

# Building a Lasting Institution

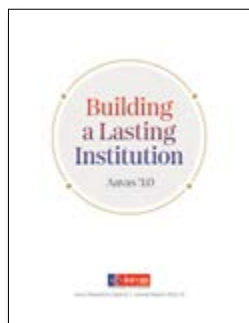
Aavas 3.0



Aavas Financiers Limited | Annual Report 2022-23

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### The theme of this report

The theme of this annual report of Aavas Financiers Limited is '3.0'.

The core Aavas 3.0 theme revolves around the institutionalisation of people, processes and technology.

This is expected to propel the Company to the next orbit, translating into sustainable outperformance on a higher base revenues.

This is expected to lead to value creation for our customers, employees, lenders and investors.

### Forward-looking statement

This document contains statements about expected future events and financial and operating results of Aavas Financiers Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of the annual report.

“Everything  
begins at the  
beginning, and  
quite often  
the beginning  
begins when  
you shift your  
mind in a new  
direction.”

~

Louie Herron

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## CORPORATE SNAPSHOT

## Aavas Financiers Limited

The Company aspires to become one of India's most trusted affordable housing finance players.

The Company is at an inflection point in its growth journey to build a lasting institution with a committed management.

The starting point in the Company's transition is Aavas 3.0. Its core theme revolves around people, processes and technologies.

The proactive investment in a robust technology backbone will make the Company future-ready, enhancing value for all stakeholders.

### VISION

Enriching lives of people by enabling them to achieve their dream of owning a home:

SAPNE AAPKE, SAATH HAMAARA.

### MISSION

To empower and upgrade the lives of low and middle- income customers by providing them accessible home loans and setting pioneering benchmarks in unserved and underserved markets.

### VALUES

- Create customer delight with focus on ease and speed.
- Blend traditional ethics with modern outlook to create an environment of trust and transparency.
- Be responsive, professional and ethical in our approach towards customers.
- Nurture employees to perform passionately with a sense of ownership.

## BACKGROUND

**Aavas 1.0:** The Company was incorporated as Au Housing Finance Private Limited on February 23, 2011, as a subsidiary of Au Financiers India Limited (now AU small Finance Bank). Aavas 1.0 was the first phase of our journey where the proof of concept of affordable housing model was tested.

**Aavas 2.0:** The Company was renamed Aavas Financiers Limited in 2017. The Company evolved into a standalone business under the ownership of Kedaara Capital and Partners Group with a professional management team and experienced Board that subsequently went public in 2018.

**Aavas 3.0:** In 2023, the Company embarked on the journey to become India's most trusted affordable housing finance player led by people, process and technology. The aim is to create an institution with progressive mindset and priorities driven by professionals. The Company's investments in technology will help the business deliver sustainable growth and superior customer experience.

## LEADERSHIP

The journey of the Company is guided by an experienced Board under the chairpersonship of Mr. Sandeep Tandon (Chairperson and Independent Director) backed by a strong management team including Mr. Sachinderpalsingh Jitendrasingh Bhinder (Managing Director and Chief Executive Officer), Mr. Ghanshyam Rawat (President and Chief Financial Officer), Mr. Ashutosh Atre (President and Chief Risk Officer) and professionally experienced Chief Experience Officers (CXOs).

## TRACK RECORD

The Company reported impressive growth from ₹1,000 crore in Assets Under Management (AUM) in 2015 to ₹14,166.7 crore AUM as on March 31, 2023. The Company's branch network

has grown from 100 in 2017 to 346 as on March 31, 2023. The Company is expected to sustain performance growth.

## EMPLOYEES

Aavas believes that its competitive advantage lies in its people. The Company's talent pool provides multi-sectoral expertise, technological experience and domain knowledge. Aavas's experienced and talented employees represent a competitive strength and preparedness. The Company's permanent employee strength was 6034 as on March 31, 2023.

## AWARDS AND CERTIFICATIONS

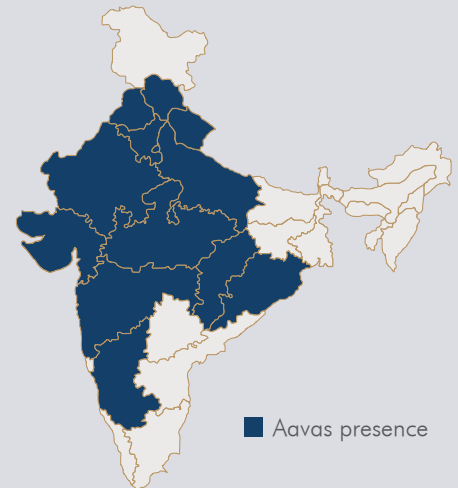
The Company was recognised as one of the best BFSI Brands by ET Edge at The Economic Times BFSI Best Brands 2023 Conclave on March 21, 2023.

## CREDIT RATING

The Company's long-term credit rating was upgraded to AA/Stable by ICRA and CARE. Its Short-term credit rating was reaffirmed to A1+ by ICRA, CARE and India Ratings.

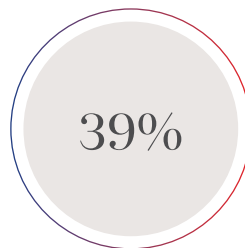
## FOOTPRINT

The Company's 346 branches were spread across 13 States in India as on March 31, 2023, comprising Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Uttar Pradesh, Chhattisgarh, Delhi, Punjab, Uttarakhand, Himachal Pradesh, Karnataka and Odisha. The Company added 32 branches in FY 22-23.

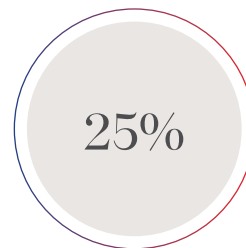


## PERFORMANCE

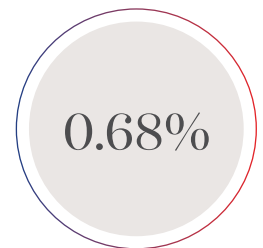
Aavas reported superior business performance in FY 22-23. The Company's revenues grew 23%, while profit after tax grew 21%. The Company's net interest margin was 8.28% and net non-performing assets were 0.68% as on March 31, 2023. The Company is maintaining positive asset liability management and is well capitalised with a capital adequacy of 46.96%.



Disbursement growth,  
March 31, 2023



AUM growth,  
March 31, 2023

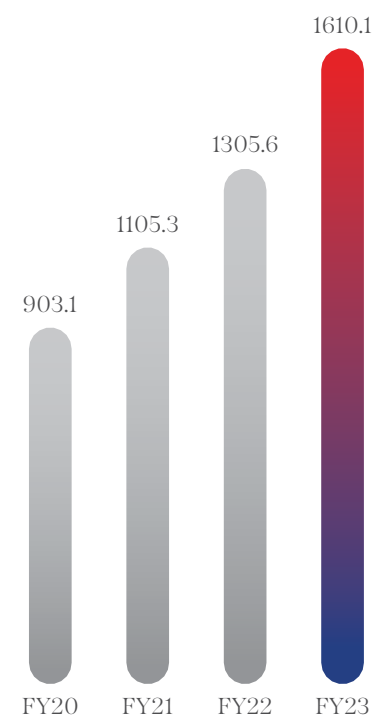


Net NPA,  
March 31, 2023

# Aavas 3.0 enjoys a robust platform that has been created across the years

## TOTAL REVENUE

(₹ crore)



### What it means

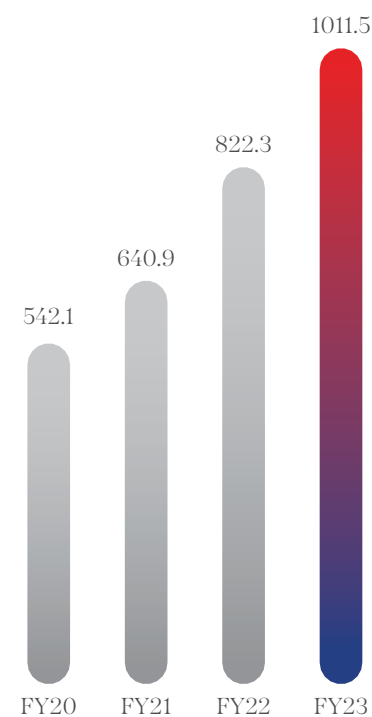
Revenue is earned by housing finance Companies primarily through interest on loans, fees and charges.

### Result

The Company's revenue grew 23% to ₹1,610.15 crore on the back of a wider customer base drawn from a network of 346 branches and strong customer relationships.

## NET TOTAL INCOME

(₹ crore)



### What it means

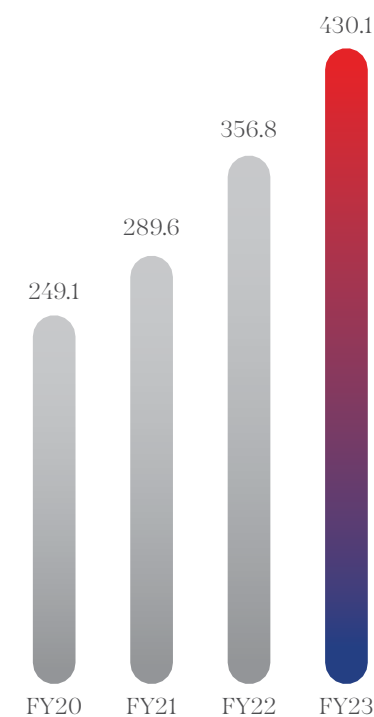
Net total income depicts the surplus of total revenue over finance cost. It ensures that the Company has sufficient funds available to meet operating expenses leading to improved profitability.

### Result

The Company's net income grew 23% in FY 22-23.

## PROFIT AFTER TAX\*

(₹ crore)



### What it means

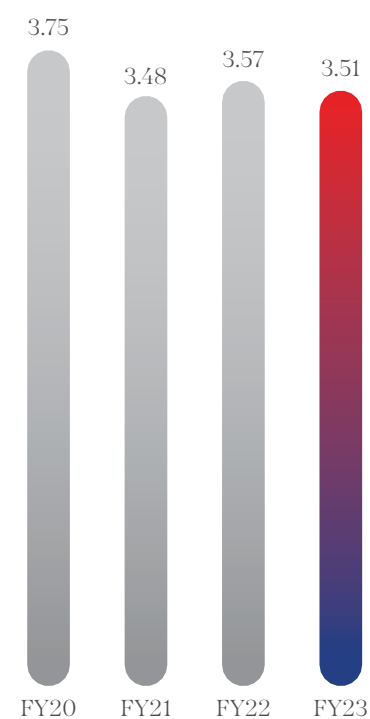
Profit after tax (PAT) is a financial measure that indicates how well a company has performed through core operations, net of expenses and taxes. It ensures that adequate profit is available for reinvestment and sustaining the growth of the Company.

### Result

The Company's net profit grew 20.5% in FY 22-23. The Company has demonstrated a consistent increase in PAT over the last three years.

\*PAT before other comprehensive income

### RETURN ON ASSETS (ROA) (%)



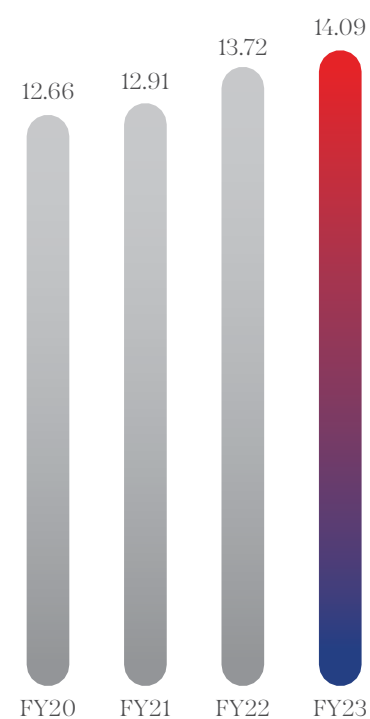
#### What it means

Return on Assets (RoA) is a profitability ratio that determines how much profit a Company can generate from its assets. RoA measures a company's efficiency in generating a profit from assets on the Balance Sheet. A higher RoA is a reflection of rising asset efficiency.

#### Result

The Company maintained its RoA at 3.51%.

### RETURN ON EQUITY (ROE) (%)



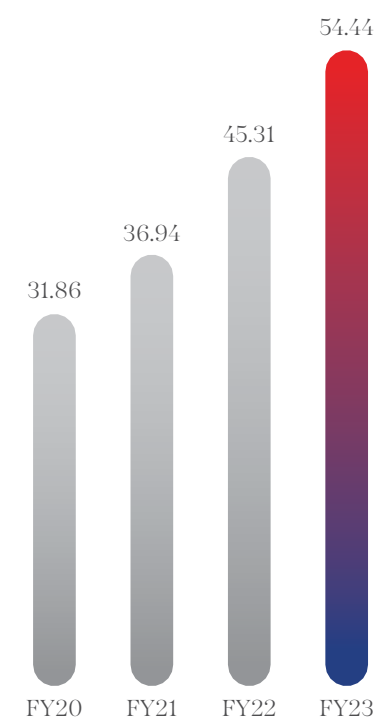
#### What it means

Return on equity (RoE) is the measure of a Company's net profit divided by its shareholders' equity. RoE is a gauge of the Company's efficiency to generate profits against capital invested. The higher the RoE, the better a Company is at converting its equity into profits.

#### Result

The Company's RoE increased by 37 bps in FY 22-23.

### EARNING PER SHARE (BASIC) (₹ per share)



#### What it means

Earnings per share (EPS) is a measure of the Company's profitability. The higher a company's EPS, the greater the profit and value perceived by investors.

#### Result

The Company witnessed a 20% growth in EPS at ₹54.4 per share in FY 22- 23.

Strengthening our risk mitigation, audit and compliance

Building an institution for perpetuity

Investing in upskilling and reskilling employees to sustain personal as well as organisational growth

Building a digital platform to enhance scalability and customer experience ahead of industry peers

**At Aavas,  
we are  
transforming  
our business**

Deepening our IT driven processes and systems, enhancing responsiveness and predictability

Building a scalable platform to grow the business efficiently

Building a lasting platform to deepen market penetration with cost-efficiency

Re-engineering our business processes to ensure streamlined operations



Continuously evolving initiatives including the next level of digital and analytical capabilities

Institutionalisation with enhanced brand and respect

Enhance productivity and work efficiency across functions through integrated system approach

Product deepening with geographical penetration to widen a pan-India presence

## These are some envisaged outcomes of Aavas 3.0

Tune systems, processes and people to provide a superior customer experience

Experiencing scalability through a digital framework to add more products and a wide range of customer segments

Optimise costs and improve operational efficiency by reducing the turnaround time

Improved credit ratings, which helps in expansion, while reducing the cost of borrowings

## STRATEGIC DIRECTION

# How we have deepened our Aavas 3.0 preparedness

## THE CONTEXT

Aavas is investing ahead of the curve by investing in four dimensions. The Company's four dimensions comprise a recognition of challenges coupled with an evolved business strategy, the ability to manage scale by maintaining quality, investing in efficient operational strategies and investments in human capital.

## RIGHT TIME FOR AAVAS 3.0

Aavas 3.0 is an initiative at the right time for the following reasons:

**One**, it represents a timely response to challenges with a decadal goal to reach assets under management of ₹1,00,000 crore.

**Two**, it warrants a proactive investment in people and processes to make the Company future-ready.

**Three**, it warrants investments in futuristic technologies and analytics to enhance the customer's experience.

## MANAGING SCALE

Aavas 3.0 is about the way the Company will need to identify, manage and leverage scale through three priorities.

**One**, the selection of the right human capital, business channels and location will lead to the right customers, right product, right price and right market.

**Two**, understanding the right insight through the development of a comprehensive understanding

of customer behaviour aligned with processes

**Three**, the development of efficient risk controls to identify and mitigate business unforeseens.

The complement of these priorities ensures that the maximum number of right customers are onboarded without compromising asset quality.

## AAVAS 3.0 DRIVERS

Aavas 3.0 is driven by a combination of organic growth and desire to attain scale. Aavas has established competence in customer acquisition and underwriting. Going ahead, it intends to deepen market penetration by entering diverse markets and segments.

## PREPAREDNESS FOR AAVAS 3.0

Aavas is prepared for scale to capitalise on the right opportunity at the right time. The Company's ability to analyse customer behaviour during the onboarding process will be tested. The Company's large data management competence will be validated. The Company's ability to shrink the learning curve, coupled with timely implementation, will be crucial. In a challenging and competitive environment, the Company aims to prepare for balanced growth, profitability, margins and loan quality.



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## CHAIRPERSON'S OVERVIEW

At Aavas Financiers Limited, the exigency to transform our organisation around future-readiness is derived from a rapidly evolving India story

**SANDEEP TANDON**  
*Chairperson and  
Independent Director*



## OVERVIEW

There is an unprecedented optimism related to India's economic direction. There is a growing consensus that the complement of India's reforms, long-term policies, accelerating consumption and demographic dividend is coming together to create a noticeable momentum.

Much of this momentum is being catalysed by the need for affordable homes – directly in the form of building materials and lifestyle supports needed in homes and indirectly in the form of enhanced aspirations translating into wider consumption. The result is that India's affordable housing sector is emerging as possibly the country's most extensive economic growth driver.

The importance of this sector in the country's economic growth puts a premium on its capability to commensurately respond. The sector's priorities comprise the ability to think big, think long and think sustainable. A complement of these priorities will enhance the sector's capacity to be at the right place at the right time with the right competencies.

At Aavas, we addressed this priority from the time we went into operations. Your Company outlined a growth trajectory for the benefit of its direct stakeholders and addressed this as priority with the objective to widen the benefit of home ownership for a large number including women. I am pleased to communicate that the outperformance that followed across the decade was largely a result of the big picture orientation and

commitment to be completely aligned with the housing needs of the country cum governance-driven needs of the corporate world and creating an institution for eternity.

Besides, the Company created a broad-based organisational structure, built a robust leadership pipeline, widened its geographic footprint and created a prudent risk management matrix.

Across the decade, Aavas deepened its presence; a fledgling service provider transformed into a growing organisation with roots embedded in governance, culture, process, sustainability and progressive practices.

At Aavas, we recognise that sustained growth in our business is also derived from the capacity to invest proactively. First-movers will capture markets faster and retain customers longer by building a digital platform to enhance scalability and customer experience ahead of industry peers.

In view of this, Aavas announced a watershed – Aavas 3.0 - in its existence. This watershed represents a distillation of the proposed initiatives, exigency and perspectives of how we seek to grow in a sustainable way. By leveraging the power of Aavas 3.0, the Company intends to deepen geographical penetration to achieve pan-India presence, sustain its percentage growth rate (albeit on a progressively larger base), moderate its cost structure to protect profitability across market cycles, enhance lender confidence with the objective to mobilise a progressively lower cost of

funds and enhance technology-driven convenience that makes it possible to service customers better.

A critical factor that is expected to drive Aavas 3.0 will be the organisation's culture. At Aavas, our competitiveness has been drawn from the ability to collaborate, innovate and accelerate. The result is an organisation that is engaged in building today for tomorrow. By the virtue of this encompassing culture, Aavas will comprise an institutionalised body of knowledge, priorities, processes and practices, influenced by the prevailing culture and by enhancing its brand and respect.

In Aavas 3.0, this institutionalised culture will be driven by the selective recruitment of subject matter champions, the right person for the right role, intensive training across culture-competence-mindsets, creation of leaders at every level and a structured succession plan across roles and functions. Such an organisation – I count Aavas as one - will not only generate sustainable momentum; such companies will also lead.

It is with this optimism that I present my overview to shareholders: that after having completed a decade in existence where our practices and processes were launched, observed and reinforced, we are at a point where they are ready to be scaled for wider benefit, enhancing value for all stakeholders.

## MANAGING DIRECTOR AND CEO'S PERSPECTIVE

**With Aavas 3.0, we are  
confident in our ability to  
achieve new milestones and  
create a lasting institution**

**SACHINDER BHINDER,**  
*Managing Director and  
Chief Executive Officer*





## OUR CUSTOMERS INSPIRE US

In the tranquil town of Rishikesh, Mamta Devi faced adversity head-on. After her husband's incapacitating accident, she took charge and opened a small retail garment store to support her family. As her business thrived, Mamta dreamed of owning a home, but lack of proper documentation, undocumented income and the absence of accessible financial institutions in her small town shattered her hopes.

In search of hope, Mamta sought assistance from Aavas Financiers. Aavas recognised her determination, simplified the process and evaluated her cash flows. In just 12 days, Mamta received the loan that helped build her dream home.

Beyond bricks and mortar, the loan transformed Mamta's life. Her unwavering spirit, coupled with Aavas Financiers' support, paved the way for a brighter future. Our mission extends to countless individuals across India, empowering them to rise above challenges and realize their dreams.

Mamta Devi's story is a testament to resilience and compassion. Aavas stands as a beacon of light, illuminating the path to a brighter future for dreamers like Mamta. Together, they exemplify the incredible power of dreams realized, embodying our slogan of **'Sapne Aapke, Saath Hamaara.'**

## OVERVIEW

As we present the Annual Report for the financial year 2022-23 of Aavas Financiers Limited, I am thrilled to share our vision for Aavas 3.0, which will serve as a catalyst for our continued growth in the dynamic and promising industry we operate in. Our strategic initiatives will propel us forward, allowing us to capture greater market share and create sustainable value for all our stakeholders. We are

committed to embracing innovation, leveraging technology and staying ahead of the curve to meet the evolving needs of our customers and drive success in the market.

## UNLEASHING INDIA'S POTENTIAL

India is at the cusp of a decade-long growth journey. Among industry sectors in India, housing will be a bellwether sector given its low mortgage penetration and massive need across geographies and income classes. In addition, strong tailwinds like favourable demographics (more than 50% of India's current population below the age of 25 and over 65% below the age of 35), rapid urbanisation (urban population set to rise to 40% of total by 2030), rising disposable incomes, robust infrastructure push and financial sector reforms will provide a sustained sectoral growth impetus. The initiatives taken by the governments to ensure 'Housing for All' will supply the much-needed impetus to make the affordable housing dream a reality. India's INR 26 trillion home loan market is poised to double by FY28E.

Given the small space that affordable housing finance players occupy in this market, we see significant headroom to grow. We have been at the forefront of driving this market growth with our in-house sales team and risk management DNA to underwrite prospective customers with informal income in a nimble manner. We will continue our momentum in serving the unserved, underserved and underbanked customers in Tier-2 to Tier-5 markets, with a relentless focus on risk-adjusted returns.

## OUR JOURNEY

Our journey started in 2011 as an affordable housing finance subsidiary of Au Financiers India Limited (now AU small Finance Bank). Our mission was

simple: To empower and upgrade lives of low and middle-income customers by providing accessible home loans and setting pioneering benchmarks in unserved and underserved markets. This was Aavas 1.0 - the first phase of our journey where we tested the proof of the concept of affordable housing model. Over time, we built the business brick by brick, culminating in Aavas 2.0 under Kedaara Capital and Partners Group's ownership in 2016. The aim was to grow into a leader in affordable housing finance in a calibrated manner, with contiguous branch expansion, consistent profitability and resilient asset quality in the face of multiple challenges. During this time, we perfected our business model and laid the foundation for scalable growth.

## AAVAS 3.0: BUILDING FOR THE FUTURE

In 2023, we embark on the exciting 'Aavas 3.0', with aspirations to become India's largest and most trusted affordable housing finance company, leveraging people, technology and data analytics to reach our decadal goal of achieving 100,000 Crore AUM. Today, our passion for enriching the lives of people by enabling them to achieve their dream of owning a home still drives us. Our values continue to guide our growth. The fourth quarter of FY23 was the first quarter completed under the new Aavas 3.0 growth strategy framework and I am happy to report that it proved to be our strongest quarter ever.

Aavas 3.0 encompasses deep institutionalization with a focus on scale with sustainable quality and leveraging people, technology and analytics for quality growth and operating efficiency. We are embarking on an exciting journey towards a brighter future. With Aavas 3.0, we are confident in our ability to achieve new milestones and create a lasting institution.



## OUR PERFORMANCE

We achieved remarkable milestones and delivered outstanding results.

Our assets under management witnessed an impressive 25% year-on-year growth, reaching an unprecedented INR 141.7 billion. Our disbursements surged by 39%, amounting to INR 50.2 billion. In terms of asset quality, we are proud to report a decline in our net Stage 3 non-performing assets (NPAs) from 0.77% in the previous year to an impressive 0.68%. Our profitability remained strong with a notable 21% growth in Profit after Tax, totalling INR 4.3 billion. Our live loan accounts registered strong growth from 150,800 in FY2021-22 to 187,100+ in FY2022-23.

## BUILDING SUSTAINABLE SCALE WITH FOCUS ON QUALITY

Our commitment to building scale has been instrumental in our growth and success. As of March 2023, our branch network expanded to an impressive 346 branches, allowing us to reach more customers across locations. We continue to expand our footprint that deepened our presence in existing states and sustain our journey into adjacent States. At present, we cater to 2500+ towns in the States we operate.

In addition to our branch network, we continue to prioritize value-accretive partnerships that enhance our digital channels, enabling us to tap new customer segments, particularly those new to the Company and New to credit customers. Embracing the power of alternate data has provided us valuable insights and opportunities in expanding our customer base. We proved responsive to investments, expanding our geographical reach and enhancing capabilities to ensure that we addressed the evolving needs of our expanding customer base.

## FOUR PILLARS OF SUCCESS

Our success is built on the foundation of four pillars – prudent risk management, financial capital, human capital and technology.

**Risk:** Our entrepreneurial culture of finding solutions to hard problems, strong risk and governance culture enabled us to price risk sustainably and build a resilient portfolio to withstand business and credit cycles.

**Financial Capital:** Our strong relationships with thirty-one lenders has enabled access to diversified and cost-effective long-term financing. We enjoy a positive long-term asset-liability mismatch where the tenor of our liabilities is longer than our assets, indicating long-term stability and liquidity of our balance sheet. The fundamentals translated into a credible credit rating that was upgraded to AA/Stable by ICRA and CARE.

**Human Capital:** Our focus continues to be on providing an exciting workplace to our employees that fosters open communication, transparency, and emotional well-being. Specifically for gender equality, we have launched Project “Prerna”, an initiative aimed at promoting gender diversity, equality, and inclusion in the organization.

**Technology:** In our pursuit of a digital future, we have achieved remarkable results. Collaborations with renowned technology and consulting firms such as Deloitte, Salesforce, Oracle, and MuleSoft have fortified our technological capabilities, enabling us to create seamless customer journeys across online and assisted channels. Embracing data and analytics throughout the customer life cycle, from sourcing to cross-selling, credit underwriting, and collections, has propelled our operations. Our unwavering commitment to delivering exceptional customer experiences and

ensuring customer delight remains the cornerstone of our day-to-day operations.

