address competition through high-quality customer service and customer-centric products. We design products suited to the requirements of different customer segments and serve our customers through multiple channels, including Branch Banking, Micro Banking, Business Correspondent (BC), direct sales, and digital channels. By providing consistent, high-quality service across these channels and understanding the evolving needs of our customers, we believe we will be able to retain our existing customers, attract new customers, and effectively compete in the markets we operate in.

Shri Krishnadas asked about cost-to-income ratio and the key steps taken to bring it down from 84.3% to 58.1% in Q1 FY27. We have implemented several initiatives. First, our business growth has resulted in higher income. Second, we have significantly reduced the slippage ratio, which has helped us bring down NPAs and improve our disbursements. The increase in fee income has also contributed positively to the improvement in the cost-to-income ratio. At the same time, we have focused on improving productivity at both the staff and branch levels. We have optimised our manpower and maintained strict control over operating expenses. All these measures together have helped us achieve a significant improvement in our cost-to-income ratio. If we compare this with the SFBs, where the cost-to-income ratio generally stands at around 62% to 65%, we are currently at the lower end of that range, at 58.1%. We believe this reflects the improved efficiency and productivity of the bank.

Thank you for the question.

Mr. Manjit Singh has asked whether the bank offers home loans.

Yes, we do offer home loans, along with a range of other mortgage products. These include Loan Against Property, affordable housing loans, and Dream Home Loans, catering to various customer segments. We have also received questions regarding internship opportunities and CSR initiatives. As part of our commitment to the next generation, we provide internship opportunities to young people who are interested in gaining practical experience. Internships are offered both at our branches and at the Head Office. With regard to CSR, the bank undertakes several initiatives focused particularly on children and the wider community. Our key areas of focus include education, livelihood development, community development, and women empowerment. We remain committed to contributing meaningfully to society through these initiatives. I also appreciate the kind request for my autograph. It was very thoughtful of you. The next time I am travelling to your area, I will certainly make an effort to meet you personally. Thank you very much for the warm gesture. Coming to the ARC sale, the bank has already obtained the necessary approval. Depending on prevailing market conditions, we have identified certain portfolios that may be considered for sale. We will evaluate the situation carefully and take an appropriate decision in the best interests of the bank. The final decision in this regard will be taken by the Board.

Shri Dnyaneshwar Kamalakar Bhagwat ji has asked about the Bank's MSME portfolio. At present, we have a ₹659 crore retail MSME portfolio, reflecting the strong growth achieved in this segment. This includes the disbursements made during the last financial year, and we continue to see good potential for further expansion of the MSME business. With regard to new branches, we have already discussed our branch expansion plans. We are focused on opening new branches in strategically identified locations to strengthen our presence, improve customer accessibility, and support the growth of our MSME and other retail businesses. We will continue to expand our network in a calibrated manner while maintaining our focus on profitability, asset quality, and sustainable growth.

Shri Himanshu Anilbhai Trivedi also asked about the default ratio. I would like to highlight that the default ratio has come down significantly, which is a very positive development. We have made substantial improvement in our asset quality, and our collection efficiency has also improved considerably. These improvements reflect the focused efforts of our teams in strengthening collections and controlling defaults. We will continue to maintain this focus and further improve the quality of our portfolio going forward.

Savitha Rani has asked about our branches in the NCR region. Currently, we have 12 branches in the NCR region, covering locations such as New Delhi Karol Bagh, New Delhi Rohini, West Patel Vihar, Lajpat Nagar, Mayur Vihar, Chittaranjan Park, Kamla Nagar, Janakpuri, Bhavana, Yamuna Vihar and Najafgarh. We also have a branch in Gurgaon. As regards our expansion plans, we have already mentioned the new branches that we are proposing to open as part of our growth strategy. With regard to data privacy, we have already initiated steps towards implementing the Digital Personal Data Protection (DPDP) Act within our organisation. Consultants are being appointed to advise us on the requirements of the Act and to assist us in implementing the necessary policies, processes and controls across the organisation. We are committed to ensuring that our data privacy and protection framework remains robust and compliant with the applicable regulatory requirements.

Sandeep Singh ji also asked about the new branches, which I had already responded.

Mr. Lokesh Gupta ji raised concerns regarding cyber security. I would like to assure all our shareholders that cyber security remains one of our key priorities. We have implemented cyber security measures across the organisation and have a dedicated and strong cyber security team to safeguard the Bank and our customers from emerging cyber threats and cyber-attacks. We regularly communicate with our customers through SMS messages, emails and other communication channels, and we are also undertaking various financial literacy and awareness programmes to educate customers about safe digital banking practices.

Atanu saha Ji also asked about our focus on MSMEs. Yes, MSME is one of our key focus areas under our MARG strategy, which stands for MSME, Agriculture, Retail and Gold loans. Going forward, we will continue to strengthen our focus on the MSME segment, along with the other key verticals under the MARG strategy.

Regarding the dividend, I have already mentioned our position on dividend distribution. We have a Dividend Distribution Policy in place, in accordance with the applicable RBI regulations, and we will certainly consider dividend distribution based on the regulatory requirements, the Bank's financial performance and other relevant factors.