## ACCELERATED DIGITAL TRANSFORMATION

Our digital transformation project comprises four components. The first is Salesforce, which comprises the transformation of all loan origination processes.

The second phase is the Loan Management System, the Oracle Flexcube platform used by large banks that will help Aavas scale its branch network.

The third is ERP systems – the best-in-class Oracle Fusion, which will help us to get better cuts on product, branch, employee and segment wise profitability.

The fourth is data analytics, which is empowering us to create an architecture that will sustain exponential data growth with seamless integration and quicker decision-making.

Our Aavas 3.0 growth strategy is rooted in technology, puts the consumer at the heart of everything we do by using disruptive technologies, digital tools, and data analytics to drive sustainable growth with quality.

## COMMITMENT TO ESG

Embracing ESG principles allows organizations to demonstrate their commitment to mitigating environmental impacts, promoting social equality, and maintaining strong governance standards.

Aavas has been at the forefront, leading the way with our Green Housing program, which aims to integrate environmentally friendly construction practices into the mainstream infrastructure of India. Aavas has enabled lower and middle-income



households providing invaluable technical guidance to self-construct these eco-friendly, energy efficient independent Green Homes and ensuring meticulous adherence to green home standards. This program strives to achieve a notable 20% decrease in the utilization of materials, energy consumption and water throughout the entire process of house construction and usage.

Aavas has also achieved a remarkable distinction by collaborating with IFC - International Finance Corporation to release a ground-breaking joint market research report on the compelling business case for affordable green housing finance in India.

Since we were founded, contributing to society has remained integral to the Aavas culture. We have aligned our CSR strategy with Sustainable Development Goals of the 2030 – Global Agenda for Sustainable Development adopted by all UN Member States.

### **BUILDING A LASTING INSTITUTION**

Our decadal aspiration of reaching 1,00,000 crore AUM is audacious. We believe the runway is huge and are confident of getting there by keeping our focus on governance, asset quality, profitability and sustainable growth.

Aavas 3.0 brings with it a renewed focus and energy. It is enabling us to create a roadmap for the decade.

This roadmap that we believe will take us to becoming India's largest and most trusted affordable housing company, continuing delivering value to stakeholders.

I would like to extend my gratitude to our shareholders, employees, customers, partners and regulators for their continued support, encouragement and trust. I am confident that with Aavas 3.0, we will continue to deliver sustainable growth, profitability and value creation for all our stakeholders. Together with our entire Aavas Family, we look forward to executing our new growth strategy so that millions of Mamta Devis can fulfil their dreams.

## **AAVAS 3.0: PRUDENT COMPLEMENT OF PEOPLE AND TECHNOLOGY**

Technology-backed, yet people-driven decision making

Re-skilling and upskilling for employees

Technology-enabled growth

Protective DNA of the Company

Artificial intelligence and machine learning-based risk assessment

Local touch; pan-India presence

Quicker processes; customer delight

Informed decisions; enhanced productivity

## PRESIDENT AND CHIEF FINANCIAL OFFICER'S REVIEW

The Company not only reported higher numbers, but also reported superior business hygiene

GHANSHYAM RAWAT  
*President and  
Chief Financial Officer*



## OVERVIEW

The big message that one seek to communicate is that Aavas has created a foundation for the next ten years of growth, concisely described as “3.0”.

The need to be opportunity-ready has never been greater. Even as the housing finance sector will continue to sustain its growth, the affordable housing finance niche is expected to emerge as a game-changer, requiring an understanding of the creditworthiness of customers not possessing income-validating documents, multi-geography footprint and understanding of cultural nuances that could influence customer evaluation. The result is that in the midst of this dynamic phase of existence, the premium at Aavas will not just be ‘product’ but also ‘process’ and the DNA that comes with that.

There is a second factor that has made our structured transformation advisable and necessary. There is a digitalisation wave sweeping the world. Companies are being described less by their functional and sectoral classification. They are being described as digital-first companies. India is among fortunate countries in this regard as it has provided companies with a robust digital backbone, making the seamless transition from physical to ‘phygital’ (physical plays digital). The winners will not be the companies that embrace the digital, but those that do so with speed and sensitivity. This backdrop makes Aavas 3.0 imperative, where we not only make a

disproportionate investment in relevant digital technologies, but also fuse them with our processes and translate them into customer conveniences.

The coming together of these two realities – affordable housing and digitalisation – makes it imperative for a company like ours to address them not as business as usual but with the priority they deserve.

## BEFITTING RESPONSE

At Aavas, we are in the process of investing in a range of disruptive technologies.

For instance, the loan origination software being deployed by the Company is best-in-class. This will graduate the Company from a conventional approach to a radical transformation: from a position where the customer applies for a loan at one of the Company’s branches and then waits for a response for a few days to then being told of the outcome. In Aavas 3.0, the customer is being empowered to apply for a loan through the smartphone. The app will provide real time status of his loan application. By doing more in less time, we would be strengthening our brand and customer experience with a multi-year scalability potential.

The loan management system will represent our systemic backbone; this will fuse systems, processes and people to provide a superior customer experience.

The advanced enterprise resource package will transport our business to cloud with corresponding security safeguards. This will help us decentralise operations across a widening footprint with protocol checks and security controls. What makes this investment disruptive is that it will generate a payback through superior client accretion and a reduction in operating costs. By moving our operations to cloud and digitalisation of various documents. We will also shrink the quantum of physical documentation and related storage, enhancing environment friendliness.

The Company intends to make an aggregate investment of approximately ₹150 crore across five years, a first in India’s affordable housing finance sector to demonstrate this technology commitment. The combination of systemic security, responsible digitalisation and customer empowerment is expected to graduate Aavas ahead of the curve. More importantly, Aavas expects to evolve into a phygital company engaged in the business of affordable home financing.

## IMPROVED PERFORMANCE

The Company reported a superior performance during the year under review, sustaining double-digit percentage growth. The Company reported a growth in disbursements and assets under management: 39.48%

and 24.81%, respectively, 20.66% increase in diluted earnings per share and 20.54% increase in profit after tax.

The Company not only reported higher numbers but also reported superior business hygiene. Collection efficiency improved during the year under review; the proportion of one-day pass due reduced by 117 bps to 3.30% from 4.47%, compared to the previous year, which was best-in-class; the gross non-performing assets Stage 3 returned to its pre-Covid standard of less than 1% at 0.92% compared to 0.99% in FY 21-22. By returning the business to a pre-pandemic hygiene, the management demonstrated nimbleness. This reflected the credibility of the Company's business model and the credit worthiness of the undocumented customer segment.

During the financial year under review, our incremental borrowing stood at ₹4,763.1 crore priced at 7.25% for 128 months.

The combination of industry-outperforming business growth on the one hand and high asset quality on the other indicates that we possess a robust business model, marked by high liquidity and profitability. By the close of the year under review, the Company possessed a capital adequacy ratio of 46.96%, more than three times the RBI recommendation. The Company enjoyed an access to more than ₹1,906 crore of undrawn funding lines in addition to a fixed deposit corpus of ₹1,368.7 crore at the close of the last financial year, making the company growth-ready.

The Company's credit rating was enhanced to 'AA/Stable', the second upgrade in three years and among few housing finance companies to enjoy this rating.

The impact of the rating upgrade translated into a lower-than-usual increase in the cost of borrowings. In the last year, the RBI increased the policy rate by 250 bps while the corresponding impact on its total borrowings (including assignments) was only 73 bps. We believe that during this challenging phase, when there was an increase in the cost of funds for housing finance companies across the board, the relative low increase on Aavas's books will enhance competitiveness.

The Company diversified its funding mix from 31 lenders including public sector banks, private sector banks, National Housing Bank and multi-lateral fund houses. During the year under review, the Company availed a ₹1,044 crore line of credit from National Housing Bank.

The result is that the Company finished the year under review with an average cost of borrowed funds at 7.61%, among the best within its sectorial niche.

The Company reported a core spread of 5.51% and a net interest margin of nearly 8.28%.

## PROTECTED HYGIENE

The Company protected the integrity of its fundamentals at a time of rising interest rates. This was best reflected in the Company's asset-liability match. Even as long-term assets mobilised by the Company enjoyed a behavioural maturity period around 96 months at

the close of the year under review, the aggregate liabilities of the Company extended across 128 months, which is safe from a prospective liquidity and matching perspective.

The company had natural hedging to mitigate interest rate risk by building a right mix of assets and liability with fixed and floating interest rates, further strengthen with no borrowing on short tenure such as commercial papers.

The Company increased the number of branches by 32 in FY 23, taking the total number to 346. The Company was present in 13 States by the year-end.

## SOCIAL CONTRIBUTION

There are two ways in which Aavas has made contributions that have extended beyond the routine.

First, we are proud to have provided loans at the bottom end of the affordable housing spectrum, which made them eligible for the interest subvention scheme through the Pradhan Mantri Awas Yojana. The Company accounted for approximately ₹280 crore of credit linked subsidy that benefited around 20,000 customers.

Secondly, during the year under review, the Company, in collaboration with IFC, conducted market research to understand the willingness and perception towards self-built green homes, which resulted in a first-of-its kind certification not just in India but globally from a UK based certifier on the international standards of EDGE. This pioneering initiative will initiate a trend that translates not only into a lower cost of home ownership but also leaves the world greener.

# Aavas 3.0: Our growth journey

## AAVAS 1.0

Proof of concept of the affordable housing finance model under AU's ownership

25

Number of branches in  
FY 12-13

18

₹ crore, Revenue in  
FY 12-13

178

₹ crore, Assets under  
management in FY 12-13

1

Chief Experience Officer  
(CXO)

## AAVAS 2.0

Perfecting the model and building a foundation to scale under private equity ownership

94

Number of branches in  
FY 16-17

314

₹ crore, Revenue in  
FY 16-17

2,690

₹ crore, Assets under  
management in FY 16-17

4

Chief Experience Officer  
(CXO)

## AAVAS 3.0

The journey has begun with an aspiration to become India's most trusted affordable housing finance player

346

Number of branches in  
FY 22-23

1,610

₹ crore, Revenue in  
FY 22-23

14,167

₹ crore, Assets under  
management in FY 22-23

10+

Chief Experience Officer  
(CXO)



## PRESIDENT AND CHIEF RISK OFFICER'S INSIGHT

Aavas is engaged in  
graduating the experience  
of individuals into a shared  
knowledge resource

ASHUTOSH ATRE  
*President and  
Chief Risk Officer*



## OUR PERSPECTIVE

As Aavas steps into a new age, there is a bigger priority in reconciling safety with scale. This will ensure that all growth is sustainable, systematic losses are minimised and the Company maximises impact from every business investment.

## OVERVIEW

The housing finance business warrants competent risk management. This need is even more marked in the affordable financing segment. The business addresses customers who are undocumented, those who have never taken a loan and the veracity of whose incomes cannot be verified through simplistic tools. In view of this, risk management is integral to the business.

The Company's risk management discipline was tested in the last few years following the COVID-19 outbreak. The pandemic threatened the quality of the Company's loan book on the grounds that customers would not be able to repay on schedule and these, in turn, could impair the loan book quality, profitability and credit rating.

The Company tightened its risk management to identify emerging risks, assess their materiality and take protective measures. The Company strengthened its risk management across every business level; responsibilities and outcomes were monitored by the Board of Directors and senior management. The Company protected its liquidity, mobilised long tenor liabilities, deepened its strategic

stability, strengthened teams and reviewed risk management principles and outcomes. The Company's risk management framework comprised an understanding of underwriting, legal, valuation and operational risks. The Company made proactive technology investments, minimising the role of manual intervention for routine activities. This commitment helped track spreads, costs, delinquency and customer retention close to real time.

## AAVAS 3.0 AND RISK MANAGEMENT

During Aavas 3.0, the role of risk management will run deeper for the following reasons.

**First**, there has been discernable trend of growth of non-banking finance companies plateauing out at around ₹15,000 crore of assets under management. Considering that the Company had ₹14,167 crore assets under management as on March 31, 2023, the management is aware of a disproportionate attention for risk management to climb the impending hump.

**Second**, the Company recognises that it is no longer imperative to create incremental enablers and foundations. Rather, what it needs is a decisive technology runaway that makes it possible to grow to its desired ₹1,00,000 crore in assets under management without making another decisive technology investment.

**Third**, the Company made a future-facing technology investment

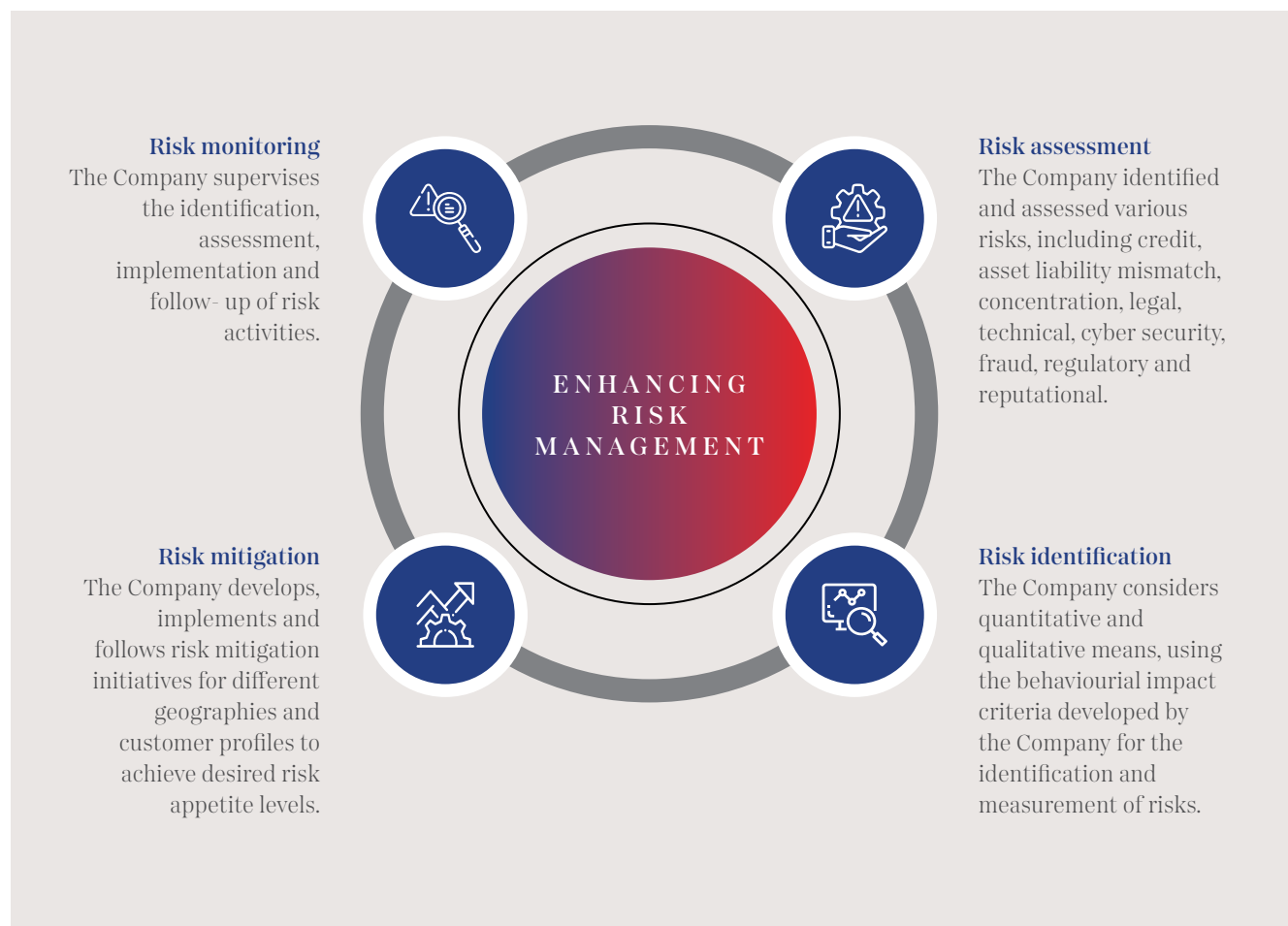
reconciling the needs of management controls, employee engagement, customer service and regulatory compliance. In doing so, the Company is creating a foundation that is seamlessly scalable and an effective business enabler.

**Fourth**, the Company has invested in best IT products – the best customer relationship management used in the sector, the best loan management system and the best enterprise general ledger. The selection of these systems has not only widened the Company's capabilities but also future-proofed it through the availability of periodic system upgrades.

**Fifth**, the Company is deepening its risk management during the third phase of its existence through a broad-based leadership team (growth from 1 CXOs in 2013 to 10+ CXOs in 2023) by building a management team around subject matter expertise, managerial depth and multi-cycle experience.

**Sixth**, the Company is engaged in institutionalising its memory, graduating the standalone experience of select individuals into a shared knowledge resource. This decisive initiative is helping build an organisational memory conditioned for a multi-decade existence.

Through the complement of these initiatives, the Company has embarked on a journey directed at deepening its risk management roots on the one hand and preparing a multi-decadal growth foundation on the other.



## WHAT WE HAVE ACHIEVED

0.98%

Gross non- performing assets, as on March, 2021

0.99%

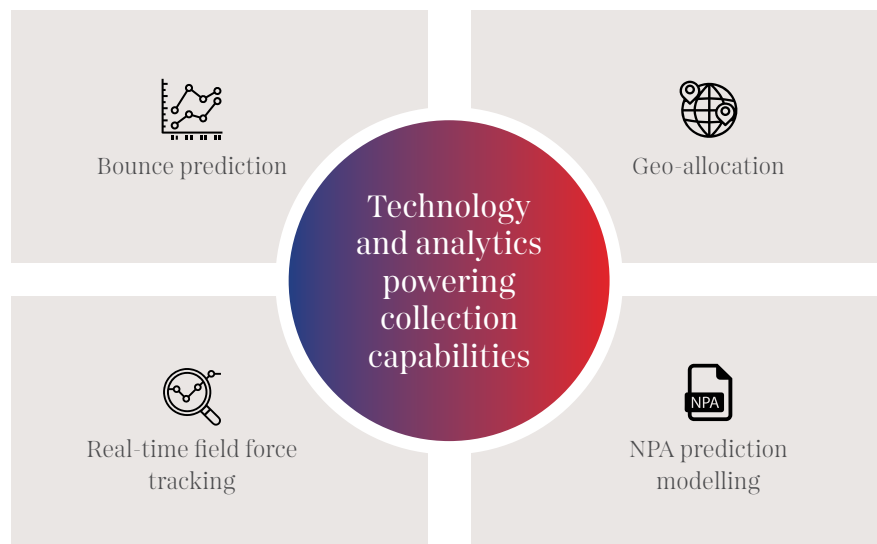
Gross non- performing assets, as on March, 2022

0.92%

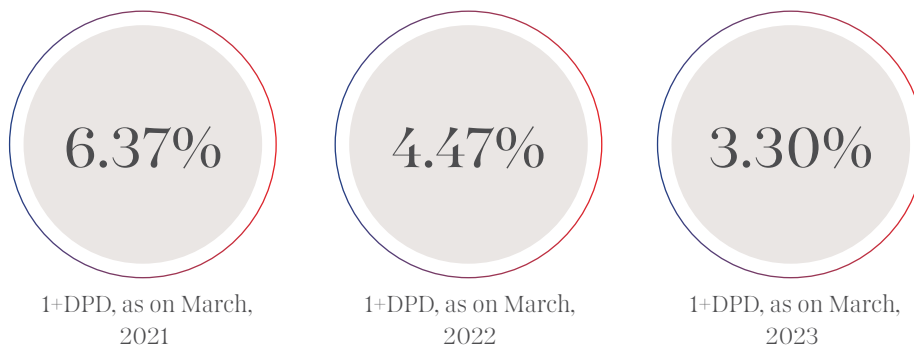
Gross non- performing assets, as on March, 2023



## Collections supported by technology, data and analytics



### WHAT WE HAVE ACHIEVED

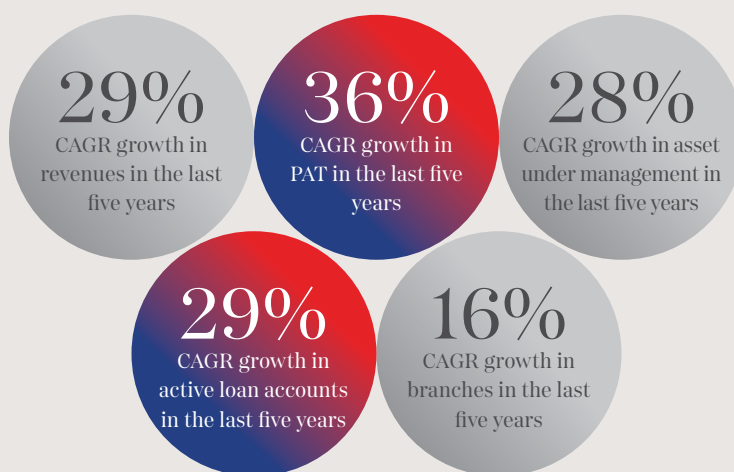




# OUR INTEGRATED VALUE-CREATION REPORT, FY 22-23

*Report on how we are progressing to  
institutionalise our value creation process*

## THE SCOREBOARD



# Our value-enhancing strategy across the long-term



Strategic areas	Talent and innovation	Customer at the core	Geographical Footprint	Enhancing shareholder value	Responsible corporate citizen	Community support
<b>Key facilitators</b>	<p>The Company focusses on the upliftment of employees through talent management initiatives.</p> <p>Aavas has strong middle layer management with &gt; 3 years of vintage which is instrumental to grow to the highest level.</p> <p>The Company fostered gender diversity through "Project Prerna".</p>	<p>The Company strengthened its customer engagement through a customer-first approach and technology.</p> <p>The Company provides quality services quicker.</p> <p>The Company introduced innovative loan products.</p> <p>The Company continued its focus on green self-building housing.</p>	<p>The Company reinforced its go-to-market strategy by setting up branches into deeper market.</p> <p>The Company opened 32 branches in the current year in States like Karnataka, Madhya Pradesh and Maharashtra.</p> <p>This continuous branch expansion and digital footprint has helped the Company go deeper and grow.</p>	<p>The Company has witnessed 20% growth in Earning per Share (EPS) at ₹54.4 per share in FY 22-23.</p> <p>Revenue growth was 23.3% during FY 22-23.</p> <p>The Return on Equity (RoE) has been 37 bps higher at 14.1% in FY 22-23.</p>	<p>The Company has adopted 'Governance' as the top priority.</p> <p>Aggregate tax paid in 5 years ending 2022-23 was ₹350+ crore.</p> <p>The Company has made proactive investments in a state-of-the-art technology and analytics platform.</p> <p>The company is pioneering Green Homes which is one of its kind in the world for ecosystem development.</p>	<p>The Company is committed to the welfare and empowerment of communities.</p> <p>The Company is promoting education, health and gender equality through CSR initiatives and ESG practices.</p> <p>The Company spent ₹772.74 lakh on CSR activities in FY 22-23 and there is no unspent CSR amount.</p>

# Our value-creation over the years

## FINANCIAL CAPITAL

Financial Capital (shareholders' equity and debt) is the reflection of a critical driver of our business that helps in leveraging the aggregate value of other capitals. At Aavas, our Financial Capital catalysed business expansion and sectorial leadership.

Outcomes during FY 22-23

**3,270**

₹ crore, net worth

**49.96%**

capital adequacy ratio

**3,275**

₹ crore, total liquidity position



## MANUFACTURED CAPITAL

Manufactured Capital is the collection of physical, material and technological objects that are available to the Company that facilitate value creation and enhance reputation cum growth for our Company. We are judiciously managing our capital investments to create an asset portfolio that enhances value for our clients.

Outcomes during FY 22-23

**2,57,000+**

Cumulative loan accounts disbursed

**14,166.7**

₹ crore, asset under management

**22000+**

₹ crore, cumulative loan amount disbursed



## HUMAN CAPITAL

Human Capital represents an aggregate of employee competencies, knowledge and experience. Aavas provides a work culture that encourages creativity; it has a diverse workforce, which ensures integrated and sustainable growth.

Outcomes during FY 22-23

**6,034**

Permanent employees

**30.9**

Average employee age

**50%**

Middle layer management associated for more than 3 years



## INTELLECTUAL CAPITAL

Intellectual Capital refers to the aggregate knowledge, research, thought leadership, brand management and intellectual property. At Aavas, our intellectual capital consists of our brand, professionals, cutting-edge technology and processes.

Outcomes during FY 22-23

**4.4**

Customer app rating



**100%**

Technical, legal and risk assessment through digitisation

**100%**

Geo-tagged property location



## SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital indicates the value derived from relationships with customers, shareholders, partners and community.

Outcomes during FY 22-23

**1,25,000+**

Youth engaged in education and holistic development

**6,000+**

Rural women from 250 villages provided employability and entrepreneurship

**1,600 +**

Construction workers provided social security cover



## NATURAL CAPITAL

Natural Capital indicates the natural resources that the Company uses to create stakeholder value, in addition to its efforts to promote natural resource preservation and environmental mitigation.

Outcomes during FY 22-23

**8,000+**

Trees planted

**66 (Strong)**

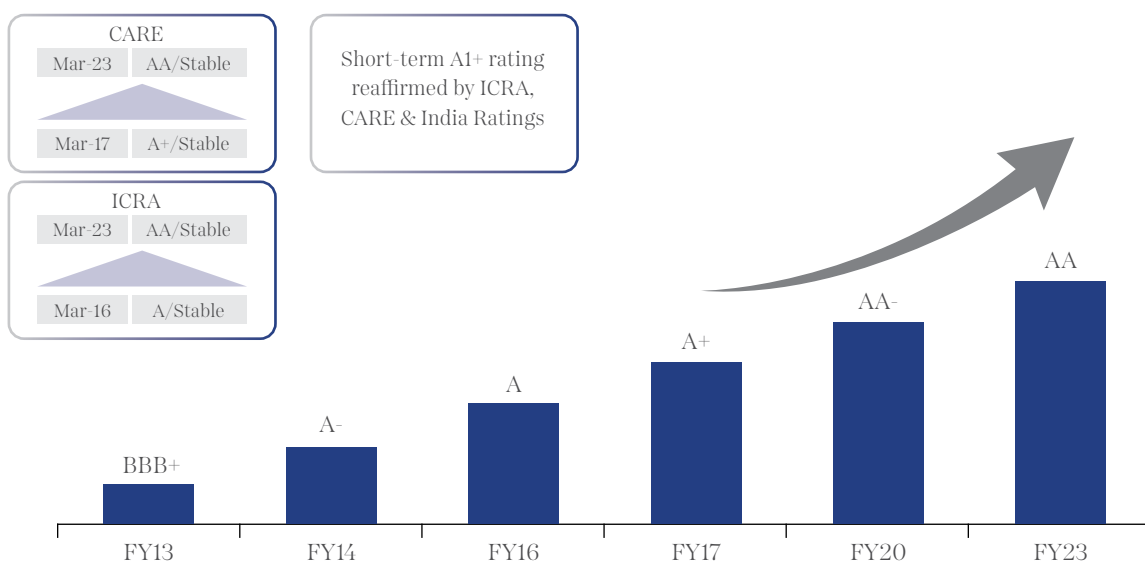
CRISIL's ESG score, one of best among all NBFCs (including housing finance companies)

**17+**

Acres covered by tree plantations



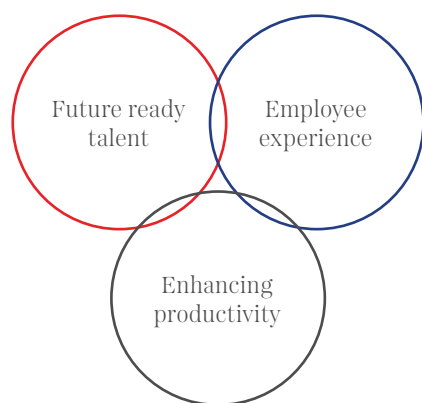
**At Aavas, we have steadily upgraded our credit rating over the years**



## PEOPLE MANAGEMENT

# How Aavas 3.0 is expected to position the Company as an employer of choice

## OUR PRIORITIES



## OVERVIEW

The Company's people management function is expected to play a pivotal role in Aavas 3.0, positioning the Company as an employer brand of choice. The Company's people management initiatives enhancing its respect in the affordable housing finance segment.

## OUR HUMAN RESOURCE POLICY

Our human resource policy is oriented towards building competitive advantage by investing in our people and enhance talent attraction. The Company aims to create objective policies, ensuring fairness, meritocracy and performance-based growth. The key focus area will be:

- Strengthen the framework for attracting and on-boarding the right talent.
- Focus on leadership development and managerial effectiveness.
- Level-wise competence building the optimum utilisation of talent.

- Identification and development of high potential employees for strengthening its leadership pipeline.
- Create a collaborative work culture.
- Institutionalised fair reward and recognition framework.
- Create an alignment with business objectives.

## OUR HUMAN RESOURCE INITIATIVES

People are at the core of our success. Affordable sector, in today's scenario, is highly competitive in nature. It is imperative to ramp up the human resource systems and processes, that can enable organization to be relevant and adapt with the changing business environment. We recognise the importance of having a customer focused, performance-driven and future-capable team that will surpass our growth ambitions. The human resource agenda continues to support the business in achieving sustainable growth. The Company believes that alignment of all employees to a shared vision and purpose is pivotal to emerge as the most admired affordable Housing Finance Company. Initiatives have been taken to foster a culture of commitment, collaboration, and trust amongst the demographically diverse workforce. In a highly competitive talent market, we made concerted efforts to attract and retain talent. Aavas has emerged as a fertile grooming ground for future mortgage industry leaders. We are generating career development opportunities for our aspiring young workforce through our internal mobility policy. Formal rewards and recognition (R&R) programmes have been instituted

across functions, locations and teams. The R&R programmes have been aligned with organizational goals and values, which has brought about cross-functional synergy.

## CREATING THE LEADERS FOR TOMORROW

The Company is creating a culture of learning. Initiatives like orienting the mindset of a manager to become a coach, encouraging senior leaders to assume mentorship roles and periodic learning sessions by senior management are helping the Company emerge as a learning organisation. The Company engaged in a 9-box grid exercise leading to the identification of critical talent. The Company is engaged in succession planning to identify potential leaders for tomorrow. The Company aims to create a talent pool and identify critical positions to map the right kind of talent.

## INITIATIVES FOR AAVAS 3.0

Institutionalising processes

Building in-house talent

Nourishing the resident talent pool

Developing a rich leadership pipeline

Focusing on efficiency and productivity

**“As** an Aavas employee, I appreciate the Company’s dedication to the well-being of employees and their families. Every Thursday, specialised doctors visit the Company for checks. This is a significant benefit since it can be challenging to secure appointments with these specialists. The Company arranges free consultations for us and our family members.”

**Chitrasen Kuntal**, Technical,  
Rajasthan

## I am Aavas!

**“We** believe in the power of dreams and take pride in our commitment to fulfill aspirations. We leave a lasting positive mark on the lives of our customers by making them proud homeowners.”

**Sujit Kalburgi**, Sales,  
Karnataka

**“When** individuals prioritize collaboration and shared success, remarkable accomplishments can be achieved. Instead of being driven by self-interest, team members are motivated by a shared vision and a sense of unity.”

**Pankaj Makkar**, Credit,  
Delhi

**“At** Aavas, we enjoy flexible working hours, with a maximum of 9 hours per day, allowing us to spend quality time with our families. Timely promotions and increments provide growth opportunities. The senior management is approachable, both in person and through virtual means. We recently had a discussion with our CEO to voice concerns and feedback.”

**Ravi Goyal**, Sales, Haryana

**“I** was proud to have been selected amongst 30 individuals to participate in a leadership development program conducted by IIM Ahmedabad, which was curated and sponsored by Aavas. This opportunity was a significant milestone in my career.”

**Arif Khan**, Sales,  
Maharashtra

**“At** Aavas, we believe that business success rests on a robust learning culture. That is why we are dedicated to instilling our DNA across all levels of our organisation, empowering employees to drive growth and achieve excellence.

**Deepak Gupta**, Credit, Gujarat

**“Before** our Annual General Meeting, our Compliance team had to complete a crucial filing within a day, rather than the usual 30 or 60 days. Despite the difficulty, we worked hard and submitted the necessary documents on time. Our success enhanced our morale and demonstrated our commitment to the Company’s goals.”

**Saurabh Sharma**, Compliance,  
Rajasthan

**“Trust** is the foundation of a successful business-customer relationship. Building genuine connections with customers can lead to long-term loyalty and repeat business.”

**Satish Parouha**, Sales,  
Maharashtra

**“After** joining Aavas, I moved from Mumbai to Jaipur. My CFO and HR head were helpful in assisting me with finding a residence close to the office and suggesting good schools for my children. On another occasion, Aavas extended financial support to a colleague whose father was hospitalised for a heart disease, providing monetary support and saving the father’s life. I think I have come to the right place.”

**Amit Agrawal**, Finance  
and Accounts, Rajasthan





# Prerna: Our initiative towards women empowerment

## OVERVIEW

On International Women's Day, Aavas launched Project Prerna with year-long interventions and initiatives to holistically strengthen gender diversity and inclusion. Under the umbrella of Project Prerna, Aavas plans to create accomplished women leaders to inspire our leadership team and women employees.

As the first step, the Company organised a webinar with Ms. Arundhati Bhattacharya, the first woman and the youngest to Chair the 208-year-old public sector bank (State Bank of India).





# Aavas received the Best BFSI Brand Award by ET Edge

This represents a testament to the team's relentless pursuit of excellence

Aavas Financiers Ltd. was recognised as the Best BFSI Brand 2023 at The Economic Times Best Brands Conclave - ET Edge. The award was presented by Mr. Sunil Mehta, Chief Executive, Indian Banks Association.



# How we strengthened our technology investments during Aavas 3.0

## OVERVIEW

At Aavas, we are in the process of transforming the Company's technology ecosystem to a scalable, robust and agile architecture. The Company's technology vision facilitated a transformation roadmap with Deloitte's expertise in leading technology platforms. The Company deployed multiple digital initiatives across onboarding, collections and loan services; success from these initiatives enhanced technology investments.

## THE CONTEXT

The realities driving technology transformation at Aavas are as follows:

**First**, customer preference for digitalisation interventions.

**Second**, the Company's customer interactions and services transpired digitally through mobile apps, chat bots and an interactive voice response system.

**Third**, collections began to move to digital channels.

## OUR GOAL

The Company's major goal is to make the organisation nimble and scalable. It aims to provide a superior customer experience through a combination of digital and physical engagements. A mix of assisted, unassisted and semi-assisted customer journeys are translating into an omni-channel experience.

## TECHNOLOGY AND AAVAS 3.0

- The Company's loan origination system was upgraded with Salesforce.
- The Company's loan management and financial systems were upgraded with oracle Flexcube core banking and oracle Fusion ERP applications.
- The Company reimaged its onboarding journey through the mobile and web for customers and vendors; it empowered customers to complete the loan application process on their own.
- The Company partnered multiple fintech integrations to

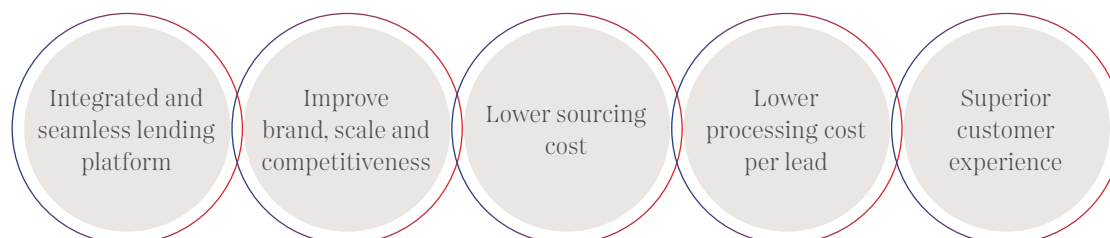
underwrite and accelerate loan application processing.

- The Company is moving its core infrastructure to cloud platforms. It moved its data and analytical infrastructure to public cloud for enhanced scalability and performance.
- The Aavas Mitra app helped blend technology with industry knowledge by linking the construction ecosystem with the Company.
- All interaction with vendors (from onboarding to incentives) were digitised with a single touch point for vendors.

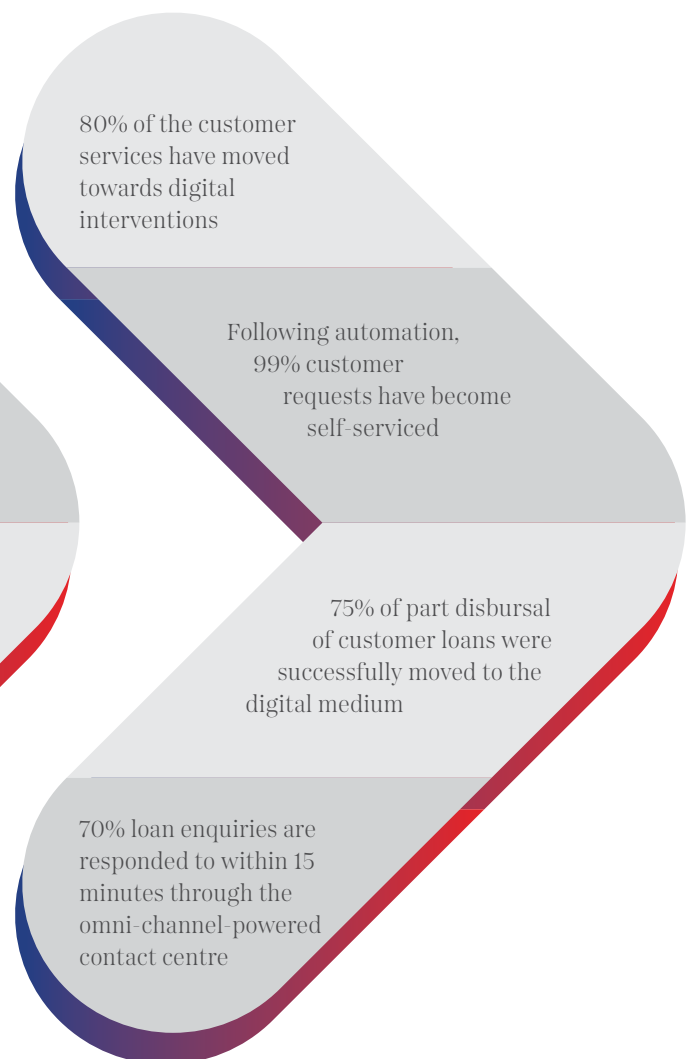
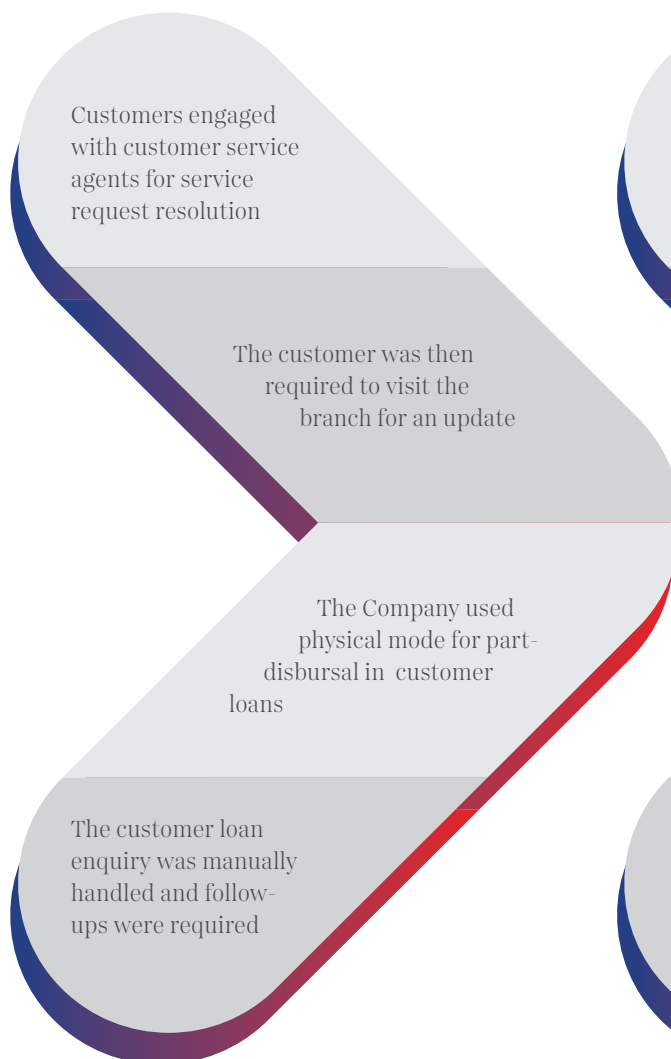
## OUTLOOK

The Company intends to complete high impact transformation projects in 2023-24 by investing ₹150 crore across new technology platforms in five years. The Company will create customer-facing digital journeys which will translate into a superior customer experience.

## TECHNOLOGY OUTCOMES FOR AAVAS 3.0



## WHAT WE WERE



## WHAT WE HAVE BECOME

# How we prepared our sales and distribution function for Aavas 3.0

## OVERVIEW

Aavas is recognised as a leading affordable housing finance company in India. Aavas 3.0 is expected to deepen the Company's respect and positioning; it will institutionalise the organisation, enhancing our customer experience.

## AAVAS 3.0 AND SALES EFFECTIVENESS

**Widening the presence:** Aavas aspires to become a pan-India player with multiple nerve centres, wider array of product offerings, leveraging deeper customer insights and driving highly efficient operations. The Company plans to deepen its footprint in existing States as well as expanding its presence to adjacent States.

**Opportunity-driven strategy:** The Company aims to enter locations after analysing opportunities. The Company intends to cover markets with larger opportunities and market size first and then graduate to markets with lower opportunities.

**Technology platform:** The Company established a technology backbone on the basis of which it can replicate processes faster at a larger scale.

**New verticals:** The Company commenced its journey as an affordable housing company and extended to MSME financing opportunities (through a dedicated vertical). The company intends to focus on its various product by strengthening dedicated business verticals by riding on its 3.0 approach.

**Increased efficiency:** The Company intends to enhance its salesforce efficiency (measured by increased revenue per employees and assets under management per employee) through Aavas 3.0.

## HIGHLIGHTS, FY 22-23

- The Company achieved ₹5,025 crore of loan disbursements compared to ₹3,602 crore in FY 21-22, registered growth of 39.5%.
- The Company reported 24.81% growth in assets under management to ₹14,167 crore.
- The Company added 32 branches.
- The Company developed an integrated sales-based technology platform that is expected to improve credit efficiency and facilitate remote digital sourcing.

- The Company invested in analytics to analyse customer behaviour.
- The Company reported more than ₹700 crore of disbursements in March 2023.
- The Company's cost per lead declined 50% digitally.

## WAY FORWARD

The Company intends to add approximately 30 new branches and grow its footprints into deeper market. The Company will enter new geographies and product segments to enhance its brand, awareness and visibility.

## NEW INITIATIVES

The Company is consciously working on collaboration with value chain partners called Aavas Mitra, Aavas Lead providers, Aavas Saathi etc. to further increase the sourcing and also provide an opportunity to cross sale.

The Company wanted to cater the small ticket loan product and core+ product, to grow in MSME segment.

Focused verticalization and digitization will further help to address the need of unorganized segment.

# How we strengthened our credit profile in Aavas 3.0

## OVERVIEW

The Company has consistently grown disbursements, its technology platform is expected to efficient its credit profile through a growing presence in underserved and unserved markets during Aavas 3.0.

## CHALLENGES AND RESPONSES

*The Company faced a challenge in arranging the presence of an underwriter in each location to shrink the turnaround time.*

The Company on-boarded homegrown talent in new geographies, which enhanced its understanding of the local terrain and moderated the turnaround time.

*The Company needed to prioritise and train employees around Aavas orientation.*

The Company organised training and development programs to deepen a process and culture familiarity, shrinking their turnaround time in responding to customer needs.

*The Company's credit team needed to focus on the right customer selection.*

The Company conducted training programmes to deepen an understanding of its relationship officers in prudent customer selection. The Company imparted skills to ascertain customer eligibility, legal and technical viability. The Company reviewed the customer's credit history through a custom analytical score that helped ascertain payment intention and capability.

## HIGHLIGHTS, FY 22-23

- The Company disbursed around 54,000+ loans compared to 41,000+ loans in FY 21-22.
- The Company is leveraging technology for validation and accurate decision making.
- The Company migrated to an integrated platform where all key parameters could be addressed through one technology interface, leading to faster decision making, improved customer experience, reduced turnaround time and quicker onboarding.
- The Company's analytical tool helped predict customer behaviour and prioritise customer acquisitions through transparent analytical indicators.
- The Company reduced the turnaround time between lead generation and disbursement through technological advancements.
- The Company reported the one-plus (one day past due) status at 3.3% compared with 4.47% in FY 21-22.
- The Company moderated net NPA by 9 bps to 0.68%.

## OUR DISTINCTIVE FEATURES

**Experience:** The Company's rich experience in credit profile management helps assess customer credibility in a superior manner.

**Tracking performance:** The Company periodically tracks customer loan portfolio performance to reduce the number of one-plus (one day past due) cases.

**In-house technical team:** The Company's proprietary technical team helps underwrite the collateral with speed and accuracy.

**Adaptability:** The credit management team has demonstrated the capacity to adapt to changes in the operating environment without compromising loan book quality.

## WAY FORWARD

The Company expects to leverage technology to make more efficient and fasten decision making while maintaining quality matrixes in its growth journey.



## Our moments at Aavas







# Aavas 3.0: A decisive step towards responsible housing development

## OVERVIEW

At Aavas, a green home is not a choice but an intrinsic part of our business. We took significant steps towards sustainability by collaborating with International Finance Corporation (IFC), a member of the World Bank Group, for a green housing program to promote self-built green homes.

Our green housing program is the first of its kind initiative globally and seeks to bridge a critical financing gap in the

beneficiary-led construction of green individual homes. The green housing program is in its full swing with a new pipeline of green home loans in the Company's portfolio. The Company has taken a multi-dimensional approach towards green home ecosystem development with capacity building, community outreach, stakeholder engagement and the development of a value chain for green self-built homes.

### GREEN SAMVAAD

The Company organised workshops in Jodhpur, Lucknow, Raipur and Bengaluru for engaging with masons, contractors, builders and architects to stimulate green home awareness among 200+ stakeholders from the supplier community.

### GREEN INDIA DRIVE

Aavas organised seminars/workshops in association with International Finance Corporation (IFC), to engage key stakeholders such as policy makers, regulators, architects, developers, builders and financial institutions to support emerging cities in their transition to green building. It engaged 1,000+ green building stakeholders in Pune, Ahmedabad, Hyderabad, Delhi and Mumbai.

80

EDGE certified self-built green homes from Sintali, UK based certifier

11,000+

Customers engaged in transition to green homes

20

% by which green home is more efficient than an ordinary home



## Our robust green homes process

The Company's robust process ensure that green home construction conforms to international standards.

Ecosystem  
development

In-house advisory  
and support

Appraisal

Certification



Mr. Sarada Kumar Hota, MD, National Housing Bank and Ms. Selma Rasavac-Avdagic, Manager, IFC felicitating self- built green home customers of Aavas during the event 'Leading Greener Delhi NCR' on April 12, 2023, at New Delhi



Launch of Aavas and IFC's 'Market Research Report on Business case for Affordable Green Housing Finance in India' by Ms. Wendy Werner, Country Head-India IFC and Mr. S.K. Padhi, General Manager NHB during the event "Greening the Financial Sector: Accelerating the Transition to a Low-Carbon Economy" on May 23, 2023 at Mumbai

# Our community development engagement

## OVERVIEW

At Aavas, the Company's community development initiatives focus on enhancing rural prosperity. The Company addressed education, healthcare, women empowerment, sports and environment sustainability. The Company spent ₹772.74 lakh in CSR commitments during the year under review.

### ENVIRONMENT

The Company initiated awareness campaigns related to climate change, plantation, renewable energy and green housing.

### HEALTHCARE AND WELLNESS

The Company contributed in disaster management and other health projects, including food distribution in government hospitals at Jaipur. The Company provided infrastructure support to rural government hospitals and free medical treatment to the poor.

### EDUCATION

The Company promoted the holistic development of children by providing infrastructure support in government schools, hostels and care homes. The Company initiated projects related to soft skills development and provided scholarships to needy.



### Key CSR focus areas

### REDUCING SOCIAL AND ECONOMIC INEQUALITIES

The Company's Project Vishwakarma focused on the safety and social security of construction workers.

### RURAL DEVELOPMENT

The Company identified projects as per local society needs around Aavas locations for community infrastructure and services. It initiated the Gram Siddhi Project to promote women empowerment through village development programs.

## Our CSR projects, FY 22-23

### GRAM SIDDHI

The Company's Gram Siddhi project is a livelihood entrepreneurship and village development program that provides residential training on stitching and soft skills to marginalised rural women. The Gram Siddhi program encompasses 250 silai schools across 250 villages of Rajasthan and Gujarat. The Company organised 45 Poshan Melas in villages led by gram siddhi women where they prepared and distributed poshan kits for adolescent girls and women, which includes local homemade food with nutrition, bio-degradable and reusable cloth sanitary pads and educational booklets.

**4,500+**

Poshan kits distributed in rural areas

**5,000+**

Girls and women trained

**25,000+**

Reusable sanitary pads produced and distributed

#### Sustainable development goals touched



#### Programme impact

**41,000**

Total lives impacted

### PROJECT VISHWAKARMA

This project trained construction workers in enhancing safety and social wellbeing. The Company conducted training programs across Rajasthan. The training programs include safety and security at construction sites, social security and available government schemes for the construction workers. The Company initiated an insurance-linked social security scheme (Nirman Shramik Suraksha Yojana) for construction workers. This scheme also facilitated on-the-spot linkages with government schemes, banks and other social and safety schemes.

**1,500+**

Workers benefited under 5 shramik melas

**5,000+**

Safety kits distributed to workers through 660 training programs

**1,25,000**

(in ₹) Insurance coverage for each construction worker

#### Sustainable development goals touched



#### Programme impact

**30,000+**

Total lives impacted

### EDUCATION AND HOLISTIC DEVELOPMENT

Aavas continued to upgrade lives of students and pioneered for their holistic development. Aavas provides educational and skill development support to youths including orphans and mentally challenged students. It embarked on an initiative to entertain, educate and encourage students through audio-visual content on life skill and soft skill programme. The Daksh Project addressed education for orphans and HIV-positive kids.

**30+**

Children benefited under Daksh Project

**460+**

Schools outreached under 9 districts

**72,000+**

Students outreached in FY 22-23

#### Sustainable development goals touched



#### Programme impact

**1,28,000**

Total lives impacted

## ENHANCING CYBER SECURITY

The Company launched 'Cyber Shiksha Cyber Suraksha' initiative aimed at promoting cyber security in collaboration with Sardar Patel University of Police, Rajasthan. This project used innovative methodologies for educating youth regarding cyber security through awareness campaigns, workshops, posters and short films.

2

Physical training sessions conducted

10+

Cyber warriors recognised annually for felicitation

1,00,000+

Views on social media handles

### Sustainable development goals touched



### Programme impact

1,000+

Total lives impacted

## PROMOTING ROAD SAFETY

The Company dedicated to raise public awareness about road safety measures through a distinct and innovative approach, promoting a positive mindset. The organisation aims to collaborate with diverse community groups to foster a culture of road safety and actively contribute towards reducing accidents and fatalities on the roads.

5

Number of districts

25+

Number of workshops conducted

3,500+

Training and helmet distribution

### Sustainable development goals touched



### Programme impact

21,000

Total lives impacted

## GREEN HOME ECOSYSTEM DEVELOPMENT

The Company's approach is to lead by example and it started out with having its own head office certified as LEED Gold, which is the only commercial office in Jaipur, Rajasthan to be certified as LEED Gold Certificate. The Company is running a wide array of initiatives for improving awareness on green homes, which include reaching out to employees, customers, masons, contractors etc. and making them aware about the benefits of green homes through direct calling, SMS, whatsapp messages, workshops, trainings, social media, brochures and educative short films.

80

EDGE-certified green homes

275

KWh, solar panel installed

1,000+

Stakeholders outreach through the Green India Drive Program

### Sustainable development goals touched



### Programme impact

2,40,000+

Total lives impacted

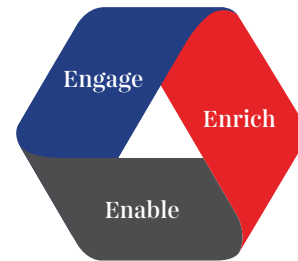
## CASE STUDIES

# How we helped transform the lives of beneficiaries: A look at some of our beneficiaries

## Daksh Project: address education and holistic development for orphans and HIV-positive kids



**Shiva Panchal:** He learnt various skills under Aavas' program which included training in MS Office and the use of musical instruments (drum and piano). He is a trained yoga professional and was appointed as a professional yoga therapist in 'Yoga Peace Sansthan-Jaipur.'



**Principles of our CSR programme**

## Khelouday project: sports for development



**Pooja Jhakar:** She won the under-19 State championship in Haryana. She got selected in the under-17 Indian national team. She participated in the Delhi Women's Football Premiere League representing the 'EEVS' Soccer club in 2021-22. She was also a part of the winning Dadra & Nagar Haveli team in the 'Hero Junior Women's National Football Championship 2022-23' held in Guwahati.