Bharat Raj ji also asked about the CASA ratio. Our current CASA ratio is 23.91%. We are focusing on improving this further, and our target is to achieve a 30% CASA ratio. As we continue to grow our MSME book, we expect to acquire more current accounts, which will support the improvement in our CASA ratio. Regarding the Right Issue, the Board will certainly consider this as and when we evaluate our future capital-raising requirements. We will update the shareholders appropriately once a decision is taken.

I would also like to thank Mr. Ankur Chanda Ji for his continued support and appreciation. I also sincerely thank Mr. Reddeppa Gundluru ji from Hyderabad for his kind words and appreciation of the Bank and our team, particularly for reaching the ₹50,000 crore business milestone.

Coming to the question on Universal Banking, as you are aware, because of the losses incurred during the previous two years, we are currently not eligible to apply for a Universal Bank licence. Once we become eligible, the Board will take an appropriate decision and, as an aspiration of the Bank, we intend to apply for Universal Banking status. At the same time, I would like to clarify that we are already a Scheduled Commercial Bank and a Category-I Authorised Dealer in Foreign Exchange. Therefore, even as a Small Finance Bank, we are able to offer a wide range of products and conduct various businesses. The principal restriction applicable to us is that 50% of our loans should be below ₹25 lakh. The remaining 50% can include larger-ticket loans. Therefore, there is significant scope for us to continue growing our business.

Coming to our asset mix, currently approximately 62% of our book is secured and 38% is unsecured. Over the next two to three years, our objective is to increase the secured portfolio to around 70% and bring down the unsecured portfolio to around 30%. This will help us create a more balanced and sustainable asset mix.

Women customers, women empowerment and women enterprise development have always been important focus areas for us, and we will continue to strengthen our efforts in this direction. Out of our approximately one crore customers, nearly 60% are women. We also have dedicated products for women-led MSMEs. Through our CSR initiatives, we are also supporting skill development and entrepreneurship among women.

I believe I have addressed all the questions and queries raised by our shareholders.

We have also received three questions through email, which I will address briefly.

Mr Dnyaneshwar Ji's questions have already been addressed.

Mr. Atanu saha ji asked about our future plans up to 2030. We have been growing for the last nine years at a CAGR of approximately 25%, and we believe that we can sustain strong growth for the coming years. As I mentioned in one of my recent media interactions, we crossed ₹50,000 crore of total business in June, and our aspiration is to cross ₹1 lakh crore of total business by 2030. Along with this growth, we will continue to focus on improving our asset mix and achieving greater geographical diversification.

The next question was regarding our capital expenditure plans. Our major areas of expenditure will be IT infrastructure, branch expansion and strengthening our cybersecurity infrastructure. These investments will support our growth and ensure that we have the technology and infrastructure required for the next phase of our journey.

We also received questions from Mr. Himanshu Anilbhai Trivedi ji regarding our employee strength, Capex plans, competitors and future business pipeline. As of March 31, our employee strength was 10,994. Our Capex programme for the next two years will primarily focus on technology and IT infrastructure, branch expansion and cybersecurity. Our leading competitors are primarily our peer SFBs, NBFCs and other players operating in similar segments.

Regarding our future pipeline, I have already explained our growth plans. Our focus will remain on growing the business, improving the asset mix, expanding geographically, strengthening our MSME portfolio, increasing CASA and investing in technology and cybersecurity.

There was also a question regarding our branch expansion plans, particularly in Thrissur and Kerala.

Currently, we have 326 branches across Kerala, of which approximately 50 to 51 branches are in Thrissur district. Across India, we had 804 branches as of March, and this has increased to 821 branches as of June. We will continue to evaluate opportunities for further branch expansion based on business potential and customer requirements.

With these responses, I believe I have addressed all the questions raised by our shareholders.

I would once again like to thank all our shareholders for their confidence, trust, support and valuable suggestions. With your continued support and blessings, we will continue to grow the Bank and create sustainable value for all our stakeholders.

Our vision is not merely to become a larger financial institution. We aspire to become the leading social bank in the country. While delivering strong and sustainable financial returns, we also want to create a meaningful social impact in the communities that we serve. I would like to place on record my sincere appreciation to our Chairman, all the members of the Board, our regulators, auditors, management team and all our employees for their continued guidance, commitment and support. And, most importantly, I thank all our shareholders for participating in this Annual General Meeting, for asking questions, for sharing your valuable views and for placing your confidence and trust in the Bank.

Thank you very much.

Thank you, shareholders.

CHAIRMAN:

Thank you, shareholders, for the wonderful questions asked and thank you MD & CEO Sri. Paul Thomas for individually answering all the questions taken by the shareholders.

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 min more from the conclusion of the meeting. The results will be announced within two working days from the conclusion of the meeting 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 Auditors for joining the meeting remotely.

With this, I declare the meeting concluded.

Jai Hind.

MODERATOR:

Thank you one and all for attending the 10th Annual General Meeting of ESAF Small Finance Bank Limited.

Thank you.