**Hitesh Goswami:** He participated in the junior gymnastic national tournament held in Jammu and Kashmir. He won three gold and four silver medals in the 66<sup>th</sup> state level under-17 and under-19 gymnastics championship. He represented Rajasthan in the 'Khelo India' event.



**Siddhi Sharma:** At the age of 17, she represented Rajasthan state as vice-captain under-19 and was also a part of the senior T-20 team. She was awarded as 'Best Cricketer of Rajasthan'. She won the 'Sundar Kanti Joshi Award' as the best women cricketer.



## Our CSR moments in FY 22-23







# Profile of Board of Directors

**Mr. Sandeep Tandon***Chairperson and Independent Director*

(DIN 00054553)

Mr. Sandeep Tandon is the Chairperson of the Board and an Independent Director of Aavas. He holds a Bachelor's degree in Science (electrical engineering) from the University of Southern California. Additionally, he completed the Harvard Business School YPO President Program. He previously served as the Managing Director of Tandon Advance Device Private Limited and as a Director on the Board of Accelyst Solutions Private Limited. At present, he is acting as the Executive Director of Syrma Technology Private Limited and serves as a Director in various private companies. He is also the Chairperson of IT Strategy and Stakeholder Relationship Committee.

**Mrs. Kalpana Iyer***Independent Director*

(DIN 01874130)

Mrs. Kalpana Iyer is co-founder and MD at Svakarma Finance Private Limited. She holds a Bachelor's Degree in Commerce from the Madurai Kamaraj University. She is a qualified Chartered Accountant. She is a senior banking professional with about 30 years of experience across the Indian financial services sector with a specific focus on building consumer businesses. She was previously associated with Citibank N.A., India as its Senior Vice-President, where she was responsible for women's banking and microfinance. She previously held the position of a Director at IncValue Advisors Private Limited. She is also the Chairperson of Audit Committee.

**Mrs. Soumya Rajan***Independent Director*

(DIN 03579199)

Mrs. Soumya Rajan is the founder and CEO of Waterfield Advisors, India's largest independent Multi-Family Office and Wealth Advisory company that advises on assets of ~US\$4.3 billions. She was featured in the Forbes India Women Power List 2021 and was awarded Outstanding Private Banker Asia Pacific by Private Banker International in 2021. She is one of India's top 100 women professionals in Finance. She previously worked at Standard Chartered Bank India for 16 years, where she headed their Private Banking division from 2008 to 2010. She presently serves as a Trustee of Peepul, a charity focused on creating a school transformation platform for government schools in India; on the Advisory Council of IIT Gandhinagar's Research Park and Entrepreneurship Centre; as a Board Member of the C-STEP. She also heads Nomination and Remuneration Committee.



### **Mr. Sachinderpalsingh Jitendrasingh Bhinder**

*Managing Director and Chief Executive Officer*

(DIN 08697657)

Mr. Sachinderpalsingh Jitendrasingh Bhinder is a B.E. Chemical, MBA (Marketing & Finance) by qualifications. Mr. Bhinder has extensive work experience of more than 25 years with industry leaders in banking, financial services and insurance in leadership roles managing P&L, sales and distribution, business development, product, policy, process, risk, audit and compliance. Previously, he worked for 16 years with Kotak Mahindra Bank Limited, serving as Executive Vice President, where he built and scaled the mortgage Book upto ~₹40,000 crore AUM across 130 Locations pan-India. He also set up and managed the mortgage and retail asset cross sell business for Kotak Mahindra Bank which included working capital (Micro and MSME), unsecured business loans, personal loans, rural housing, LAS and credit cards. He is the Chairperson of Assets and Liability Committee.

*He is appointed as CEO w.e.f. 02/02/2023 and as MD and CEO w.e.f. 03/05/2023*



### **Mr. Ramchandra Kasargod Kamath**

*Non-Executive Nominee Director*

(DIN 01715073)

Mr. Ramchandra Kasargod Kamath is a Nominee Director appointed on the Board of Aavas by Lake District and Kedaara AIF- 1. He holds a Bachelor's Degree in Commerce from the University of Mysore. He is a honorary Fellow of the Indian Institute of Banking and Finance. Further, Mr. Kamath is a certified associate of the Indian Institute of Bankers. He was previously associated with Corporation Bank as its General Manager and with Punjab National Bank as its Chairman and Managing Director. He has also served as the Chairman and Managing Director of Allahabad Bank and as an Executive Director of Bank of India.



### **Mr. Vivek Vig**

*Non-Executive Nominee Director*

(DIN 01117418)

Mr. Vivek Vig is a Nominee Director appointed on the Board of Aavas by Partners Group ESCL and Partners Group Master Fund. He holds a post-graduate diploma in management from Indian Institute of Management, Bangalore. He previously served as the Managing Director and Chief Executive Officer of Destimoney Enterprises Limited. Further, he was previously associated with the Centurion Bank of Punjab (which was subsequently merged with HDFC Bank) as its Country Head – Retail Bank and also acted as a Director on the Board of PNB Housing Finance Limited. In the past, he was associated with Citibank N.A., India, where he held various positions across the consumer bank.



**Mr. Nishant Sharma***Non-Executive Promoter Nominee Director*

(DIN 03117012)

Mr. Nishant Sharma is a Promoter Nominee Director appointed on the Board of Aavas by Lake District Holdings Limited and Kedaara Capital. He is the Chief Investment Officer and Managing Partner of Kedaara Capital and co-founded the firm in 2011. He has over 18 years of investment experience, encompassing the full life-cycle of private equity from sourcing investments across sectors, driving value creation to successfully divesting investments over this period. Before co-founding Kedaara, Mr. Sharma was at General Atlantic (GA) and co-led GA's investments across financial services, healthcare, business services and technology. Prior to GA, he worked as a management consultant with McKinsey & Company, serving clients across IT/BPO, financial services, healthcare and public policy. In addition, he worked at the Bill & Melinda Gates Foundation in setting up the largest HIV/AIDS prevention program in India. He holds the Economic Times 40 under 40 Award given to business leaders in India. He holds an M.B.A. from Harvard Business School and a dual degree (B.Tech. and M.Tech) in Biochemical Engineering and Biotechnology from IIT, Delhi. He is a member of the Mumbai chapter of the Young Presidents' Organisation.

**Mr. Manas Tandon***Non-Executive Promoter Nominee Director*

(DIN 05254602)

Mr. Manas Tandon is a Promoter Nominee Director appointed on the Board of Aavas by Partners Group ESCL and Partners Group Master Fund. He is Head of Partners Group's Mumbai office and Co-Head of the Private Equity Goods and Products business unit. He has 24 years of industry experience, also serving on the Board of Directors of the firm's other portfolio companies Ecom Express and Vishal Mega Mart. Prior to joining Partners Group, he co-led TPG Growth's investments in India, having started his investing career with Matrix Partners, where he was responsible for investments in mobility and financial services. Before that, he was engaged in designing and selling cutting-edge telecom solutions for start-ups such as MaxComm Technologies (acquired by Cisco Systems) and Camiant Inc. (now part of Oracle). He holds an MBA in Finance from The Wharton School of the University of Pennsylvania, where he was a Palmer Scholar and a Bachelor's Degree in Technology (Electrical Engineering) from IIT, Kanpur. He holds eight US patents and is a member of the Mumbai chapters of the Young Presidents' Organisation and the Entrepreneurs' Organisation. He is also the Chairperson of Risk Management Committee.

**Mr. Kartikeya Dhruv Kaji***Non-Executive Promoter Nominee Director*

(DIN 07641723)

Mr. Kartikeya Dhruv Kaji is a Promoter Nominee Director and is appointed on the Board of Aavas by our Promoters, Lake District Holdings Limited and Kedaara Capital. He is a Managing Director at Kedaara Capital, a leading India focused private equity firm, where he leads the financial services investing practice. He has over 11 years of investment experience, encompassing the full lifecycle of private equity across geographies and sectors. Prior to Kedaara, he was at the Mumbai office of the global investment firm Temasek Holdings, where he focused on public and private market investments across sectors. Previously, he worked as investment banker in New York, first at Merrill Lynch & Co. and then at leading boutique firm Perella Weinberg Partners. He holds an MBA from The Wharton School of the University of Pennsylvania and a Bachelor of Arts in Economics from Dartmouth College. He is also the Chairperson of CSR Committee.

# Profile of our key managerial personnel



**Mr. Ghanshyam Rawat**

*President and Chief Financial Officer*

Mr. Ghanshyam Rawat is the President and Chief Financial Officer of Aavas. He is associated with the Company since 2013. He presently heads the finance and treasury, accounts, budget and analytics departments of the Company. He holds a Bachelor's degree in Commerce from the Rajasthan University and is a fellow member of the Institute of Chartered Accountants of India. He received the best 'CA-CFO for the year' award under the category "Emerging Corporate (BFSI)" by ICAI in the 13<sup>th</sup> ICAI awards held on January 14, 2020 at Mumbai. He has been previously associated with First Blue Home Finance Limited, Accenture India Private Limited and Deutsche Postbank Home Finance Limited. Further, he has also worked with Pan Asia Industries Limited and Indo Rama Synthetics (I) Limited.



**Mr. Ashutosh Atre**

*President and Chief Risk Officer*

Mr. Ashutosh Atre is the President and Chief Risk Officer of Aavas. He holds a Diploma in Finance from NMIMS and Diploma in Mechanical Engineering from M.P. Board of Technical Education with an experience of around 31 years. Previously, he has worked with Equitas Housing Finance Private Limited, Equitas Micro Finance India Private Limited, ICICI Bank Limited, ICICI Personal Financial Services Company Limited, Cholamandalam Investment & Finance Company Limited, Apple Industries Limited and Sanghi Brothers (Indore) Limited.



**Mr. Sharad Pathak**

*Company Secretary and Compliance Officer*

Mr. Sharad Pathak is the Company Secretary and Compliance Officer of Aavas. He has been associated with the Company since its incorporation, having experience of more than twelve years in corporate sector. He holds a degree of Bachelor's in Commerce & LLB from the Rajasthan University and is a qualified Company Secretary. He was previously associated with Star Agri Warehousing & Collateral Management Limited as its Company Secretary.

## Our leadership team



**Mr. Siddharth Srivastava**

*Chief Business Officer*

Mr. Siddharth Srivastava has done Masters in Business administration from Institute of Management Studies, Indore. He has worked in sectors like FMCG and Banking with rich experience of more than 20 years. Retail Asset specialist with overall experience in unsecured loans, collection and mortgage business development and Strategy. Prior to joining Aavas, he worked with ICICI Bank and ITC Limited.



**Mr. Ripudaman Bandral**

*Chief Credit Officer*

Mr. Ripudaman Bandral has done Masters in Finance and Control from Punjab University, Patiala. He possesses around 27 years of experience in the fields of business development, strategic planning, credit and risk assessment, client relationship management and team building. He was associated with ICICI Bank Ltd., HDFC Ltd., India bulls Home Loans, Transamerica Apple Distribution Finance and Trident Group.



**Mr. Surendra Kumar Sihag**

*Chief Collections Officer*

Mr. Surendra Kumar Sihag holds a degree of Bachelor of Arts & LLB from the University of Rajasthan and Master of Business Administration from the Periyar University. He has an experience of 21 years and was formerly associated with Chola mandalam Investment & Finance Company Limited and Bajaj Finance Limited.



**Mrs. Jijy Oommen**

*Chief Technology Officer*

Mrs. Jijy Oommen is a Computer Science graduate with M. Tech in Computer Science from BITS, Pilani, MBA from SMU, PMP from Project Management Institute – USA and trained in Strategic Management from IIM Bangalore and Advanced Project Management from IIM, Kozhikode. She has an experience of 24 years with Kinara Capital, Wonderla Holidays Limited, Manappuram Finance Limited and Bajaj Capital Limited.



**Mr. Anshul Bhargava***Chief People Officer*

Mr. Anshul Bhargava holds a certification in Business Management from IIM Calcutta. He has diverse experience of about 34 years in multiple leadership positions in the Indian army and financial sector. Mr. Bhargava has hands on experience in managing change, transforming businesses and accelerating business growth. Having contributed to the people agenda, he has been recognised through multiple coveted awards. Prior to joining Aavas, he was Director (Human Resource), Power System Operation Corporation Limited and Chief People Officer, PNB Housing Finance Ltd.

**Mr. Rajaram Balasubramaniam***Chief Strategy Officer and Head of Analytics*

Mr. Rajaram Balasubramaniam is a Chartered Accountant and holds 37<sup>th</sup> all India rank and also holds Bachelor of Commerce degree. He has over 22 years of experience in the field of consumer banking covering risk management, product and P&L management, sales and finance. Prior to joining Aavas, he was associated with Citibank, having worked in UAE, Egypt and US, and with Standard Chartered Bank in India.

**Mr. Ramachandran Venkatesh***Head of Internal Audit*

Mr. Ramachandran Venkatesh has over 26 years of work experience in the banking and financial services sector of which 16 years have been in governance, risk and control roles, spanning across Standard Chartered Bank, American Express, HDFC Bank, Fullerton, and Aditya Birla Finance Ltd, his last role being Head Internal Audit at Aditya Birla Finance Ltd for six and a half years before joining Aavas. He holds a Master's Degree from Jawaharlal Nehru University, Delhi.

**Mr. Rajeev Sinha***Executive Vice President- Operations*

Mr. Rajeev Sinha has a Degree in Physics and holds a Certificate in Customer Relationship Management from IIM Ahmedabad, EE. Mr. Through his association duration, he helped establish many operational efficiency operations including digital disbursements, regional center processing and alternate channel development. Mr. Rajeev Sinha is a Change Management expert with proven track record in the field of banking and financial services industry with over 19 years of hands-on experience. Prior to joining Aavas, he was associated with Cointribe Technologies, Indiabulls Housing Finance as National Operations Head. Before that he was associated with ICICI Bank, HDFC Bank and Stock Holding Corporation of India Limited in various roles.

# Corporate Information

## BOARD OF DIRECTORS

**Mr. Sandeep Tandon**

DIN: 00054553

Independent Director and Chairperson

**Mrs. Kalpana Iyer**

DIN: 01874130

Independent Director

**Mrs. Soumya Rajan**

DIN: 03579199

Independent Director

**Mr. Sachinderpalsingh Jitendrasingh Bhinder**

DIN: 08697657

Managing Director and Chief Executive Officer  
(CEO w.e.f. 02/02/2023 and MD & CEO w.e.f. 03/05/2023)

**Mr. Ramchandra Kasargod Kamath**

DIN: 01715073

Non-Executive Nominee Director

**Mr. Vivek Vig**

DIN: 01117418

Non-Executive Nominee Director

**Mr. Nishant Sharma**

DIN: 03117012

Non-Executive Promoter Nominee Director

**Mr. Manas Tandon**

DIN: 05254602

Non-Executive Promoter Nominee Director

**Mr. Kartikeya Dhruv Kaji**

DIN: 07641723

Non-Executive Promoter Nominee Director

## KEY MANAGERIAL PERSONNEL

**Mr. Ghanshyam Rawat**

President and Chief Financial Officer

**Mr. Ashutosh Atre**

President and Chief Risk Officer

**Mr. Sharad Pathak**

Company Secretary and Compliance Officer

## INVESTOR RELATIONS

**Mr. Ghanshyam Gupta**

E-mail: investorrelations@aavas.in

## STATUTORY AUDITORS

**M/s Walker Chandio & Co LLP**

Chartered Accountants

11<sup>th</sup> Floor, Tower II, One International Center,

S B Marg, Prabhadevi (W), Mumbai,

Maharashtra 400013, India

Telephone: +91 22 6626 2699

Fax: +91 22 6626 2601

E-mail: Manish.Gujral@WalkerChandio.in

Firm Registration No.: 001076N/N500013

## SECRETARIAL AUDITORS

**M/s. Chandrasekaran Associates**

Company Secretaries

11F, Pocket-IV, Mayur Vihar-I, Delhi, India

Telephone: 011-22710514

E-mail: rupesh@cacsindia.com

Firm Registration No.: P1988DE002500

## REGISTERED & CORPORATE OFFICE

201-202, 2<sup>nd</sup> Floor, Southend Square,

Mansarovar Industrial Area, Jaipur-302020

Rajasthan, India

Telephone: +91 141 661 8800

Website: www.aavas.in

# Financial Institutions and Banks

## PRINCIPAL BANKERS

Axis Bank  
Bandhan Bank  
Bank of Baroda  
Bank of India  
Canara Bank  
Central Bank of India  
Federal Bank  
HDFC Bank  
ICICI Bank  
IDBI Bank  
IDFC FIRST Bank  
Indian Bank  
Indian Overseas Bank  
Indusind Bank  
Karur Vysya Bank  
Kotak Mahindra Bank  
National Housing Bank  
Punjab National Bank  
SBM Bank (India)  
South Indian Bank  
State Bank of India  
UCO Bank  
Union Bank of India  
Yes Bank

## FINANCIAL INSTITUTIONS / DEBT CAPITAL

Asian Development Bank  
Au Small Finance Bank  
British International Investment  
International Finance Corporation  
ICICI Prudential Mutual Fund  
Kotak Mahindra Bank  
SBI Life Insurance

## DEBENTURE TRUSTEE

### IDBI Trusteeship Services Limited

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400 001.  
Maharashtra, India  
Tel: +91 22 4080 7015  
Fax: +91 22 6631 1776  
Website: [www.idbitrustee.com](http://www.idbitrustee.com)

## REGISTRAR & TRANSFER AGENT

### Link Intime India Private Limited

C-101, 1<sup>st</sup> Floor, 247 Park  
L.B.S. Marg Vikhroli (West) Mumbai 400 083  
Maharashtra, India  
Tel: +91 22 4918 6200  
Fax: +91 22 4918 6195  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

# Management discussion and analysis

## GLOBAL ECONOMY

**Overview:** The global economic growth was estimated at a 3.2% in 2022 as compared to 6.1% in 2021 (which was on a smaller base of 2020 on account of the pandemic effect). The relatively slow global growth of 2022 was marked by the Russian invasion of Ukraine, unprecedented inflation, pandemic-induced slowdown in China, higher interest rates, global liquidity squeeze and quantitative tightening by the US Federal Reserve.

The challenges of 2022 translated into moderated spending, disrupted trade and increased energy costs. Global inflation was 8.7% in 2022, which was amongst the highest in decades. US consumer prices decreased about 6.5% in 2022, which was the highest in

four decades. The US Federal Reserve raised its benchmark interest rate to its highest in 15 years. The result is that the world ended 2022 with the concern that the following year would be slower.

The global equities, bonds and crypto assets reported an aggregated value drawdown of USD26 trillion from peak, which was equivalent to 26% of the global gross domestic product (GDP). In 2022, there was a concurrently unique decline in bond and equity markets; 2022 was the only year when the S&P 500 and 10-year US treasuries delivered negative returns of more than 10%.

Gross FDI inflows into equity, reinvested earnings and other capital

– declined 8.4% to \$55.3 billion in April-December. The decline was even sharper in the case of FDI inflows as equity; these fell 15% to \$36.75 billion between April and December 2022. Global trade expanded by 2.7% in 2022 (expected to slow to 1.7% in 2023).

The S&P GSCI TR(Global benchmark for commodity performance) fell from a peak of 4,319.55 in June 2022 to 3495.76 in December 2022. There was a decline in crude oil, natural gas, coal, lithium, lumber, cobalt, nickel and urea realisations. Brent crude oil dropped from a peak of around USD 120 per barrel in June 2022 to USD 80 per barrel at the end of the calendar year following the enhanced availability of low-cost Russian oil.

Regional growth (%)	2022	2021
World output	3.2	6.1
Advanced economies	2.5	5
Emerging and developing economies	3.8	6.3

## Performance of major economies

**United States:**  
Reported GDP growth of 2.1% as compared to 5.9% in 2021

**China:** GDP growth was 3% in 2022 as compared to 8.1% in 2021

**United Kingdom:**  
GDP grew by 4.1% in 2022 as compared to 7.6% in 2021

**Japan:** GDP grew 1.7% in 2022 as compared to 1.6% in 2021

**Germany:** GDP grew 1.8% as compared to 2.6% in 2021

(Source: PWC report, EY report, IMF data, OECD data)

## Outlook

The global economy is expected to grow by 2.8% in 2023, influenced by the ongoing Russia-Ukraine conflict. Concurrently, global inflation is projected to fall marginally to 7%. Despite these challenges, there are positive elements within the global economic landscape. The largest economies like China, USA, the European Union, India, Japan, United Kingdom and South Korea are not

in a recession. Approximately 70% of the global economy demonstrates resilience, with no major financial distress observed in large emerging economies. The energy shock in Europe did not result in a recession, and significant developments, including China's progressive departure from its strict zero-covid policy and the resolution of the European energy crisis, fostered optimism for an improved global trade performance.

Despite high inflation, the US economy demonstrated robust consumer demand in 2022. Driven by these positive factors, global inflation is likely to be still relatively high at 4.9% in 2024. Interestingly, even as the global economy is projected to grow less than 3% for the next five years, India and China are projected to account for half the global growth.

(Source: IMF)

## INDIAN ECONOMY

**Overview:** Even as the global conflict remained geographically distant from India, the ripples comprised of increased oil import bills, inflation, cautious approach of governments and

a sluggish equity market. The Indian economy grew by 7.2% for FY 22-23. India emerged as the second fastest-growing G20 economy in FY 22-23. India had retained its position as the

fifth-largest global economy and was seen along with China as a principal driver of global economy.

### Growth of the Indian economy

	FY 20	FY 21	FY 22	FY23
Real GDP growth (%)	3.7	(6.6)	8.7	7.2

### Growth of the Indian economy quarter by quarter, FY 22-23

	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Real GDP growth (%)	13.1	6.3	4.4	6.8

(Source: Budget FY24; Economy Projections, RBI projections)

The agriculture sector in India grew at an average annual growth rate of 4.6% during the last six years. This growth can be partly attributed to good monsoon years coupled with various reforms undertaken by the government to enhance agricultural productivity.

In FY 22-23, bank credit registered a growth of 15%, compared to 9.6% in previous year. Till the end of Q3FY23, total gross non-performing assets (NPAs) of the banking system fell to 4.5% from 6.5% a year ago. Gross NPA for FY 22-23 was expected to be 4.2% and a further drop is predicted to 3.8% in FY 23-24.

The steel sector plays a pivotal role in sectors like construction, infrastructure, automobile, engineering and defence. India is a global force in steel production and has emerged as the second largest crude steel producer in the world. The steel sector's performance in 2022-23 has been robust with a cumulative production and consumption of finished steel at 88 MT and 86 MT, respectively during April-December 2022, higher than the corresponding period during the previous four years. The growth in finished steel production is aided by a double-digit growth in consumption

(11% on a YoY basis), bolstered by a pick-up in the infrastructure sector significantly driven by the increased capex of the government.

Till Q3, FY 22-23, India's current account deficit, which is a crucial indicator of the country's balance of payments position, decreased to \$18.2 billion or 2.2% of GDP from \$22.2 billion (2.7% of GDP) a year ago. India's fiscal deficit was estimated in nominal terms at ~ ₹17.55 lakh crore and 6.4% of GDP for the year ending March 31, 2023. India's headline foreign direct investment (FDI) numbers rose from US\$74.01 billion in 2021 to a record

\$84.8 billion in 2021-22, a 14% Y-o-Y increase due to 100% FDI approval via automatic route in the Insurance sector, civil aviation, coal sector, telecom, pharma and infrastructure. In the Union Budget 2023-24, the government has set a disinvestment target of ₹51,000 crore, a reduction of nearly 21% from the budget estimate for the current year and just ₹1,000 crore more than the revised estimate. Moreover, the Centre has not met the disinvestment target for 2022-23 having realised ₹35,293 Cr as on year ending FY 22-23. (source: DIPAM) out of which ₹20,516 crore or close to a third of the budgeted estimate came from the IPO of 3.5% of its shares in the Life Insurance Corporation (LIC).

After three consecutive years of rise, India's forex reserves declined by around \$ 70 billion in 2022 amid rising inflation and interest rates. The country's forex reserves, which stood at \$606.47 billion on 1 April 2022, declined to \$578.44 billion on March 31, 2023. India's currency weakened from ₹75.91 to a US dollar to ₹82.34 as on March 31, 2023 due to a stronger dollar and weaker current account deficit.

The divergence between a relatively high wholesale price index (WPI) inflation and lower consumer price index (CPI) inflation widened in May 2022 primarily owing to a difference in relative weights of the two indices and the lagged effect of imported input costs on retail prices. However, the gap between the two measures of inflation has reduced since then, demonstrating a tendency towards convergence. An important measure of demand-pull inflation remains sticky. RBI projects CPI inflation is projected at 5.1% for 2023-24, with Q1 at 4.6%, Q2 at 5.2%, Q3 at 5.4% and Q4 at 5.2%.

India moved up in the Ease of Doing Business (EoDB) rankings from 100<sup>th</sup> in 2017 to 63<sup>rd</sup> in 2022.

The total gross direct tax collection for FY 22-23 was ₹18.10 lakh crore, an average of ₹1.51 lakh crore a month and up 22% from FY 21-22, India's monthly goods and services tax (GST) collections hit the second highest ever in March 2023 to ₹1.6 lakh crore.

Per capita income almost doubled in nine years to ₹1,72,000 during the year under review, a rise of 15.8% over the previous year. India's GDP per capita was 2,320 USD (March 2023), close to the magic figure of 2500 USD when consumption spikes across countries.

**Outlook:** India is expected to grow 6.8% in FY 23-24, catalysed in no small measure by 35% capital expenditure growth by the government. The growth could also be driven by broad-based credit expansion, better capacity utilisation and improving trade deficits. Headline and core inflation rates could trend down. Private sector investments could revive.

According to the World Bank April 2023 projections, India's GDP is projected to expand by 6.3% in FY 23-24, supported by domestic demand and increased public investment. India's retail inflation rate could decline from 6.6% to 5.2% in FY 23-24.

India's production-linked incentive appeared to catalyse downstream sectors. Inflation was steady. India was at the cusp of making significant investments in renewable energy and other sectors and emerging as a suitable industrial supplement to China. India is poised to outpace Germany and Japan and emerge as the third-largest economy by the end of the decade.

Broad-based credit growth, improving capacity utilisation, government's thrust on capital spending and infrastructure should bolster investment activity. The global economy is recovering from the setback of the pandemic while geo-political conflicts persist. India could effectively steer through the situation owing to its dedicated support to infrastructure creation through increased capex and strong macro-economic fundamentals.

### Union Budget FY 23-24 provisions

The Budget 2023-24 sought to lay the foundation for the future of the Indian economy by raising capital investment outlay by 33% to ₹10 lakh crore, equivalent to 3.3% of GDP and almost three times the FY 19-20 outlay, through various projects like PM Gati Shakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments. An outlay of ₹5.94 lakh crore was made to the Ministry of Defence (13.18% of the total Budget outlay). An announcement of nearly ₹20,000 crore were made for the PM Gati Shakti National Master Plan to catalyze the infrastructure sector. An outlay of ₹1.97 lakh crore was announced for Production Linked Incentive schemes across 13 sectors. The Indian government intends to accelerate road construction in FY 23-24 by 16-21% to 12,000-12,500 km. The overall road construction project pipeline remains robust at 55,000 km across various execution stages. These realities indicate that a structural shift is underway that could strengthen India's positioning as a long-term provider of manufactured products and its emergence as a credible global supplier of goods and services.



## HOUSING FINANCE SECTOR REVIEW

The home loan market is expected to double in the next five years with 70 per cent of home loans potentially be less than the ticket size of 50 lakh, catalyzed by urbanisation and affordable mortgage rates. In 2021, the affordable housing segment with ticket size up to ₹35 lakh comprised 90% of the market in terms of volume and about 60% based on value. Growth in FY 22-23 was driven by healthy demand and growing economic activity without compromising growth and asset quality estimates. According to the Housing Price Index (HPI) published by the National Housing Bank, the overall increase in composite HPI assessment and HPI market price in the quarter ending September 2022 compared to the quarter ending September 2021 indicates a revival in the housing finance sector.

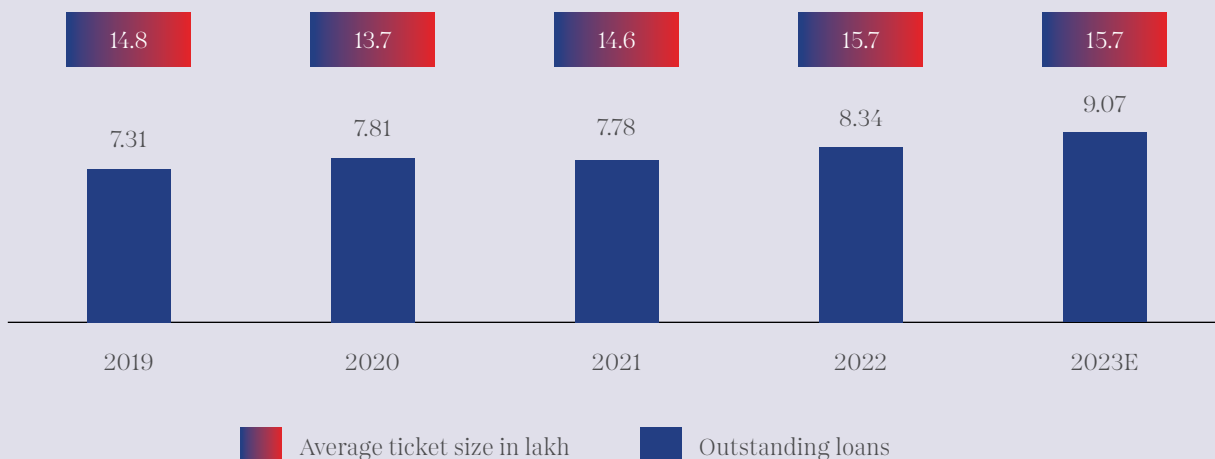
Assets under management (AUM) of housing finance companies were expected to grow 10-12% in FY 22-23 compared to 8% in FY 21-22. Structural factors driving end-user housing demand remained intact in FY 22-23 despite rising real estate prices and interest rates (accounting for 13-15% growth in the home loan segment). The proportion of homebuyers aged under 35 increased as a proportion of the whole and families buying second homes increased as buyers moved into larger homes. Collection efficiency for NBFCs and housing finance companies remained in the range of 97-101% when last estimated at the beginning of FY 22-23. Tightening pool selection criteria by the investors for securitised pools and strengthening of prevailing credit appraisal processes and parameters by lenders following

the pandemic had a positive bearing on collection efficiency.

Housing finance companies registered a double-digit growth rate of 11% in FY 22-23 on year, surpassing 7% growth by banks. The growth of the housing finance sector in FY 21-22 was 9%, driven largely by the affordable housing segment. At present, India's home loan market is valued at about ₹24 lakh crore and is expected to double in the next five years with mortgage to GDP ratio rising commensurately from 11% in 2022.

(Source: Business Standard, Business Insider, Financial Express, the Hindu business line, KPMG, ICRA)

Outstanding loans for HFCs in housing loans (₹ lakh crore)



(Source: KPMG)

## THE AFFORDABLE HOUSING FINANCE SEGMENT

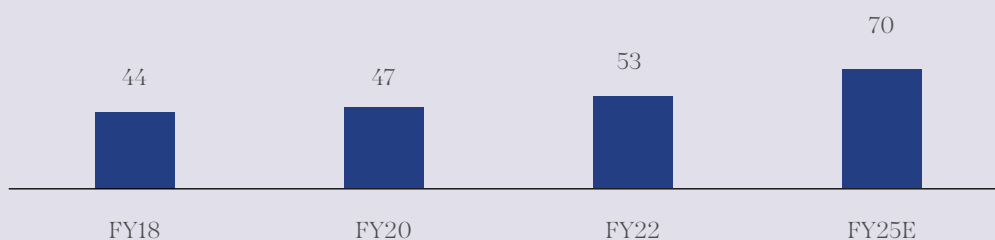
Housing prices in some of India's mega cities reported double-digit growth in the last year. Firming up in Tier-II and Tier-III witnessed most of the action with the advent of remote working. The global geo-political uncertainty hardened prices of construction materials. Fresh disbursements witnessed

maximum YoY growth in Tier-III and below districts in FY 21-22 over FY19. Among the top 20 Tier-III districts, maximum numbers of districts are from Punjab and Karnataka. Among the Tier-IV districts, Uttar Pradesh topped the list of six districts among the top 20 with maximum growth in

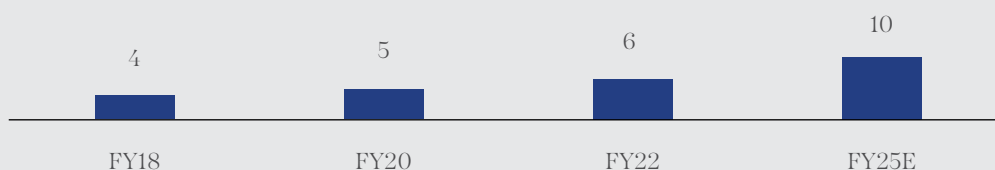
fresh disbursements in FY 21-22 compared to FY19. The number of women borrowers in new disbursements grew significantly in FY 21-22 in Tier-III and IV.

(Source: Hindu Business Line)

Affordable housing loan market size (USD billion)



Affordable HFCs housing asset under management (USD billion)



## GROWTH DRIVERS

**Population growth:** India surpassed China as the world's most populous country in 2023. Growing population leads to increase in household demand creating an increased lending opportunity. India's working-age population is expected to grow to 988.5 million by 2036, catalyzing affordable housing growth.

**Rising middle class population:** The share of the middle class population with an annual household income of ₹5-30 lakh, doubling from 14% in 2004-05 to 31% in 2022. The middle class population is expected to reach 63% by 2047.

**Health awareness:** The Covid-19 pandemic has generated greater awareness related to safe and healthy

housing, creating a greater emphasis on affordable housing projects.

**Rise in nuclear families:** According to Morgan Stanley, India's average household size is expected to reduce from 5.5 persons in 1991 to 4.5 persons by 2031. As a result, nuclearisation is expected to drive the demand for affordable housing.

**Improved affordability:** The property prices have grown at a mere 2.8% CAGR between December 2018 and December 2022. Improved affordability is expected to drive the growth of the segment.

**Housing shortage:** As per a technical study by the Ministry of Housing and Urban Poverty Alleviation, the urban housing shortage in India was estimated at ~19 million in 2022. This gap was expected to widen to an estimated 38 million homes by 2030 on account of a growing population and increased urbanisation.

**Mortgage penetration:** As of 2022, India's mortgage penetration was 11% of the GDP, much lower than Asian economies (20-30%). However, with increased demand, it is expected that India would be able to double home loans to USD 600 billion by 2027.

**Government support:** The Government announced ₹48,000-crore allocation under the Pradhan Mantri Awas Yojana, emphasising the need for affordable housing. By 2023, around 8 million dwellings are scheduled to be finished across the country. The interest-subsidy scheme, interest deduction

from taxable income, tax exemption for principal repayment and capital gains exemption are expected to drive the sector.

**Growing urbanisation:** India's urban population is expected to stand at 675 million (accounting for 43.2% of the country's population) by 2035. This is expected to lead to a rise in housing and housing finance sector demand.

(Source: realtyplus.com, Financial Express, KPMG, CRISIL Research, the hindu.com)

## MORTGAGE AS A % OF NATIONAL GDP ACROSS REGIONS

India	11%	Singapore	44%	UK	68%
China	18%	Germany	45%	Netherlands	89%
Malaysia	34%	US	52%		
Japan	39%	Australia	56%		

(Source: KPMG)

## GOVERNMENT POLICIES

**Special refinance facilities:** The government facilitated special refinance facilities for NBFCs and HFCs.

**Urban Infrastructure Development Fund:** The Indian government will establish this fund to develop urban infrastructure through public agencies in tier-II and tier-III cities. The fund is expected to be managed by the National Housing Bank with an estimated allocation of ₹10,000 crore annually.

**Alternative Investment Fund:** The Union Cabinet set up an Alternative Investment Fund with a corpus worth

₹25,000 crore. This will provide relief to developers with unfinished projects and ensure timely delivery of homes to buyers.

**Pradhan Mantri Awas Yojana (Urban):** The government of India has been facilitating higher budget allocations towards affordable housing — the Pradhan Mantri Awas Yojana (PMAY) launched in June 2015 to provide quicker urban housing approvals, was allocated an outlay of ₹79,000 crore from the Union Budget 2023-24

**Pradhan Mantri Awas Yojana (Gramin):** In FY 22-23, the government has targeted to complete around 5.3

million rural houses, a growth of 25% from the previous year. In FY 21-22, the centre targeted to build around 6.1 million rural houses out of which over 4.3 million were completed. The overall target is to build 29.5 million houses under the scheme to ensure Housing for all by FY 23-24.

**Tax moderation:** Homebuyers have to pay a goods and services tax (GST) on the purchase of under-construction properties like flats, apartments and bungalows at the rate of 1% for affordable housing. The GST rate stood at 5% for properties under the luxury residential building category.

## Outlook

The long-term prospect of India's affordable housing finance sector remains intact due to the growing number of Indians construct or purchase homes. As the Indian

economy grows, the mortgage to-GDP ratio of 11% (considerably less compared to other countries) could improve, doubling the sector in five years. The housing finance sector is expected to enhance on account

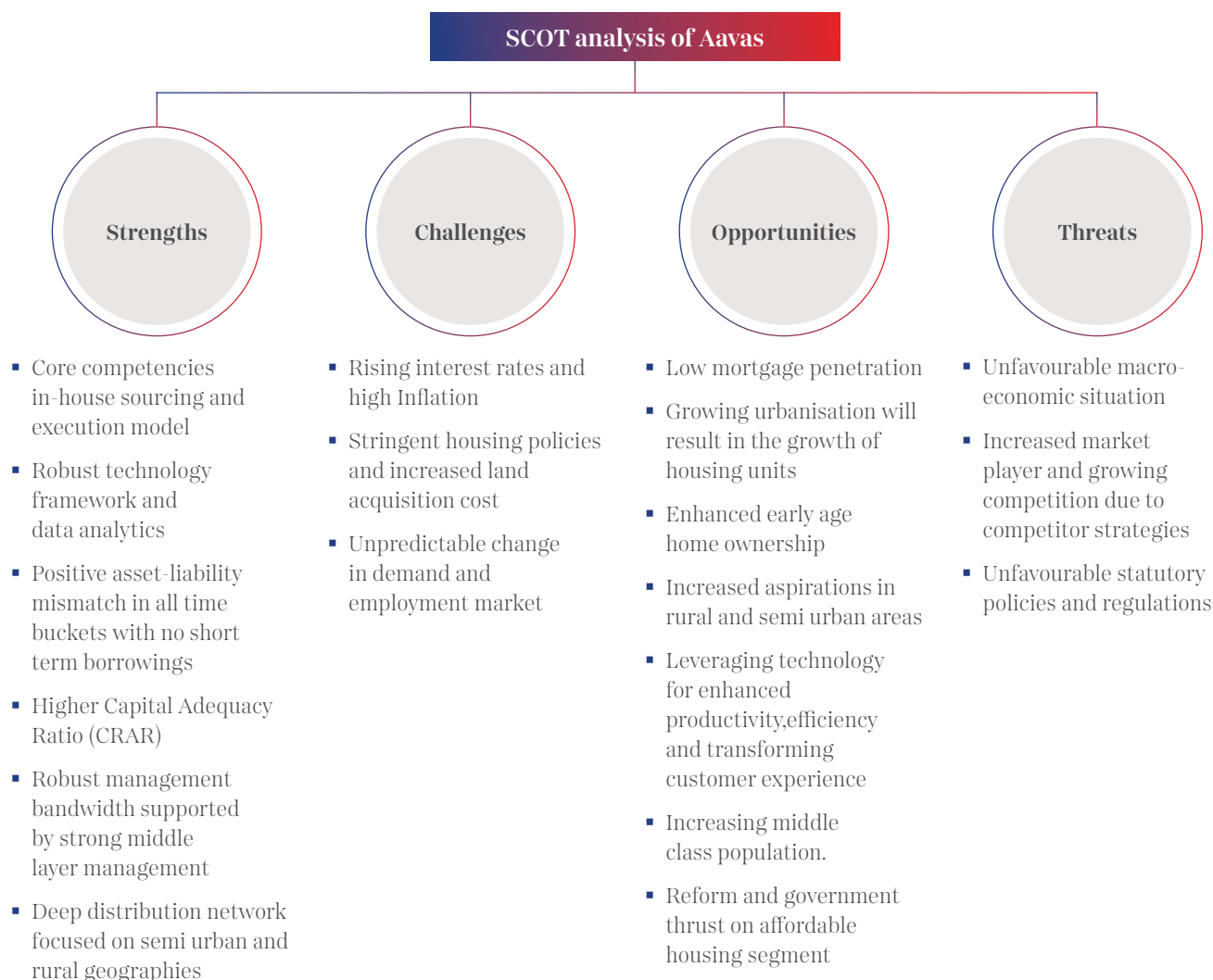
of consistent population growth, enhanced non-metro growth, higher per capita income, home ownership preference, affordable home costs, consistent government support and sectorial under-penetration.

## COMPANY OVERVIEW

Aavas is a housing finance company in the NBFC sector, having its Corporate and Registered office at Jaipur, Rajasthan. The Company is mainly engaged in providing housing loans in

rural and semi-urban under penetrated markets in States of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Uttar Pradesh, Chhattisgarh, Uttarakhand, Punjab, Himachal

Pradesh, Delhi, Odisha and Karnataka. The Company's branch network stood at 346 (as on March 31, 2023) and assets under management of ₹14,167 crore as on March 31, 2023.



## AAVAS PERFORMANCE REVIEW, FY 22-23

### Financial performance

#### Income and profits

Total Income of the Company for the year ended March 31, 2023, was ₹1,610 crore compared to ₹1,306 crore in the previous year, growing 23%. During the year ended March 31, 2023, the Company reported a Profit Before Tax of ₹549 crore as against ₹455 crore in the last financial year, growing 21%. The Company reported a Total profit of ₹428 crore for the year ended March 31, 2023, as against ₹358 crore for the year ended March 31, 2022, a growth of 20% over the previous year.

#### Statement of Profit and Loss

Key features of the Statement of Profit and Loss for the year ended March 31, 2023 were:

- Profit Before Tax stood at ₹549 crore, a growth of 21% over ₹455 crore in the previous year.
- Total Profit after tax increased 21% compared to ₹357 crore in the previous year.
- Net interest margin stood at ₹1,012 crore registering a growth of 23%.
- The Company's Return on Average Total Assets stood at 3.51% for the year ended March 31, 2023.
- Total expenses increased 24.7% during the year under review.
- The Earnings per Share (Basic) stood at ₹54.44 compared to ₹45.31 in the previous year.
- Return on average net worth was 14.1% compared to 13.72% in the previous year.
- Debt-equity ratio stood at 3.01 times compared to 2.84 times in the previous year.
- The Company's Operating Expenses ratio (to average total assets) stood at 3.68% for the year ended March 31, 2023.

### Operational performance

Aavas is a retail affordable housing finance company aiding the low and middle-income self-employed customers in the semi-urban and rural areas of India. The Company majorly provides its customers home loans for the purchase or construction of residential properties and the extension and repair of existing housing units.

As of March 31, 2023, majority of the home loans disbursed by the Company were for single-unit properties, out of which, almost all of them were to be occupied by the borrowers. Most of the Company's customers have limited access to formal banking credit for a mortgage loan.

**Loan products:** The Company provides customers home loans for the purchase or construction of residential properties and for the extension and repair of existing housing units.

In addition to home loans, the Company provided other mortgage-backed loans, comprising loans against property and mortgage backed MSME loan which accounted for 30% of total loan asset as of March 31, 2023. As of March 31, 2023, 63% of our gross loan assets were from customers who belonged to the economically weaker section(EWS) and low-income group(LIG), earning less than ₹50,000 per month.

**Sanctions:** The Company sanctioned ₹5,169 crore loans during the year compared to ₹3,762 crore in the previous year, a growth of 37%. The cumulative loan sanctions since inception stood at ₹23,390 crore.

**Disbursements:** The Company disbursed ₹5,025 crore mortgage loans during the year compared to ₹3,602 crore in the previous year, a growth of 39%. The cumulative loan disbursement since inception stood at ₹22,382 crore by the end of the year.

**Asset under Management (AUM):** The AUM of the Company stood at ₹14,167 crore (Including pool buyout of ₹2,757 crore) as of March 31, 2023, compared to 11,350 crore in the previous financial year, a growth of 25%. As of March 31, 2023, the average loan sanctioned was ₹8.90 lakh.

**Spread on loans:** The average yield on loan assets as on March 31, 2023, stood at 13.12% per annum compared to 12.65% as on March 31, 2022. The cost of funds stood at 7.61% per annum as on March 31, 2023, as against 6.88% as on March 31, 2022. The spread on loans was 5.51% as on March 31, 2023.

**Non-performing assets:** The Company maintained its gross NPAs at ₹107 crore (0.92% of the loan assets) as on March 31, 2023. The Company reviewed its delinquency and loan portfolio on a regular basis. The Company followed a defined policy with procedures to address delinquencies and collections. As a result, Gross NPA and Net NPA as of March 31, 2023, were 0.92% and 0.68% respectively (compared to 0.99% and 0.77% respectively as of March 31, 2022).

**Capital adequacy ratio:** The Company is required to maintain a capital adequacy ratio of 15% on a standalone basis from March 31, 2023. The Company's capital adequacy ratio as of March 31, 2023 stood at 46.96% as against 51.93% in the previous financial year, which was far above the minimum required level of 15%.

**Lending operations:** The Company's lending operations continued to be robust with the growing demand for housing loans. Loans to the EWS and LIG segment increased by 18.4% and 21.2% respectively, in value terms compared to the previous year. The average home loan to the EWS and LIG segment was ₹4.83 lakh and ₹9.09 lakh.



**Branch network:** Aavas engaged in contiguous on ground expansion across regions; as of March 31, 2023, the Company conducted operations through 346 branches covering 13 States, of which it accounted for a significant presence in four states (Rajasthan, Gujarat, Maharashtra, and Madhya Pradesh). The Company has its registered office in Jaipur, Rajasthan. The Company added 32 branches in FY 22-23.

### Resource mobilisation

**Share capital:** The issued and paid-up Equity Share Capital of the Company as on March 31, 2023, stood at ₹79,05,68,740 (Rupees seventy-nine crore five lakh sixty eight thousand seven hundred forty ) consisting of 7,90,56,874 (Rupees Seven crore ninety lakh fifty six thousand eight hundred seventy four) equity shares of ₹10 each compared to ₹78,93,64,510 (Rupees seventy-eight crore ninety-three lakh sixty four thousand five hundred and ten) consisting of 7,89,36,451 (Rupees seven crore eighty nine lakh thirty six thousand four hundred and fifty one) equity shares of ₹10 each in previous year.

**ESOP allotment:** The Company issued and allotted 1,20,423 equity shares during the year pursuant to the exercise of stock options by the eligible employees of the Company under ESOP plans.

**Term loans:** During the year under review, the Company received aggregate fresh loan sanctions amounting to ₹3,200 crore and has availed loans aggregating to ₹2,765

crore. The outstanding term loans from Banks and Financial Institutions as on March 31, 2023 stood at ₹5,627 crore with average tenure of 9.23 years.

**Securitisation/assignment of loan portfolio:** During the year under review, the Company received a purchase consideration of ₹954 crore from assets assigned in pool buyout transactions. The pool buyout transactions were de-recognised in line with the applicable accounting standards.

**Refinance from National Housing Bank (NHB):** During the year under review, the Company received fresh sanction of refinance assistance of ₹900 crore under the NHB refinance scheme. The Company availed funds of ₹1,044 crore under various refinance scheme such as for affordable housing fund and regular refinance scheme. Total outstanding refinance at the end of the current Financial Year stood at ₹2,603 crore (previous year ₹2,207 crore).

### Non-convertible debentures (NCDs):

#### I. Multilateral/development financial institutions (Domestic issuance):

As on March 31, 2023, the Company's outstanding NCDs stood at ₹683 crore as compared to ₹879 crore as on March 31, 2022.

#### II. Domestic financial institutions:

As on March 31, 2023, the Company's outstanding NCDs from Domestic Financial Institutions stood at ₹124 crore (including subordinate debt of ₹25 crore) as compared to ₹124 crore (including subordinate debt of ₹25 crore) as on March 31, 2022.

**III. Banks:** As on March 31, 2023, the Company's outstanding NCDs from Banks stood at ₹210 crore (including subordinate debt of ₹75 crore) as compared to ₹250 crore (including subordinate debt of ₹75 crore) as on March 31, 2022.

**IV. Rupee Denominated External commercial Borrowing Issuance:** As on March 31, 2023 the outstanding balance of Rupee Denominated External Commercial Bond stood at ₹508 crore (including outstanding balance of social masala bond of ₹358 crore). One of the masala bond aggregating to ₹358 crore issued under social bond programme is listed on NSE international exchange in IFSC, Gift city.

Further, the interest on Non-Convertible Debentures and Rupee denominated ECB bond issued on private placement basis were paid by the Company on their respective due dates and there was no instance of interest amount not claimed by the investors or not paid by the Company

**Commercial paper (CP):** The Company had not issued any commercial paper and short-term instrument during the Financial Year FY 22-23 and as on March 31, 2023, the Company's commercial paper outstanding was nil.

**Credit rating:** During the financial year under review, ICRA Limited and CARE Ratings Limited have upgraded the credit rating of the Company from AA-/ Positive to AA/Stable.

The details of the same are mentioned below:

Nature of debt instrument	Rating Agency	Term	Credit ratings
Non-convertible debentures	CARE	Long Term	AA/Stable
	ICRA	Long Term	AA/Stable
Bank loans	CARE	Long Term	AA/Stable
	ICRA	Long Term	AA/Stable
Subordinated debt	CARE	Long Term	AA/Stable
Commercial paper	CARE	Short Term	A1+
	ICRA	Short Term	A1+
	India Ratings	Short Term	A1+

The ratings validate the Company's healthy earnings profile, substantial capitalisation, robust net worth base and gradual improvement in its scale of operations.

## Prominent risks and mitigation initiatives, FY 22-23

Risk	Potential consequences	External stimulus and our strategic response
<b>Economy risk</b> The Company's performance could be affected by an economic slowdown	<ul style="list-style-type: none"> <li>Regulatory uncertainty</li> <li>Lower revenues and Increased costs</li> </ul>	<ul style="list-style-type: none"> <li>India's economy grew by 7.2% in FY 22-23; Aavas reported 39.48% increase in disbursement and 20.54% increase in Profit after Tax (PAT)</li> <li>Lower credit penetration in the geographies of the Company's presence could counter restrained market conditions</li> <li>The Company added 32 branches during the financial year</li> </ul>
<b>Customer risk</b> The Company's inability to provide adequate service could dissatisfy customers	<ul style="list-style-type: none"> <li>Customer attrition</li> <li>Delayed repayments</li> </ul>	<ul style="list-style-type: none"> <li>70% of the loan enquiries are responded within 15 minutes through the omni-channel powered contact centre</li> <li>The Company invested in technology to reduce turnaround time and improve collection efficiency</li> </ul>
<b>Underwriting risk</b> The Company's inability to accurately assess customer credibility could increase delinquencies	<ul style="list-style-type: none"> <li>Increased delinquent loan assets</li> <li>Inaccurate earning assessment</li> <li>Increased repayment defaults</li> </ul>	<ul style="list-style-type: none"> <li>The Company possesses strong customer assessment standards</li> <li>The Company's underwriting team comprised of experienced professionals including Chartered Accountants</li> <li>The Company created adequate risk provisions during the period under review</li> </ul>
<b>Employee risk</b> The Company's inability to retain experienced talent could affect growth	<ul style="list-style-type: none"> <li>increased employee cost</li> <li>Mismatch in employee skills and business targets</li> <li>Decline in talent productivity</li> </ul>	<ul style="list-style-type: none"> <li>Investing in upskilling and reskilling of employees to sustain personal as well as organisational growth</li> <li>50% of the Middle layer management was associated for more than three years</li> <li>Average employee age stood at 30.9 years</li> </ul>

Risk	Potential consequences	External stimulus and our strategic response
<b>Reputation risk</b> The Company's inability to service customers might affect the brand image	<ul style="list-style-type: none"> <li>▪ Increase in customer attrition</li> <li>▪ Weak market reputation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer app rating stood at 4.4</li> <li>▪ Aavas has been rated as 'Strong' on ESG risk parameters by CRISIL ESG Score 2022 with 66 points, a score which is one of the best among its peers in the BFSI sector</li> <li>▪ Building a digital platform to enhance scalability and customer experience</li> </ul>
<b>Liquidity risk</b> The Company could incur losses from an inability to pay lenders on schedule	<ul style="list-style-type: none"> <li>▪ Weaker credit rating</li> <li>▪ Weaker financial performance</li> <li>▪ Higher borrowing cost</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company had a net worth of ₹3,270 crore</li> <li>▪ The Company borrowed across long tenures, enduring a stability in liabilities</li> <li>▪ The weighted average borrowing cost as at March 31, 2023 was 7.61% (including securitisation/ assignment)</li> <li>▪ The long term credit rating of the Company improved from AA-/Positive to AA/Stable by ICRA and CARE</li> <li>▪ The Liquidity Coverage Ratio ('LCR') was 212.16% as against the regulatory requirement of 60%</li> </ul>
<b>Regulatory risk</b> The Company may be unable to fulfill norms and conditions	<ul style="list-style-type: none"> <li>▪ Penalisation by the regulatory body for non-conformances</li> <li>▪ Impaired reputation, functions and outcomes</li> </ul>	<ul style="list-style-type: none"> <li>▪ The Company monitors all compliances using software</li> <li>▪ No penalties/regulatory action has been levied/taken on the Company</li> </ul>

## ENVIRONMENT SOCIAL GOVERNANCE

As the lines between profitability and wellbeing are blurring at a global level, there is a greater emphasis on sustainable growth and shared prosperity. Environment, Social and Governance (ESG) is moving towards the centre stage of corporate governance strategy. Aavas is leading the way in embracing ESG practices, placing great emphasis on transparency, governance and sustainability.

Aavas observes national and international ESG best practices across all its operations and functionalities. Aavas onboarded Churchgate Partners for real time mapping and independent review of ESG initiatives

with international ESG standards such as UN SDG, SASB, WEF, UNGC etc. (<https://www.aavas.in/esg-reporting>). With comprehensive ESG disclosures on its website, Aavas has ensured 100% adherence to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations). In terms of Regulation 34(2)(f) of the SEBI LODR Regulations, Aavas submits the Business Responsibility and Sustainability Report (BRSR) which forms a part of its Annual Report from last two year.

Aavas has been rated as 'Strong' on ESG risk parameters by CRISIL ESG Score 2022 with 66 points, a score

which is one of the best among its peers in the BFSI sector.

**Robust governance:** Aavas has strengthened its policy level ESG framework by implementing Environment & Social Policy, Equal Opportunity Policy, Human Rights Policy Flexible-Working Hours Policy, Whistle-blower Policy and Anti-Bribery and Corruption policy etc. As a part of its commitment to accuracy and transparency in reporting environmental impact, Aavas conducted Independent GHG Assurance of the GHG Statement and also obtained Independent Auditor's Certificate on its disclosures under the GRI Reporting Standards.

**Diversity and inclusion:** Aavas continues to nurture a diverse and inclusive work environment where employees feel motivated to achieve their full potential with 'Udaan' Leadership Development Program with IIM Ahmedabad, Advanced Program in Strategic Management with IIM Kolkata, Advanced Management Program for Corporate Leaders with IIM Indore and Women Managers Empowerment Program. Aavas is embracing a gender-intelligent approach with "Project Prerna" aimed

at enhancing the role and recognition of women across all levels in the organisation.

**Sustainability:** Aavas started with making its own Head Office a LEED Gold certified green building and became a global pioneer in improving access to affordable green housing finance to lower and middle-income communities. Aavas has reached a monumental milestone with the international certification of 80 green homes across India.

**Digital transformation:** Project 'Gati' is a major landmark in Aavas's digital transformation journey by minimising the need of physical documentation, streamlining loan process and enhancing customer service.

Through these concerted efforts, Aavas not only demonstrates exemplary corporate citizenship but also cultivates a culture for resilience and climate-conscious growth.

## HUMAN RESOURCES

Aavas believes that its competitive advantage lies in its people. The Company's people bring to the stage multi-sectoral experience, technological experience and domain knowledge. The Company's HR culture

is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions in alignment with the professional and personal goals of employees, achieving an ideal work-

life balance and enhancing pride in association. The Company's permanent employee count stood at 6034 as of March 31, 2023.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that: (1) Pertaining to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company (2) Provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. The Company has a robust internal audit

programme, where the independent assurance function of internal audit of the Company, supported by domain specific specialist firms where necessary, conduct a risk based internal audit with a view to not only test adherence to policies and procedures as well as to suggest improvements in processes and systems. Their audit program is carried out as per a plan and calendar approved by the Audit Committee of the Board. Internal audit observations recommendations and ongoing remediation where applicable are reported to the Audit Committee, which monitors the same.

## CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain

assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed in the statement or implied due to the influence of external

factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements based on any subsequent developments.







# Statutory Reports

# DIRECTOR REPORT

To,  
The Shareholders,  
AAVAS FINANCIERS LIMITED ("THE COMPANY")

The Board of Directors ("the Board") have pleasure in presenting the 13<sup>th</sup> Annual Report on the operational and financial performance of Aavas Financiers Limited ("the Company" or "Aavas") along with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2023.

## FINANCIAL PERFORMANCE

Your Company has witnessed growth and consistent performance during the Financial Year under review. Your Company is a leading affordable Housing Finance Company in India. The Company caters to the needs of customers belonging to low and middle income segment in semi-urban and rural areas and primarily in the un-served and un-reached markets.

The standalone financial performance for the Financial Year ended March 31, 2023 and a comparison with the previous year is summarized below:

		(₹ in crore)	
Particulars		For the Year ended March 31, 2023	For the Year ended March 31, 2022
A	Total Income	1,610.15	1,305.56
	Less:		
	- Total Expenditure before Depreciation & Amortization and provision	(1,020.01)	(804.34)
	- Impairment on financial instruments	(12.42)	(22.61)
	- Depreciation & Amortization	(28.72)	(23.76)
B	Total Expenses	(1,061.15)	(850.70)
C	<b>Profit Before Tax (A-B)</b>	<b>548.99</b>	<b>454.86</b>
D	Less: Provision for Taxations (Net of Deferred Tax)	(118.92)	(98.06)
E	<b>Profit After Tax (C-D)</b>	<b>430.07</b>	<b>356.80</b>
F	Add: Other Comprehensive Income (Net of Tax)	(1.79)	0.71
G	<b>Total Comprehensive Income (E+F)</b>	<b>428.28</b>	<b>357.51</b>
	Transfer to Statutory Reserve	85.66	71.50

Your Company has made a positive impact on the lives of countless customers in its 12 years of journey by providing housing finance to the customers and enabling them to own a home. Our distribution has been further strengthened to 346 branches across 13 States.

The key financial performance indicators for the Financial Year are as follows:

- Total Income for the Financial Year 2022-23 increased to ₹1,610.15 crore vis-à-vis ₹1,305.56 crore for the Financial Year 2021-22.

- Profit Before Tax for the Financial Year 2022-23 increased to ₹548.99 crore vis-à-vis ₹454.86 crore for the Financial Year 2021-22.
- Profit After Tax for the Financial Year 2022-23 increased to ₹430.07 crore vis-à-vis ₹356.80 crore for the Financial Year 2021-22.
- The Assets Under Management (AUM) as at March 31, 2023 amounted to ₹14,166.66 crore vis-à-vis ₹11,350.21 crore in the previous year; a year-on-year growth of 25%.

Further, during the Financial Year under review, there was no change in nature of business of the Company.

### AAVAS 3.0 Building a Lasting Institution

Your Company started its journey as Au Housing Finance Private Limited in 2011 as a subsidiary of Au Financiers India Limited (now AU small Finance Bank). It was the first phase of the Company's journey where the proof of concept of affordable housing model was being tested (Aavas 1.0). Your Company was renamed as Aavas Financiers Limited in 2017 and since evolved into a standalone business under the ownership of Kedaara Capital and Partners Group with a professional management team and experienced Board that subsequently went public in 2018 (Aavas 2.0). Your Company is now continuing its evolution and has embarked on the journey to become India's most trusted affordable housing finance player led by people and technology and emerge victorious in a highly competitive market, while maintaining the entrepreneurial spirit. The aim is to leverage technology, digital and analytics to drive growth and operating leverage. The Company's investments in technology is expected to help the business deliver sustainable quality growth and superior customer experience (Aavas 3.0).

The Company continues to build India's most trusted affordable housing finance business with proactive investments in people, processes and positions. The Company's investments in futuristic technologies and analytics is expected to help the business deliver sustainable growth and enriched customer outcomes.

Aavas 3.0 is driven by a combination of organic growth and desire to attain scale. Aavas has established competence in customer acquisition and performance and going ahead, intends to deepen market penetration by entering diverse markets and segments.

### DIVIDEND

Considering the capital intensive nature of the Company, your Directors felt it prudent to retain the earnings for the Financial Year under review to be ploughed back in business, which shall result in further augmentation of the Company's growth and Shareholders' wealth. Accordingly, no dividend has been recommended for the Financial Year ended March 31, 2023.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI LODR Regulations') and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Master Directions') the Board of Directors of the Company (the 'Board') formulated and adopted the Dividend Distribution Policy ('Policy'). The Policy is available on the website of the Company at <https://www.aavas.in/img/pdf/dividend-distribution-policy.pdf> and forms part of this Report as 'Annexure-5'.

### CAPITAL STRUCTURE

#### Authorized Capital:

There was no change in the Authorized Capital of the Company during the Financial Year under review. The Authorized Capital of the Company is ₹85,00,00,000/- (Rupees eighty five crore only) divided into 8,50,00,000 (Eight crore fifty lakh) Equity Shares of ₹10/- (Rupees ten only) each.

#### Issued, Subscribed & Paid up Capital:

The issued, subscribed and paid up Capital of the Company as on March 31, 2023 stood at ₹79,05,68,740 (Rupees seventy nine crore five lakh sixty eight thousand seven hundred and forty only) consisting of 7,90,56,874 (Seven crore ninety lakh fifty six thousand eight hundred and seventy four) Equity Shares of ₹10/- (Rupees ten only) each.

During the Financial Year under review, the paid-up Equity Share Capital of the Company has been increased on account of issuance and allotment of 1,20,423 Equity Shares of ₹10/- (Rupees ten only) each pursuant to the exercise of stock options by the eligible employees of the Company under Employee Stock Option Plans (ESOPs) of the Company.

### SPECIAL RESERVE (UNDER SECTION 29C OF THE NHB ACT, 1987)

Your Company has transferred ₹85.66 crore i.e. 20% of net profits to Statutory Reserves during the Financial Year under review as required under the provisions of Section 29C of the NHB Act, 1987 read with Section 36 (1) (viii) of Income Tax Act, 1961.

### REVIEW OF OPERATIONS

Your Company is engaged in carrying out the business of housing finance activities in India. The Company's lending operations remained strong with the growing demand for housing loans. Your Company adopted contiguous on-ground expansion across regions; as of March 31, 2023, the Company conducted operations through 346 branches in 13 states.

The Company chose to serve the growing needs of housing finance customers in the low and middle income segments of sub-urban and rural India, going contrary to the industry's preference to serve the customers in the metro cities and urban regions of the country.

The details with respect to operating and financial performance of your Company has been covered in the Management Discussion and Analysis Report (MDAR), which forms part of this Annual Report.

During the Financial Year under review, your Company delivered a resilient performance, which is reflected in the following financial snapshot.

## Income & Profits

Total Income grew by 23% to ₹1,610.15 crore for the Financial Year ended March 31, 2023 as compared to ₹1,305.56 crore for the previous Financial Year. Profit Before Tax (PBT) was 21% higher at ₹548.99 crore as compared to ₹454.86 crore for the previous Financial Year.

Profit After Tax (PAT) was 21% higher at ₹430.07 crore as compared to ₹356.80 crore for the previous Financial Year.

## Sanctions

During the Financial Year under review, your Company has sanctioned housing loans for ₹5,168.83 crore as compared to ₹3,762.09 crore in the previous Financial Year with an annual growth of 37%. The cumulative loan sanctions since inception of your Company stood at ₹23,390.06 crore as at March 31, 2023. Your Company has not granted any loan against the collateral of Gold Jewellery.

## Disbursements

During the Financial Year under review, your Company disbursed housing loans for ₹5,024.54 crore as compared to ₹3,602.24 crore in the previous Financial Year registering an annual growth of 39%. The cumulative loan disbursement since inception as at March 31, 2023 was ₹22,381.55 crore.

## Assets Under Management (AUM)

The AUM of your Company stood at ₹14,166.66 crore (including assignment of ₹2,757.23 crore) as at March 31, 2023 as against ₹11,350.21 crore (including assignment of ₹2,343.78 crore) in the previous Financial Year, with a growth of 25%.

As of March 31, 2023, the average size of loan sanctioned was ₹8.90 lakh and average tenure was 198.2 months in the AUM (on origination basis).

## Pradhan Mantri Awas Yojna (PMAY) Scheme

The Company has received subsidy under PMAY-CLSS worth ₹284.57 crore towards 13,518 beneficiaries during the Financial Year and the same has been credited to the respective customers' loan accounts.

## Non-Performing Assets (NPA)

Your Company is in adherence to the provisions of Indian Accounting Standards ("Ind AS") with respect to computation of Stage-3 Assets (NPA). Your Company's assets have been classified based on expected performance. Exposure at Default (EAD) is the total amount outstanding including accrued interest as on the reporting date. Using a pro-active collection and recovery management system supported by analytical decision making and consistent engagement with

the customers during the period, the GNPA and NNPA as at March 31, 2023 were 0.92% and 0.68% respectively (against 0.99% and 0.77% respectively in the previous Financial Year).

## CAPITAL ADEQUACY RATIO

Your Company's Capital Adequacy Ratio as at March 31, 2023 was 46.96% (previous Financial Year 51.93%) which is far above the minimum required level of 15% as per the provisions of the RBI Master Directions showing strong position of the Company.

## CREDIT RATING

The Credit Rating represent the highest degree of safety regarding timely servicing of financial obligations.

Your Company's financial prudence is reflected in the strong credit rating assigned by rating agencies. The ratings also derive strength from adequate risk management and control systems put in place by the Company, pristine asset quality and strong corporate governance.

An upgrade in the credit rating signifies a significant improvement in the creditworthiness of the Company. Considering the steady growth, strong profitability and robust balance sheet, rating agencies upgraded the credit rating of the Company. During the Financial Year under review, the long-term credit rating of the Company has been upgraded from AA-/Positive to AA/Stable by both CARE Ratings and ICRA Limited. Outlook on both ratings is Stable. The Short-term credit rating is reaffirmed to A1+ by ICRA, CARE and India Ratings.

For more details on credit ratings, kindly refer Corporate Governance Report forming part of this report.

## REGULATORY & STATUTORY COMPLIANCES

A crucial element in business and corporate management is compliance of applicable statutory provisions and adherence of a business to regulations and laws. Keeping that in view the Company has complied with all the guidelines, circular, notification and directions issued by RBI and NHB from time to time. The Company also places before the Board of Directors at regular intervals all such circulars and notifications to keep the Board informed and report on actions initiated on the same. The Company also complies with the provisions of the Companies Act, 2013 including the Secretarial Standards issued by ICSI, SEBI LODR Regulations, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Income Tax Act 1961, and all other applicable statutory requirements.

## Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs

The Reserve Bank of India in 2021 issued Scale Based Regulation (SBR) a revised regulatory framework for NBFCs which is applicable to your Company being a NBFC HFC-category falling under middle layer.

The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., the RBI decided to first issue an integrated regulatory framework for NBFCs under SBR providing a holistic view of the SBR structure and set of fresh regulations being introduced in respective timelines.

With respect to above, the RBI has issued various circulars/guidelines in the Financial Year 2021-22 and 2022-23, which were duly implemented by the Company including formation of policies, implementing procedures and to review their outcome on periodic basis.

## DEPOSITS

Your Company being a non-deposit taking Housing Finance Company has neither invited nor accepted nor renewed any fixed deposits from public within the meaning of Chapter V of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Therefore, the disclosure in terms of RBI Master Directions is not required.

## AWARDS AND RECOGNITION

- Felicitated by Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman for Best NBFC for the year 2020-21 in FE India's Best Banks Awards.
- Felicitated with the Economic Times Best BFSI Brands 2023.
- Pioneer in Self Built Green Housing-80 EDGE Certified Green Homes by Sintali, UK based certifier.
- Head Office of the Company certified with LEED Gold Certification.

## RESOURCE MOBILIZATION

Your Company has in place a borrowing policy framework to cater its borrowings needs. The objective of the policy is to diversify the liability portfolio of the Company and to reduce risk of overdependence on any particular lenders and instrument. The Company has diverse set of lenders/investors that includes public sector bank, private sector bank, National Housing Bank and other financial institutions.

Your Company has vide Special Resolution passed on July 21, 2022, under Section 180 (1) (c) of the Companies Act, 2013, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up share capital and free reserves of the Company up to an amount of ₹17,000 crore (Rupees seventeen thousand crore only) and the total amount so borrowed shall remain within the limits as prescribed by RBI.

The Weighted Average Borrowing Cost as at March 31, 2023 was 7.61% (including Securitization/ Assignment) as against 6.88% as at the end of the previous Financial Year. As at March 31, 2023, your Company's sources of funding were primarily in the form of Long Term Loans from Banks and Financial Institutions (45%), followed by Securitization/Direct assignment (22%), NHB Refinance (20.8%), Debt capital market (12.2%).

Your Company has a comfortable liquidity position as on March 31, 2023 with Rs. 1381.6 crore (including FD's). Further, the Liquidity Coverage Ratio ('LCR') for the Financial Year ended March 31, 2023 was 212.16% as against the regulatory requirement of 60%.

## Term Loans from Banks and Financial Institutions

The Company, during the Financial Year, received aggregate fresh loan sanctions amounting to ₹3,200 crore and has availed loans aggregating to ₹2,765 crore. The outstanding term loans from Banks and Financial Institutions as at March 31, 2023 were ₹5,627.34 crore (excluding PTC and CC) with average tenure of 9.23 years.

## Securitization/Assignment of Loan Portfolio

Your Company has actively tapped Securitization/Direct Assignment market, which has enabled it to create liquidity, diversify liability profile and minimizing asset liability mismatches.

During the Financial Year under review, your Company received purchase consideration of ₹954 crore from assets assigned in pool buyout transactions.

The pool buyout transactions were carried out in line with RBI guidelines on Securitization of Standard Assets and securitized assets were de-recognized in the books of the Company.

## Refinance from National Housing Bank (NHB)

NHB continued to extend its support to your Company through refinance assistance and during the Financial Year under review, your Company has received fresh sanction of refinance assistance of ₹900 crore under the NHB refinance scheme. Your Company availed funds of ₹1,044 crore under various Refinance Schemes such as for Affordable Housing Fund,



Regular Refinance Scheme and Special Refinance Facility. Total outstanding refinance at the end of the current Financial Year stood at ₹2,603 crore.

### Non-Convertible Debentures (NCDs)

Details of Non-convertible debentures are as following:

#### I. Multilateral/Development Financial Institutions

As on March 31, 2023, the Company's outstanding NCDs stood at ₹683.14 crore as compared to ₹878.9 crore as on March 31, 2022.

#### II. Domestic Financial Institutions

As on March 31, 2023, the Company's outstanding NCDs from Domestic Financial Institutions stood at ₹123.9 crore (including subordinate debt of ₹24.9 crore) as compared to ₹123.9 crore (including subordinate debt of ₹24.9 crore) as on March 31, 2022.

#### III. Banks

As on March 31, 2023, the Company's outstanding NCDs from Banks stood at ₹209.8 crore (including subordinate debt of ₹74.9 crore) as compared to ₹249.8 crore (including subordinate debt of ₹74.9 crore) as on March 31, 2022.

Your Company has not issued any Commercial Paper & Short Term Instrument during the Financial Year 2022-23 and as on March 31, 2023, the Company's Commercial Paper outstanding is NIL.

Further, the Company has not issued any NCD during the Financial Year 2022-23.

### Rupee Denominated External Commercial Borrowing

As on March 31, 2023 the outstanding balance of Rupee Denominated External Commercial Bond stood at ₹507.5 crore (including outstanding balance of social masala bond of ₹357.9 crore).

Further, the interest on Non-Convertible Debentures and Masala Bonds issued on private placement basis were paid by the Company on their respective due dates and there was no instance of interest amount not claimed by the investors or not paid by the Company.

Your Company, being listed HFC, is exempted from the requirement of creating Debenture Redemption Reserve (DRR) on privately placed debentures. Therefore, your Company has not created DRR. Further the requirement to invest or deposit a sum of not less than 15% of the amount of debentures which are maturing during the Financial Year ending on March 31 of the next year as provided under Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 has been done away for listed companies vide notification of Ministry of Corporate Affairs ('MCA') dated June 05, 2020.

### DISCLOSURE UNDER CHAPTER XI- GUIDELINES ON PRIVATE PLACEMENT OF NON-CONVERTIBLE DEBENTURES (NCDs) OF RBI MASTER DIRECTIONS:

- The total number of NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption: Nil
- The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in Paragraph (i) as aforesaid: Nil

### DEBENTURE TRUSTEE

The Company has appointed IDBI Trusteeship Services Limited as the Debenture Trustee for the benefit of the debenture holders. The details of Debenture Trustee are available on the Company's website i.e. <https://www.aavas.in/details-of-debenture-trustee-rta-and-grievance>.

### BRANCH EXPANSION

The Company reinforced its go-to-market by setting up branches across India. The Company engaged in contiguous on ground expansion across regions. As of March 31, 2023, the Company conducted operations through 346 branches covering 13 states, comprising Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Uttar Pradesh, Chhattisgarh, Delhi, Punjab, Uttarakhand, Himachal Pradesh, Karnataka and Odisha. The Company added 32 branches in Financial Year 2022-23.

Your Company has its Registered Office in Jaipur, Rajasthan and its branch network as on March 31, 2023 vis-à-vis the previous Financial Year is detailed hereunder:

State	Branches (As on March 31, 2023)	Branches (As on March 31, 2022)
Rajasthan	102	99
Maharashtra	48	45
Madhya Pradesh	49	45
Gujarat	44	42
Uttar Pradesh	27	24
Haryana	17	17
Karnataka	24	11
Uttarakhand	9	9
Chhattisgarh	9	8
Delhi	4	4
Himachal Pradesh	4	4
Odisha	6	4
Punjab	3	2
<b>Total number of branches</b>	<b>346</b>	<b>314</b>

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The composition of the Board is in accordance with Section 149 of the Act and Regulation 17 of SEBI LODR Regulations with an appropriate combination of Executive, Non-Executive and Independent Directors.

The Board of Directors of the Company plays a crucial role in overseeing how the management serves the short and long-term interests of stakeholders. This belief is reflected in Aavas governance practices, under which the Company strives to maintain an effective, informed and independent Board.

The Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Non-Executive Directors, including Independent Directors, play a critical role in imparting value to the Board processes by bringing an independent judgment in the areas of strategy, performance, resource management, financial reporting, the overall standard of Company's conducts etc.

The Board of the Company comprises of 9 (Nine) Directors, consisting of 3 (Three) Independent Directors (including 2 (Two) Women Directors), 5 (Five) Non-Executive Nominee Directors and 1 (One) Executive Director-Managing Director as on March 31, 2023 who bring in a wide range of skills and experience to the Board.

The composition of Board of the Company is as under:

Name of the Director	Designation	DIN
Mr. Sandeep Tandon	Chairperson and Independent Director	00054553
Mr. Sushil Kumar Agarwal*	Managing Director	03154532
Mr. Sachinderpalsingh Jitendrasingh Bhinder**	Managing Director and CEO	08697657
Mrs. Kalpana Iyer	Independent Director	01874130
Mrs. Soumya Rajan	Independent Director	03579199
Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director	01715073
Mr. Vivek Vig	Non-Executive Nominee Director	01117418
Mr. Nishant Sharma	Promoter Nominee Director	03117012
Mr. Manas Tandon	Promoter Nominee Director	05254602
Mr. Kartikeya Dhruv Kaji	Promoter Nominee Director	07641723

\*Resigned w.e.f. May 03, 2023

\*\* appointed as CEO w.e.f February 02, 2023 and Managing Director w.e.f. May 03, 2023 (MD and CEO).

The Independent Directors have confirmed that they satisfy the criteria prescribed for Independent Directors as stipulated in the provisions of the Section 149(6) of the Act and Regulation 16(1)(b) & 25 of SEBI LODR Regulations. The names of all the Independent Directors of the Company have been included in the Independent Director's databank maintained by Indian Institute of Corporate Affairs ("IICA"). The Company has obtained declaration of independence from all the Independent Directors of the Company. None of the Directors have any pecuniary relationship or transactions with the Company. None of the Directors of the Company are related to each other and have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013 and are not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. Your Company has also obtained a certificate from a Company Secretary in practice confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by Securities Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA") or any such statutory authority. The same forms part of this Annual Report as 'Annexure-1'.

## APPOINTMENT & RESIGNATION OF DIRECTORS AND KMP

Appointment/ Reappointments	Resignation or Retirement	Directors Retiring by Rotation	Appointments/Resignations of the Key Managerial Personnel (KMP)
❖ During the Financial Year under review, the shareholders at its 12 <sup>th</sup> AGM held on July 21, 2022 approved the reappointment of Mr. Sandeep Tandon, as the Independent Director of the Company with effect from July 27, 2022 till July 26, 2027.	❖ Mr. Sushil Kumar Agarwal resigned from the post of Managing Director of the Company w.e.f. May 03, 2023.	<p>❖ Pursuant to the provisions of Section 152 of the Act, Mr. Ramachandra Kasargod Kamath, Non-Executive Nominee Director and Mr. Manas Tandon, Promoter Nominee Director of the Company, retired and being eligible, were re-appointed with the approval of Members at the 12<sup>th</sup> AGM held on July 21, 2022.</p> <p>❖ Further, in accordance with the provisions of the Act, Mr. Kartikeya Dhruv Kaji, Nominee Director and Mr. Vivek Vig, Nominee Director of the Company are liable to retire by rotation at the ensuing 13<sup>th</sup> AGM of the Company. They are eligible and have offered themselves for re-appointment. Resolutions for their reappointment are being proposed at the 13<sup>th</sup> AGM and their Profiles are included in the Annexure to Notice of the 13<sup>th</sup> AGM.</p>	<p>❖ Mr. Sachinderpalsingh Jitendrasingh Bhinder- Managing Director and CEO, Mr. Ghanshyam Rawat- President and Chief Financial Officer, Mr. Sharad Pathak- Company Secretary and Compliance Officer and Mr. Ashutosh Atre- President and Chief Risk Officer are the KMPs in terms of Section 2(51) of the Act.</p> <p>During the Financial Year under review the Company has appointed Mr. Sachinderpalsingh Jitendrasingh Bhinder as CEO of the Company w.e.f. February 02, 2023 and Managing Director w.e.f. May 03, 2023 and Mr. Ashutosh Atre President and Chief Risk Officer was appointed/designated as KMP of the Company with effect from February 02, 2023.</p>

## DISCLOSURE UNDER SECTION 197(14) OF THE ACT

The Managing Director and CEO of the Company has not received any commission from the Company's subsidiary company.

## BOARD MEETINGS

There were 4 (four) Board meetings held during the Financial Year 2022-23. The particulars of the meetings held and attendance of the Directors in the meetings are detailed in the Corporate Governance Report, which is annexed as an integral part of this Report.

The Notice and Agenda including all material information and minimum information required to be made available to the Board under Regulation 17 read with Schedule II Part-A of the

SEBI LODR Regulations were circulated to all Directors, well within the prescribed time, before the Meeting or placed at the Meeting.

## BOARD EVALUATION

The Board Evaluation is the most effective way to ensure that the Board understands its duties and to adopt effective corporate governance practices. The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual Directors pursuant to the provisions of the Act and SEBI LODR Regulations and as per the criteria defined in the said act and regulations.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the SEBI on January 5, 2017, requirements of Section 178 read with Clause VII of Schedule IV of the Act and SEBI LODR Regulations.

The evaluation process is carried out through a platform called “Goveva” which is a web based platform, to ease the process of board evaluation, to increase the efficiency and to automate report generation.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings, leadership scale, performance, value creation, governance & compliance.

## MEETING OF INDEPENDENT DIRECTORS

During the Financial Year under review, a separate Meeting of the Independent Directors was held on March 29, 2023 without the attendance of Non-Independent Directors and the Management of the Company. The Independent Director had discussed and reviewed the performance of the Non-Independent Directors and the Board as a whole, and also assessed the quality, quantity and timeliness of flow of information between the Management and the Board which is necessary for the Board to effectively and reasonably perform its duties.

## FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to Regulation 25(7) of SEBI LODR Regulations, Schedule IV to the Companies Act, 2013 (hereinafter referred as “Applicable laws”), the Company conducts familiarization programme for the Independent Directors, to familiarize the Independent Directors with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

The Board is also periodically briefed on the various changes, if any, in the regulations governing the conduct of Non – Executive Directors including independent directors.

The details of the familiarization programmes have been hosted on the website of the Company and can be accessed through following link: <https://www.aavas.in/img/pdf/details-of-familiarization-programme-imparted-to-independent-directors.pdf>.

## POLICY ON DIRECTOR’S APPOINTMENT, REMUNERATION & OTHER DETAILS

The Company has in place a ‘Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP) and Senior Management’, which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs, Senior Management and their evaluation and includes other matters, as prescribed

under the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI LODR Regulations. Further, the Compensation policy of the Company is in line with the compensation guidelines issued by the Reserve Bank of India (RBI) pursuant to Scale Based Regulations.

The Remuneration paid to the Directors is in line with the Remuneration Policy of the Company. Details of Remuneration paid to all the Directors during the Financial Year 2022-23 is more particularly defined in Annual Return in form ‘MGT-7’ as available on the website of the Company and can be accessed at <https://www.aavas.in/investor-relations/annual-reports>.

The Remuneration Policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/codes-and-policies>.

## COMMITTEES OF THE BOARD

The Company has the following Nine (9) Board level Committees, which have been constituted in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

1. Audit Committee (AC)
2. Nomination & Remuneration Committee (NRC)
3. Stakeholders Relationship Committee (SRC)
4. Corporate Social Responsibility Committee (CSR)
5. Risk Management Committee (RMC)
6. Asset Liability Management Committee (ALCO)
7. Information Technology (IT) Strategy Committee
8. Customer Service & Grievance Redressal Committee (CS&GR)
9. Executive Committee (EC)

During the Financial Year under review, all recommendations made by above Committees were accepted by the Board.

The details with respect to the composition, terms of reference, number of Meetings held, etc. of these Committees are given in the Report on Corporate Governance, which forms part of this Report as ‘Annexure-2’.

## EMPLOYEE STOCK OPTION (ESOP) SCHEMES

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby acting as a retention tool.

### ESOP 2016

Pursuant to the approval accorded by the Shareholders on February 23, 2017 the Company has approved and adopted

Employee Stock Option Plan for Employees-2016 (“ESOP-2016-I”).

During the Financial Year under review, the company made grant aggregating to 1,25,000 options on March 30, 2023 under ESOP-2016-I.

### ESOP-2022

During the Financial Year under review, ‘Equity Stock Option Plan for Employees 2022’ (“ESOP-2022”) has been approved

by Members in the 12<sup>th</sup> AGM of the Company held on July 21, 2022.

The ESOP-2022 empowers the Board and Nomination & Remuneration Committee to execute the scheme.

During the Financial Year under review, there have been no changes in the scheme.

Sr. No.	Particulars	Equity Stock Option Plan for Employees 2016-I	Equity Stock Option Plan for Directors 2016-III	ESOP 2019	ESOP 2020	ESOP 2021
a.	Date of Shareholders’ approval	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on February 23, 2017.		The Plan was approved by the Shareholders of the Company by a Special Resolution passed on August 01, 2019.	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on July 22, 2020.	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on August 10, 2021.
b.	Authorization	The schemes empower the Board and Nomination & Remuneration Committee to execute the scheme.				
c.	Variation (if any)	<p>During the Financial Year under review, there have been no changes in the schemes.</p> <p>After the closure of Financial Year 2022-23, the Company has proposed before the Shareholders by way of postal ballot for repricing of the following schemes:</p> <ul style="list-style-type: none"> <li>• “Equity Stock Option Plan For Employees 2020” (“ESOP-2020”)</li> <li>• “Equity Stock Option Plan For Employees 2021” (“ESOP-2021”)</li> <li>• “Equity Stock Option Plan For Employees 2022” (“ESOP-2022”)</li> </ul>				

All the ESOP plans of the Company are in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI SBEB and Sweat Equity Regulations”) as amended from time to time.

The Nomination & Remuneration Committee monitors the ESOP Schemes in compliance with the Act, SEBI SBEB and Sweat Equity Regulations and SEBI LODR Regulations.

A Certificate from Secretarial Auditors of the Company, confirming that the above ESOP Schemes have been implemented in accordance with the SEBI SBEB and Sweat Equity Regulations as amended from time to time and are as per the resolutions passed by the Members of the Company will be available for the inspection of the Members of the Company.

Disclosure on various plans, details of options granted, shares allotted upon exercise, etc. as required under SEBI SBEB and Sweat Equity Regulations and Companies (Share Capital and Debentures) Rules, 2014 is available on the Company’s website at <https://www.aavas.in/investor-relations/annual-reports>.

## AUDITORS

### Statutory Auditors and Auditors’ Report

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company approved the appointment of M/s Walker Chandio & Co LLP, Chartered Accountants (Firm’s Registration No. 001076N/N500013) as the Statutory Auditors of the Company for a period of 3 (three) consecutive years to hold office with effect from December 02, 2021 until the conclusion of the 14<sup>th</sup> AGM of the Company to be held in the calendar year 2024. The Company has received certificate from the said auditors that they are not disqualified and are eligible to hold the office as Auditors of the Company.

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Reports on the Financial Statements both standalone and consolidated for the Financial Year 2022-23 and the Reports are self-explanatory. The said Auditors’



Reports for the Financial Year ended March 31, 2023 on the Financial Statements of the Company forms part of this Annual Report.

Further, the Statutory Auditors have not reported any fraud in terms of Section 143(12) of the Act.

### **Secretarial Auditors and Secretarial Audit Report**

In accordance with Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Chandrasekaran Associates, Practicing Company Secretaries (Firm Registration No: PI988DE002500) were appointed as Secretarial Auditors to conduct the Secretarial Audit of the Company for the Financial Year 2022-23. The Report of Secretarial Auditors in form MR-3 for the Financial Year 2022-23 is annexed to this Report as 'Annexure-3'.

The Report of Secretarial Auditors is self-explanatory and there were no observations or qualifications or adverse remarks in their Report.

In addition to the above and pursuant to regulation 24A of SEBI LODR Regulations, a report on Annual Secretarial Compliance issued by M/s. Chandrasekaran Associates, Practicing Company Secretaries for the Financial Year 2022-23 has been submitted with the Stock Exchanges and forms part of this report as 'Annexure-4'. There are no observations, or qualifications or adverse remarks in the report.

### **Information System Audit (IS Audit)**

The objective of IS Audit is to provide an insight on the effectiveness of controls that are in place to ensure confidentiality, integrity and availability of System Application and Entity's IT infrastructure. IS Audit identify risks and methods to mitigate risk arising out of System Application and IT infrastructure such as server architecture, local and wide area networks, physical and information security, telecommunications etc.

### **INTERNAL AUDIT & INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

The Reserve Bank of India has stipulated that all deposit taking and non-deposit taking HFCs are mandated to have a RBIA framework in place by June 30, 2022. The Company being a Non-Deposit taking HFC, the circular of RBIA becomes applicable accordingly, the Company has put in place RBIA framework within the timeline and has developed an in house team and appointed a Head of Internal Audit (HIA) to conduct audit of functional areas and operations of the Company.

The Internal Audit department is headed by the HIA who reports directly to the Audit Committee of the Board. The

primary responsibility of the HIA is to effectively manage the Internal Audit department and to ensure that it adds value to the entity and its objectives. HIA ensures compliance with the internal audit principles and standards and the entity's independence of the Internal Audit department, its audit staff and its performance against key performance indicators, annually to the Audit Committee and the Board.

The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that pertain to maintenance of records, provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS**

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals against the Company nor any fine/penalty levied on the Company.

### **MATERIAL CHANGES/EVENTS AND COMMITMENTS, IF ANY**

There are no material changes and commitments affecting the financial position of the Company, which have occurred after March 31, 2023 till the date of this report.

However, after the closure of the Financial Year 2022-23 and before the approval of this report, Mr. Sushil Kumar Agarwal resigned from the post of Managing Director w.e.f. May 03, 2023 and Mr. Sachinderpalsingh Jitendrasingh Bhinder has been appointed as the Managing Director and CEO of the Company w.e.f. May 03, 2023.

There has been no change in the nature of business of your Company.

### **MAINTENANCE OF COST RECORDS**

The Company being a HFC is not required to maintain cost records as per sub-section (1) of Section 148 of the Act.

## INFORMATION TECHNOLOGY

The Company has always been at the forefront in the housing finance industry in using technology to provide productivity tools to employees and field associates and to provide an integrated journey to customers for a smooth loan disbursal experience.

In the recent past, the Company charted out a roadmap for technology led business transformation to make the Company ready for the next 10-year growth journey based on the following 3 pillars – enable sustainable growth with operating leverage, enhance technology capabilities and create a superior customer experience. Your Company has made significant progress along with the defined roadmap.

The Company wants to build a modern, innovative, and future-ready digital ecosystem to provide a 360-degree view from transaction origination to reporting. Technology is at the heart of the business transformation which is being driven at Aavas. Loan Origination System has been upgraded with Salesforce and Loan Management and Financial systems are being upgraded with ORACLE Flexcube Core banking and ORACLE Fusion ERP Applications. Using these platforms, the entire customer journeys on web/app platforms have been reimaged to create a best-in-class platform for loan disbursements. Using multiple fintech integrations, processing of the loan applications has been speeded up and cloud-based data and analytical infrastructure provide insights for further optimizations.

The Company has implemented robust cybersecurity measures and by working with IS Audit has complied with all regulations, external and internal audits and continues to monitor and update policies to remain compliant with evolving regulatory requirements.

## HUMAN RESOURCE

The Company has always believed that its employees are its most valued resource and has always ensured their all-round development. Your Company's success depends largely upon the quality and competence of its human capital. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. The Company invested in a technology-driven HR department workflow, supported by a well renowned HRMS software called People Strong.

Human Capital represents an aggregate statement of the competencies, knowledge and experience of the employees. Aavas provides a work culture that encourages creativity; it has a diverse workforce, which ensures integrated and sustainable growth.

The Company's HR culture is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions in alignment with the

professional and personal goals of employees, achieving an ideal work-life balance and enhancing pride in association. The Company's permanent employee count stood at 6,034 as of March 31, 2023.

## RISK MANAGEMENT FRAMEWORK

Your Company has in place a Board constituted Risk Management Committee as per the Regulation 21 of SEBI LODR Regulations and in compliance with the RBI regulations and guidelines as amended from time to time which assists the Board to establish a risk culture and risk governance framework in the Company. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

The Risk Management Committee meets at least twice in the year and at such other times as the Board or Chairperson of the Committee shall require. The Committee ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company and monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.

The Company has in place a Board approved Risk Management Policy and a Policy on Internal Capital Adequacy Assessment Process (ICAAP) pursuant to guidelines issued by RBI.

The key risks that Company is exposed to in the course of its business are Credit Risk, ALM Risk, Concentration Risk, Interest Rate Risk, Legal Risk, Reputation Risk, Technical Risk, Cybersecurity Risk, Fraud Risk, Regulatory Risk. These are measured and reported to the Risk Management Committee on a quarterly basis.

The Company has developed an institutional intelligence for underwriting methodology which is executed by qualified and experienced team hosting majority of Chartered Accountants. Legal, technical and operations risks have vendors as well as professionally qualified in-house team.

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 the Company has formulated a Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The whistle blower policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/Whistle-Blower-Policy.pdf>.

## **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The Company has in place a policy for prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). The Company has complied with the provisions relating to constitution of Internal Complaints Committee (ICC) under the POSH Act. ICC has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year, the Company conducted workshops for employees creating awareness about POSH Act.

The details of complaints received and disposed during the Financial Year are provided in Corporate Governance Report forming part of this report.

## **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN COMPANY'S SECURITIES**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has complied and formulated a Code of Conduct for Prevention of Insider Trading Policy, which prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company. The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by way of dealing in securities of the Company by its Designated Persons. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company is authorized to act as Compliance Officer under the Code.

Further the Company has maintained a Structural Digital Database (SDD) pursuant to provisions of regulations 3 (5) and (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

## **PARTICULARS OF HOLDING/SUBSIDIARY/ ASSOCIATE COMPANIES**

Your Company doesn't have any Holding Company or Joint Ventures.

The Shareholder having the substantial interest in the Company is Lake District Holdings Limited.

As on March 31, 2023, your Company has one unlisted wholly owned subsidiary named 'Aavas Finserv Limited'. The

subsidiary Company has not started any business operations as on the date of this Report.

Pursuant to the provisions of Section 129(3) of the Act, your Company has prepared Consolidated Financial Statements of the Company, which forms part of this Annual Report. Further, a Statement containing salient features of Financial Statement of the Subsidiary in the prescribed format AOC-1 pursuant to Section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, is annexed as 'Annexure-6' to this Report.

In accordance with Section 136 (1) of the Act, the Annual Report of your Company containing inter alia, Financial Statements including Consolidated Financial Statements, has been placed on our website at <https://www.aavas.in/investor-relations/annual-reports>. Further, the Financial Statements of the subsidiary have also been placed on our website at <https://www.aavas.in/investor-relations/financial-subsiary>.

## **INVESTOR RELATIONS**

Your Company always believes in leading from the front with emerging best practices in Investor Relations and building a relationship of mutual understanding and trust.

The Company communicates with its investors through meetings with analysts and discussions between Fund Managers and Management. The Company also participates at investor conferences from time to time. All interactions with institutional investors, fund managers and analysts are based on generally available information that is accessible to the public on a non-discriminatory basis. The presentations made to analysts and fund managers are placed on the Company's website and are also submitted to Stock Exchanges. The transcripts of such meetings as well as the audio/video recordings are uploaded on the website.

Quarterly and Annual Earnings calls are scheduled through structured conference calls/weblinks to keep various stakeholders informed about the past performance and outlook of the industry, especially those having a bearing on the Company.

The investor relation section on Company's website at [www.aavas.in](http://www.aavas.in) contains all important public domain information including Financial Results, various policies framed/approved by the Board, presentations made to the analysts and institutional investors, schedule and transcripts of earnings call with investors, matters concerning the shareholders, details of the contact persons, etc.

## PARTICULAR OF EMPLOYEE REMUNERATION

The statement containing particulars of employees as required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 annexed as '**Annexure-8**' to the Directors' Report.

In accordance with the provisions of Rule 5(2) of the abovementioned rules, the names and particulars of the top ten employees in terms of remuneration drawn are set out in the '**Annexure-8**' to this report. In terms of the provisions of Section 136(1) of the Act, the Directors' Report including the said annexure is being sent to all Shareholders of the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's initiatives in society are focused on the realisation of the twin goals of Stakeholders' Value Enhancement and societal value creation in a mutually reinforcing and synergistic manner. The Company is mindful of the needs of the communities and strives to make a positive difference in the society. Your Company's commitment to the society is sincere and longstanding.

The Vision of Company is to enhance value creation in the society and in the community in which it operates, through its services, conduct and CSR initiatives, to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate, with environmental concern.

The Annual Report on CSR Activities, is annexed as '**Annexure-9**' to this report.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of energy conservation, technology absorption and foreign exchange earnings and outgo is provided as under in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014:

Particular	Remarks
<b>A) Conservation of energy</b>	
The Steps taken / impact on conservation of energy	<p>As the nature of business of the Company is providing housing finance, at a corporate level, consumption of resources is limited to running the operations. The Company, however, is dedicated to becoming technically robust and moderating resource consumption.</p> <p>Aavas is committed to continuous improvement and has recently embarked on a digital-first initiative called Project 'Gati'. Project 'Gati' is a major landmark in the digital transformation journey of the Company where we aim for elimination of physical documentation until a loan is sanctioned in the system. The project involves building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience. The new system will significantly reduce manual data entry, paper work, project assessment time, thereby ensuring a seamless customer experience.</p> <p>The Company is endeavoring to minimize its GHG emissions where feasible. The Head Office of the Company was certified with LEED Gold Certificate in May 2022.</p>

Particular	Remarks
The Steps taken by the Company for utilizing alternate sources of energy	<p>As the nature of business of the Company is providing housing finance, the only key waste products are paper, plastic and e-waste. It is a practice adopted by the Company to engage certified e-waste handlers for disposal of e-waste.</p> <p>The Company recognizes the importance of being socially responsible and making a difference in lives of people. The Company implements its CSR initiatives directly as well as through implementing agencies.</p> <p>The Company is providing loans for construction of environment-friendly homes and supporting its customers in building homes that are sustainable as well as affordable.</p> <p>Under Green Affordable Housing Program, the Company has, in partnership with International Finance Corporation (IFC), a member of the World Bank Group, conducted research on the feasibility for affordable 'green homes' in India. Green Home Loans have added a sustainability dimension to our value chain, making us pioneers in introducing concept of sustainable construction of self-built homes in Indian Housing Finance space.</p> <p>Further, through its CSR initiatives, the Company has undertaken various projects on environmental sustainability such as reforestation (planted 8000+ trees), investment in clean energy (275 kWh solar power plant) in the Financial Year 2022-23.</p>
The Capital investment on energy conservation equipment	In view of the nature of the activities carried on by your Company, there is no capital investment on energy conservation equipment.
<b>B) Technology absorption</b>	
the efforts made towards technology absorption	We are in the process of transforming the company's technology ecosystem to a more scalable, robust, and agile architecture to enable the organization to steer the next phase of growth journey. Significant technological changes are taking place this year in loan origination, loan management and financial applications in Aavas with the introduction of Salesforce, ORACLE Flexcube Core Banking and ORACLE Fusion ERP applications. Using these technology platforms, we have reimagined the entire onboarding journey on mobile and web for customers, employees and service providers. We are using multiple fintech integrations to help underwriting and speed up the processing of applications. We have moved our core infrastructure, data and analytic platforms to leading cloud platforms for ensuring better scalability and performance. To bring our employees up to speed with the rapid change in technologies, we have implemented training programs across the company to ensure that they are equipped with the necessary skills and knowledge. Through these efforts we can efficiently absorb new technologies.
the benefits derived like product improvement, cost reduction, product development or import substitution	<p>62% of active loans customers have used our app and more than 99% of service requests coming on the app are self-serviced.</p> <p>Overall at the company level more than 80% of customer services are happening digitally. We have seen a significant surge in digital collections and more than 95% of our loan collections and initial money deposits are happening digitally.</p> <p>More than 75% of the part disbursals have moved to digital channels and more than 70% of the leads are responded within 15 minutes by Omni channel powered contact center.</p> <p>Almost 100% of the property locations are geo-tagged. Further, 100% of the Technical, Legal and Risk Assessment Processes have been digitized including the vendors.</p> <p>Further, we are seeing a good traction in sourcing of new customers through digital channels and more than 10% of the loan disbursals are from the leads which are generated through the digital modes. We have created a better integration of different functions during loan application processing and this along with fintech integrations have speeded up the underwriting of the loan.</p>



Particular	Remarks
in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)	
a). the details of technology imported	Salesforce has been adopted as the Loan Origination System with Mulesoft for integrations. Loan Management and Financial systems are being upgraded with ORACLE Flexcube Core Banking and ORACLE Fusion ERP Applications. Fintech integrations with Karza, Signzy, Finbit, Perfios, SignDesk, ZipNach, Sas etc have also been done. We are also in the process of integrating our account aggregator platform with our loan underwriting system for faster assessment of cashflows We have already moved our data and analytical infrastructure to the cloud for better scalability and performance.
b). the year of import	2022-23
c). whether the technology has been fully absorbed	Aavas has made significant progress on the technology transformation roadmap and our transformation projects are in the process of executions. Hence full implementations and absorption will happen over next one to two years.
d). if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
the expenditure incurred on Research and Development	NA
<b>(C) Foreign exchange earnings and Outgo</b>	During the Financial Year under review, your Company had no foreign exchange earnings and the aggregate of the foreign exchange outgo during the Financial Year under review was ₹4,794.54 Lakhs. The aforesaid details are shown in the Note No. 38 of notes to the accounts, forming part of the Standalone Financial Statements. The Members are requested to refer to this Note.

## ENVIRONMENT HEALTH AND SAFETY (EHS) PROTECTION

Your Company is committed to high Environmental and Social (ES) Standards in its business and will continue to develop its investment decision making processes and procedures so as to reflect the requirements of Indian ES legislation, as well as relevant international standards (specifically IFC Performance Standards) as applicable to our housing finance and MSME business lines. The Company always ensures that healthy and safe working environment is provided to all employees of the Company.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

As per Regulation 34(2)(f) of SEBI LODR Regulations, the top 1000 (one thousand) listed entities based on market capitalization, shall attach a Business Responsibility Report with the Annual report describing the initiatives taken by the listed entity from an environmental, social and governance perspective. Provided that the requirement of submitting a Business Responsibility Report shall be discontinued after the Financial Year 2021-22 and with effect from the Financial Year 2022-23, the top one thousand listed entities based on

market capitalization shall submit a Business Responsibility and Sustainability Report.

Your Company, being a top thousand listed entity as per Market Capitalization and adhering to good Corporate Governance and for the amelioration of the society in which it operates the Business Responsibility and Sustainability Report (BRSR) describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Annual Report as 'Annexure-11'.

## ANNUAL RETURN

Pursuant to the provisions of Section 134(3) and Section 92(3) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the Annual Return in form MGT-7 as on March 31, 2023 is available on the website of the Company and can be accessed at <https://www.aavas.in/investor-relations/annual-reports>.

## ADDITIONAL DISCLOSURES UNDER COMPANIES (ACCOUNTS) RULES, 2014

- The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year:

During the Financial Year under review, the Company made neither any application nor any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), therefore, it is not applicable to the Company.

- b. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

During the Financial Year under review, it is not applicable to the Company.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Since the Company is an HFC, the disclosure regarding particulars of loans given, guarantees given and security provided in the ordinary course of business is exempted under the provisions of Section 186(11) of the Act.

However, the details of loans, guarantees, and investments made as required under the provisions of Section 186 of the Act and the rules made thereunder are set out in the Notes to the Standalone Financial Statements of the Company.

## CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In accordance with the provisions of Section 188 of the Act and rules made thereunder, all related party transactions entered during Financial Year 2022-23 were on arm's length basis and in the ordinary course of business under the Act and were not material under the SEBI Listing Regulations, the details of which are included in the notes forming part of the Financial Statements.

The details as required to be provided under Section 134(3)(h) of the Act are disclosed in Form AOC-2 as 'Annexure-7' which forms part of this Report.

A list of all related party transactions is placed before the Audit Committee as well as the Board. The Audit Committee has granted omnibus approval for related party transactions as per the provisions of the Act and the SEBI LODR Regulations.

Further as required by SEBI and RBI Master Directions, 'Policy on transactions with Related Parties' is given as 'Annexure-10' to this Report and can be accessed on the website of the Company at <https://www.aavas.in/img/pdf/Policy-on-Materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>.

## INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

Your Company is committed towards achieving the highest standards of Corporate Governance right from its establishment by staying true to its core values of Customer first, transparency, fairness in action, accountability, integrity and equity in all its engagements. The Company's Corporate Governance framework ensures that it makes timely and appropriate disclosures and shares factual and accurate information to its stakeholders so as to make an informed decision.

The Company has approved and adopted the Internal Guidelines on Corporate Governance. The Internal Guidelines on Corporate Governance has been framed in accordance with The Companies Act, 2013, SEBI LODR Regulations, 2015 (SEBI LODR, Regulations), RBI Master Directions, 2021 and other applicable rules and regulations.

The guideline is available on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/internal-guidelines-on-corporate-governance.pdf>.

## DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act and based on the information provided by the Management, the Board of Directors report that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;

- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- f) the Directors had laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.

## BUSINESS OVERVIEW & FUTURE OUTLOOK

A detailed business review & future outlook of the Company is appended in the Management Discussion and Analysis Section of Annual Report.

## ACKNOWLEDGEMENTS AND APPRECIATION

The Board of Directors place on record their gratitude for valuable guidance and the support to all Stakeholders of

the Company including the Reserve Bank of India, National Housing Bank, the Ministry of Corporate Affairs, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Stock Exchanges and other Regulatory Authorities, Bankers, Lenders, Financial Institutions, Members, Credit Rating agencies, National Securities Depository Limited, Central Depository Services (India) Limited, NSE IFSC Limited and Customers of the Company for their continued support and trust.

Your Directors further take this opportunity to appreciate and convey their thanks to the Kedaara Capital and Partners Group for their invaluable and continued support and guidance.

Your Directors also wish to place on record their appreciation for the commitment displayed by all the executives, officers, staff and the Senior Management team of the Company, in recording an excellent performance by the Company during the Financial Year.

For and on behalf of the Board of Directors  
**AAVAS FINANCIERS LIMITED**

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

Date: May 03, 2023  
Place: Mumbai

**Registered and Corporate Office:**  
201-202, 2nd Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur 302 020, Rajasthan, India  
CIN: L65922RJ2011PLC034297  
Tel: +91 141-4659239  
E-mail: investorrelations@aavas.in | Website: www.aavas.in

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

**Annexure-1****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members  
**Aavas Financiers Limited**  
CIN: L65922RJ2011PLC034297  
201-202, 2nd Floor, Southend Square Mansarovar Industrial Area,  
Jaipur – 302020 Rajasthan

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Aavas Financiers Limited** and having CIN: L65922RJ2011PLC034297 and having Registered office at 201-202, 2nd Floor, Southend Square Mansarovar Industrial Area, Jaipur – 302020 Rajasthan (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers and based on declarations received from respective Directors, We hereby certify that as on Financial Year ended on March 31, 2023 none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of the Director	DIN	Date of appointment in Company
1.	Mr. Sandeep Tandon	00054553	27/07/2017
2.	Mr. Sushil Kumar Agarwal	03154532	23/02/2011
3.	Mrs. Kalpana Iyer	01874130	23/06/2016
4.	Mrs. Soumya Rajan	03579199	29/08/2019
5.	Mr. Ramchandra Kasargod Kamath	01715073	14/07/2016
6.	Mr. Vivek Vig	01117418	14/07/2016
7.	Mr. Nishant Sharma	03117012	23/06/2016
8.	Mr. Manas Tandon	05254602	23/06/2016
9.	Mr. Kartikeya Dhruv Kaji	07641723	27/07/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Chandrasekaran Associates**

Company Secretaries  
FRN: P1988DE002500  
Peer Review Certificate No: 1428/2021

**Dr. S. Chandrasekaran**

Senior Partner  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644E000193385

Date: 26.04.2023  
Place: Delhi

## Annexure-2

## CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is an ethically-driven business process that is committed to values aimed at enhancing an organization's wealth-generating capacity and the same is ensured when a Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. It is one of the essential pillars for building an efficient and sustainable environment.

Aavas Financiers Limited (referred as "Aavas" or "Company") follows the best governance practices with highest integrity, transparency and accountability. Your Company is committed towards achieving the highest standards of Corporate Governance right from its establishment by staying true to its core values of Customer first, transparency, fairness in action, accountability, integrity and equity in all its engagements. The Company continually work towards managing, monitoring and overseeing various corporate systems in such a manner that the Company's reliability and reputation are not put at stake. Your Company's Corporate Governance framework ensures that it makes timely and appropriate disclosures and shares factual and accurate information to its stakeholders so as to make an informed decision.

Company's Corporate Governance is implemented through diverse Board which is enriched with appropriate balance of skills, experience and diversity of perspectives.

The Company is in compliance with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (hereinafter "RBI Master Directions") (including erstwhile regulations), the Companies Act, 2013 (hereinafter "the Act"), Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "SEBI LODR Regulations") and all other applicable rules and regulations.



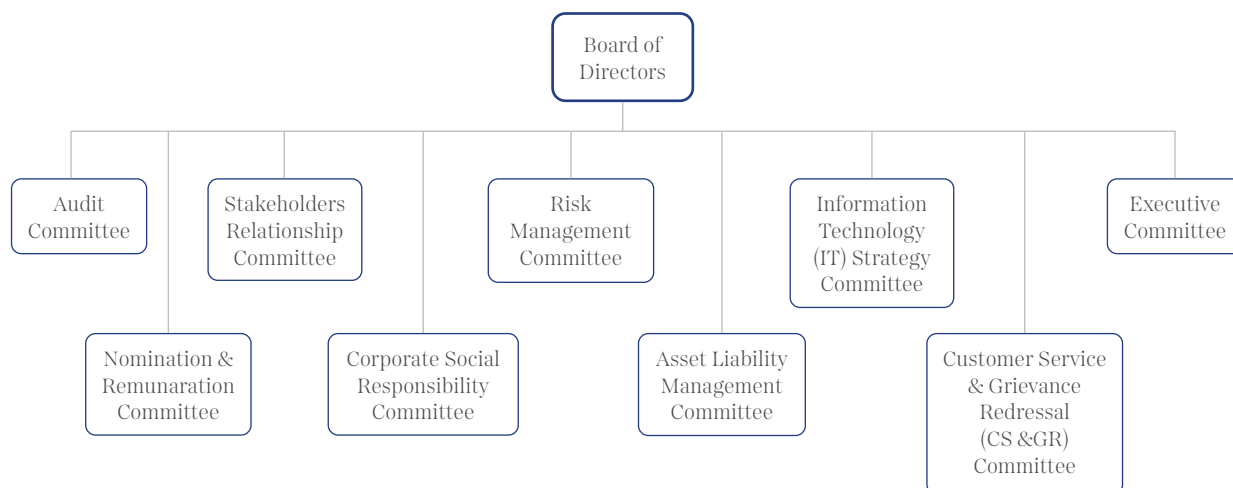
## GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES

A Good Corporate Governance framework incorporates a system of robust checks and balances between key players; namely, the Board, its Committees, the management, auditors and various other Stakeholders. The role and responsibilities of each entity must be clearly defined, and transparency must be enforced at each level and at all times.

At Aavas, Corporate Governance encompasses the structure, practices and processes adopted in every sphere of the Company's operations to provide long term value to its stakeholders through ethical behaviour in doing business. Your Company transforms these core values into business policies and practices with the aim of sustainable growth for all its stakeholders. For us, Corporate Governance is a reflection of principles entrenched in our values. Your Company believes that adopting and adhering to the best standards of Corporate Governance encourages the Company to build a trustworthy, moral as well as ethical environment in the Company. The Company duly acknowledges its fiduciary role and responsibility towards all of its stakeholders including shareholders that strives hard to meet their expectations.



## GOVERNANCE STRUCTURE



### ETHICS/GOVERNANCE POLICIES

Being a responsible organization, your Company effectively discharges its obligations towards its stakeholders and controls the people associated with it through established standards and codes of conduct.

The Company's Corporate Governance is reinforced through the Code of Conduct for the Board Members and Senior Management, Code of Conduct for Prevention of Insider Trading in Company's Securities, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which strengthens the Corporate Governance Philosophy. The Company has in place Vigil Mechanism/ Whistle Blower Policy, Internal Guidelines on Corporate Governance, Prevention of Sexual Harassment Policy and Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures.

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As per Regulation 34(2)(f) of SEBI LODR Regulation, the top 1000 (one thousand) listed entities based on market capitalization, shall attach a Business Responsibility Report with the Annual report describing the initiatives taken by the listed entity from an environmental, social and governance

perspective. Provided that the requirement of submitting a Business Responsibility Report shall be discontinued after the Financial Year 2021-22 and with effect from the Financial Year 2022-23, the top one thousand listed entities based on market capitalization shall submit a Business Responsibility and Sustainability Report.

Your Company, being a top thousand listed entity as per Market Capitalization and adhering to good Corporate Governance and for the amelioration of the society in which it operates the Business Responsibility and Sustainability Report (BRSR) describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Annual Report.

### BOARD OF DIRECTORS ("Board")

The Board of Directors is the apex body for overseeing the Company's overall functioning. The Board provides strategic direction and leadership and oversees the management policies and their effectiveness looking at long-term interests of shareholders and other stakeholders.

The Board of Directors of the Company plays a crucial role in overseeing how the management serves the short and long-term interests of stakeholders. This belief is reflected in Aavas governance practices, under which the Company strives to maintain an effective, informed and independent Board.

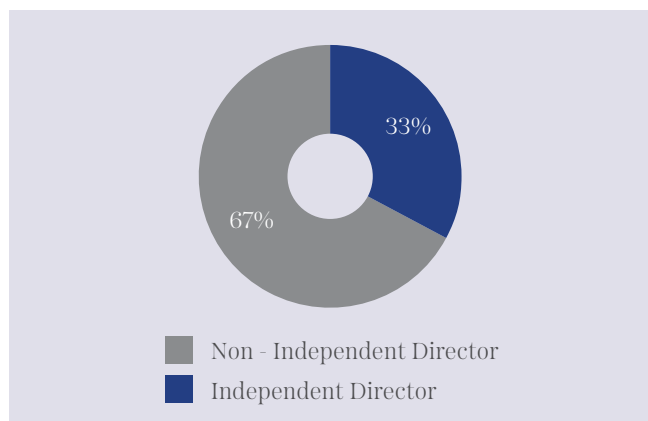
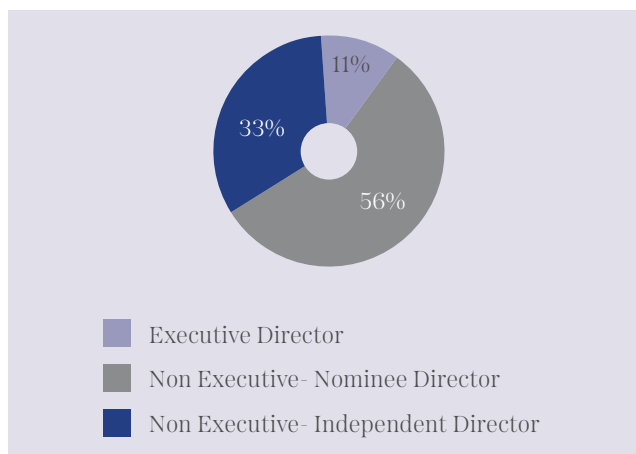
The Board represents the interest of the Company's stakeholders, oversees and directs the Company's overall business and affairs, reviews corporate performance, authorizes and monitors strategic investments, has an oversight on regulatory compliances and corporate governance matters and provides the management with guidance and strategic direction. The Board, along with its various Committees, provides leadership and guidance to the Company's management and directs, supervises and ensures functioning of the Company in the best interest of all the stakeholders. The Directors attend and actively participate in Board Meetings and Meetings of the Committees in which they are Members.

Non-Executive Directors, including Independent Directors, play a critical role in imparting value to the Board processes by bringing an independent judgment in the areas of strategy, performance, resource management, financial reporting, the overall standard of Company's conducts etc.

The Board also monitors implementation and effectiveness of overall Governance Structure of the Company. The Board's actions and decisions are aligned with the Company's best interests.

### Size and Composition of Board

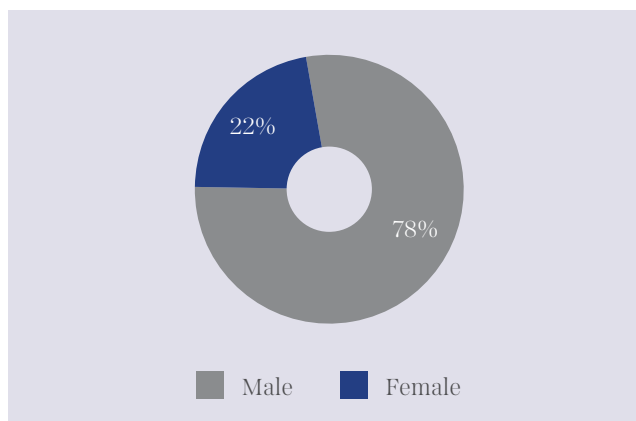
The Company recognizes and embraces the importance of a diverse Board in its success. Your Company's Board is constituted of highly experienced professionals from diverse backgrounds, which consists of values of collaborative spirit, unrelenting dedication, expert thinking and a primary role of trusteeship to protect and enhance stakeholders' value through strategic supervision. The Board provides direction and exercises appropriate controls.



The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 (hereinafter referred as "Act"), SEBI LODR Regulations and is in accordance with the highest standards of Corporate Governance.

The Company's Board has an appropriate mix of Independent and Non-Independent Directors as well as Executive Directors and Non-Executive Directors.

The Board as on March 31, 2023 comprises of nine (9) Directors of whom three (3) are Independent Directors (including the



Chairperson and two (2) Women Independent Directors), five (5) are Non- Executive Nominee Directors and one (1) Executive Director i.e. Managing Director. The Chairperson of the Company is a Non-Executive Independent Director and not related to the Managing Director and Chief Executive Officer ("CEO") of the Company. The Company has furnished to National Housing Bank ("NHB") a quarterly statement on change of Directors and a certificate from the Managing Director and CEO that fit and proper criteria in selection of the Directors has been followed.

**The Composition of the Board of the Company as on March 31, 2023 is given below -**

Name of Director	Director since	Designation and Category	DIN	No. & (%) of Equity shares Held *	Number of other Directorships **	No of Committees***		Qualification / Experience
						As Member	As Chairperson	
Mr. Sandeep Tandon****	27/07/2017	Chairperson Independent Director (Non- Executive)	00054553	-	12	2	1	Bachelor's and Master's in Electrical Engineering (More than 22 Years)
Mr. Sushil Kumar Agarwal#	23/02/2011	Managing Director (Executive)	03154532	12,26,986 (1.55%)	1	1	-	C.A. and C.S. (More than 22 Years)
Mrs. Kalpana Iyer	23/06/2016	Independent Director (Non- Executive)	01874130	7608 (0.009%)	3	1	1	C.A. (More than 27 Years)
Mrs. Soumya Rajan	29/08/2019	Independent Director (Non- Executive)	03579199	-	9	1	-	PG in Mathematics (More than 25 Years)
Mr. Ramachandra Kasargod Kamath##	14/07/2016	Nominee Director (Non- Executive)	01715073	93,440 (0.11%)	7	3	-	B.COM. (More than 32 Years)
Mr. Vivek Vig###	14/07/2016	Nominee Director (Non- Executive)	01117418	4,49,257 (0.56)	7	1	-	PG IIM (Bangalore) (More than 32 Years)
Mr. Nishant Sharma##	23/06/2016	Promoter Nominee Director (Non- Executive)	03147012	-	9	-	-	Engineer and MBA (More than 18 Years)
Mr. Manas Tandon###	23/06/2016	Promoter Nominee Director (Non- Executive)	05254602	-	5	-	-	Engineer and MBA (More than 22 Years)
Mr. Kartikeya Dhruv Kaji##	27/07/2017	Promoter Nominee Director (Non- Executive)	0764723	-	5	5	-	MBA (More than 7 Years)

\*No Convertible Instruments were issued to Non-Executive Directors as on March 31, 2023.

\*\*Number of Other Directorships includes Directorships held in the Company itself, Public Limited Companies, Private Limited Companies, Section 8 Companies, but excludes foreign Companies.

\*\*\*For the purpose of considering the Committee Memberships and Chairmanships for a Director, the Audit Committee and the Stakeholders' Relationship Committee of Public Limited Companies alone have been considered.

\*\*\*\*Mr. Sandeep Tandon was appointed as the Chairperson on the Board of the Company w.e.f. July 21, 2022. The Members of the Company at 12th AGM held on July 21, 2022 had approved the re-appointment of Mr. Sandeep Tandon as an Independent Director of the Company, for a second term of 5 consecutive years.

#Mr. Sushil Kumar Agarwal resigned from the post of Managing Director w.e.f. May 03, 2023. Mr. Sachinderpalsingh Jitendrasingh Bhinder was appointed as CEO w.e.f. February 02, 2023 and Managing Director w.e.f. May 03, 2023 (MD and CEO).

##Mr. Nishant Sharma, Mr. Ramachandra Kasargod Kamath and Mr. Kartikeya Dhruv Kaji are appointed on behalf of Lake District Holdings Limited and Kedaara Capital Alternative Investment Fund - Kedaara Capital AIF.

###Mr. Manas Tandon and Mr. Vivek Vig are appointed on behalf of Partners Group ESCL Limited and Partners Group Private Equity Master Fund LLC.

During the Financial Year 2022-23 there has been no change in the composition of the Board of Directors. However, after the closure of the Financial Year 2022-23 and before the approval of this report, the below mentioned changes took place in the composition of the Board of Directors.

### Details of change in composition of the Board is given below:-

Name of the Director	Capacity	Nature of Change	Effective Date
Mr. Sushil Kumar Agarwal	Managing Director (Executive)	Resignation	03/05/2023
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director (Executive)	Appointment	03/05/2023

As required under Schedule V of the SEBI LODR Regulations, the Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company.

A chart or matrix setting out the skills/expertise/competence of the Board is as below:

Matrix setting out the skills/ expertise/competence of the Board	1	2	3	4	5	6	7	8	9
Name of the Director	Mr. Sandeep Tandon	Mr. Sachinderpalsingh Jitendrasingh Bhinder*	Mrs. Kalpana Iyer	Mrs. Soumya Rajan	Mr. Ramachandra Kasargod Kamath	Mr. Vivek Vig	Mr. Nishant Sharma	Mr. Manas Tandon	Mr. Karlikeya Dhruv Kaji
Designation	Independent Director and Chairperson	Managing Director and CEO	Independent Director	Independent Director	Non-Executive Nominee Director	Non-Executive Nominee Director	Non-Executive Promoter Nominee Director	Non-Executive Promoter Nominee Director	Non-Executive Promoter Nominee Director
Gender (Male/Female)	Male	Male	Female	Female	Male	Male	Male	Male	Male
Age (in years)	54	50	57	53	67	60	44	46	40
Nationality (Resident/Non Resident)	Resident	Resident	Resident	Resident	Resident	Resident	Resident	Resident	Resident
<b>1 Technical Skills</b>									
Accounting and Finance	-	✓	✓	✓	✓	✓	✓	✓	✓
ALM and Risk Management	-	✓	✓	✓	✓	✓	✓	✓	✓
Legal and Compliance	-	✓	✓	✓	✓	-	-	-	✓
Information Technology and Digital	✓	✓	-	-	✓	✓	✓	✓	✓
Product and Sales Management	✓	✓	✓	-	-	✓	-	-	-
Strategic Development and Execution	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>2 Industry Experience</b>									
Financial Services sector in India and potentially also Overseas	-	✓	✓	✓	✓	✓	✓	✓	✓
Housing Finance sector in India	-	✓	-	-	✓	✓	✓	✓	✓
Governance: Board Role/CEO/Senior Management	✓	✓	✓	✓	✓	✓	✓	✓	✓
Government relations (Policies and Processes)	-	✓	-	-	✓	✓	-	-	-
<b>3 Personal Attributes</b>									
Active Contributor to the Board/Committees	✓	✓	✓	✓	✓	✓	✓	✓	✓
Innovative thinker/Visionary	✓	✓	✓	✓	✓	✓	✓	✓	✓
Philanthropic	-	✓	✓	✓	-	✓	✓	-	-
Mentor	✓	✓	-	-	✓	✓	✓	✓	-

\*appointed as CEO w.e.f February 02, 2023 and Managing Director w.e.f. May 03, 2023 (MD and CEO).

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, relevant experience, expertise, diversity and independence.

**Directorship of Directors in other Listed entities as on March 31, 2023 are as follows:**

Name of Director	DIN	Name of the Listed entity	Category (Executive or Non-Executive)
Mr. Sandeep Tandon	00054553	Syrma SGS Technology Limited	Executive Director
Mr. Sushil Kumar Agarwal*	03154532	-	-
Mrs. Kalpana Iyer	01874130	-	-
Mrs. Soumya Rajan	03579199	-	-
Mr. Ramachandra Kasargod Kamath	01715073	Spandana Sphoorty Financial Limited	Non- Executive (Nominee Director)
		Centrum Capital Limited	Non- Executive Director
Mr. Vivek Vig	01117418	-	-
Mr. Nishant Sharma	03117012	-	-
Mr. Manas Tandon	05254602	-	-
Mr. Kartikeya Dhruv Kaji	07641723	Spandana Sphoorty Financial Limited	Non- Executive (Nominee Director)

\* Mr. Sushil Kumar Agarwal resigned w.e.f. May 03, 2023. Mr. Sachinderpalsingh Jitendrasingh Bhinder was appointed as CEO w.e.f February 02, 2023 and Managing Director w.e.f. May 03, 2023 (MD and CEO).

None of Directors hold directorship in more than 10 public companies and do not serve as a Director in more than 7 listed companies, across all their directorships held, including that in the Company. Further, none of the Directors of the Company is a Member of more than 10 Committees or Chairperson of more than 5 Committees across all the public companies in which he/ she is a Director. None of the Directors are inter-se related to each other.

There are no material significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons and their relatives which may have a potential conflict with the interest of the Company at large.

**Board Meetings**

The Meetings of the Board of Directors and Committees of the Board are pre-scheduled in consultation with the Board members and a tentative annual calendar of the Board and Committee Meetings is circulated to all the Directors well in advance, to enable them to plan their schedule and to facilitate active participation in the Meetings. In the event of any special and urgent business need, the Board's approval is taken by passing resolutions by circulation, in accordance with all the applicable laws, which are noted and confirmed in the succeeding Board Meeting. Committees of the Board usually meet the day before the Board meeting, or whenever the need arises for transacting business.

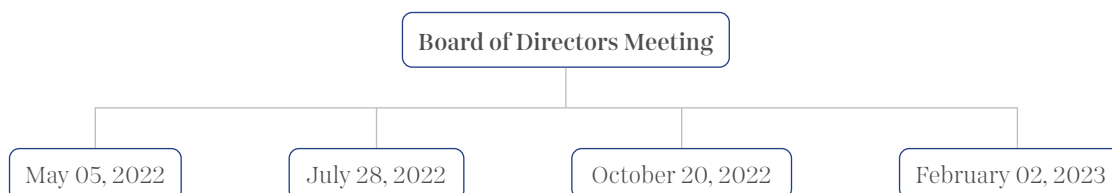
The Notice and Agenda of the Board and Committee Meetings are circulated well in advance and in accordance with the applicable laws to enable the Board to discharge its responsibilities effectively and take informed decisions. With the unanimous consent of the Board, all information which is in the nature of Unpublished Price Sensitive Information (UPSI), is circulated to the Board and its Committees at a shorter notice before the commencement of the respective Meetings. All statutory and other significant matters, including the minimum information as required to be placed before Board in terms of Schedule II- Part A of SEBI LODR Regulations and Secretarial Standards under the Act were placed before the Board.

The participation in the Board and Committee Meetings is also facilitated through video conferencing, to encourage effective and active involvement in the Board deliberations by Directors located in other locations.

The Board meets at least once in a quarter to inter-alia review the Company's quarterly performance and Financial Results, assess business strategies and their implementation and also discuss policy, compliances and other matters. The Meetings are conducted in compliance with the regulatory requirements including those prescribed under the Act. Additional meetings are held when necessary.



The Board met 4 (four) times during the Financial Year 2022-23.



All the Meetings were held in a manner that not more than 120 days elapsed between two consecutive Meetings. The required quorum was present at all the above Meetings. The details of the Directors along with their attendance at Board Meetings (during the Financial Year 2022-23) and Annual General Meeting (“AGM”) held on Thursday, July 21, 2022 are as given below:

Name of Director	Designation & Category	No. of Meetings entitled to attend	No. of Meetings Present				% of attendance	Attendance at the last AGM held on July 21, 2022
			May 05, 2022	July 28, 2022	October 20, 2022	February 02, 2023		
Mr. Sandeep Tandon	Chairperson Independent Director Non-Executive	4	✓	✓	✓	✓	100%	Yes
Mr. Sushil Kumar Agarwal*	Managing Director- Executive	4	✓	✓	✓	✓	100%	Yes
Mrs. Kalpana Iyer	Independent Director Non-Executive	4	✓	✓	✓	✓	100%	Yes
Mrs. Soumya Rajan	Independent Director Non- Executive	4	✓	✓	✓	✓	100%	Yes
Mr. Ramachandra Kasargod Kamath	Nominee Director Non- Executive	4	✓	✓	✓	✓	100%	Yes
Mr. Vivek Vig	Nominee Director Non- Executive	4	✓	✓	✓	✓	100%	Yes
Mr. Nishant Sharma	Promoter Nominee Director Non- Executive	4	✓	✓	✓	✓	100%	Yes
Mr. Manas Tandon	Promoter Nominee Director Non- Executive	4	✓	✓	✓	✕**	75%	No
Mr. Kartikeya Dhruv Kaji	Promoter Nominee Director Non- Executive	4	✓	✓	✓	✓	100%	Yes

\* Resigned w.e.f. May 03, 2023

\*\*Mr. Manas Tandon was granted leave of absence from Meeting dated February 02, 2023.

## Independent Directors

Independent Directors act as a guide, coach, and mentor to the Company. Their wide knowledge of both, their field of expertise and Board Room practices help foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

All the Committees which require Independent Directors in the composition have Independent Directors as specified in terms of the SEBI LODR Regulations, the Act and the RBI Master Directions. These Committees function within the defined terms of reference in accordance with the Act, the SEBI LODR Regulations, RBI Master Directions and as approved by the Board, from time to time.

The Independent Directors have confirmed that they satisfy the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) & 25 of the SEBI LODR Regulations and have also submitted the declaration of independence stating that they meet the criteria as provided under Section 149(6) of the Companies Act, 2013 as amended from time to time. All Independent Directors of the Company have been appointed as per the provisions of the Act and SEBI LODR Regulations. They have also confirmed compliance with the Section 150 of the Companies Act, 2013 and Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 relating to the inclusion of their name in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs (IICA).

The terms and conditions of appointment of Independent Directors are available on the Company's website at <https://www.aavas.in/img/pdf/Terms-and-Conditions-of-appointment-of-Independent-Directors.pdf>. In the opinion of the Board, the Independent Directors fulfill the conditions as specified in Schedule V of the SEBI LODR Regulations and are independent of the management. None of the Independent Directors has resigned before the expiry of their respective tenures during the Financial Year 2022-23.

### **Fit & Proper Criteria**

The Company has formulated and adopted a Policy on Fit & Proper Criteria for the Directors as per the provisions of the RBI Master Directions. All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time for their appointment/re-appointment and on a continuing basis as prescribed under the RBI Master Directions.

### **Familiarization Programmes for the Independent Directors**

The Familiarization Programme aims to provide Independent Directors with the Housing industry scenario, the Socio-economic environment in which the Company operates, the business model, the operational and financial performance of the Company, to update the Independent Directors on a continuous basis on significant developments in the Industry or regulatory changes affecting the Company, so as to enable them to take well informed decisions in a timely manner.

The familiarization programme also seeks to update the Independent directors on the roles, responsibilities rights

and duties under the Companies Act 2013 and other relevant legislations.

The Familiarization Programme for the new and continuing Independent Directors of the Company ensures valuable participation and inputs which help in bringing forth the best practices into the organization and taking informed decision(s) at the Board Level.

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/ her role, function, duties and responsibilities.

During the year under review, the Company had provided suitable training to Independent Directors, familiarizing them with their roles, rights, duties and responsibilities, nature of Industry in which the company operates and business model of the Company. Pursuant to Regulation 46 of the SEBI LODR Regulations, details of such programmes imparted to Independent Directors are available on the Company's website and can be accessed through the Web-link: <https://www.aavas.in/img/pdf/details-of-familiarization-programme-imparted-to-independent-directors.pdf>.

### **Selection and Appointment of Directors**

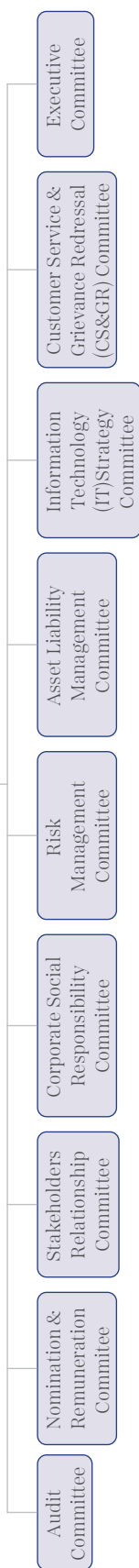
The selection and appointment of Directors of the Company is carried out in accordance with provisions of the Act and relevant rules made thereunder, Directions and Guidelines issued by RBI and NHB, SEBI LODR Regulations and as per the Nomination and Remuneration Policy of the Company.

### **COMMITTEES OF THE BOARD**

The Board has constituted sub-committees comprising of Directors and Senior Management Personnel (wherever required) as its Members to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees were placed before the Board for information or approval.

All decisions and recommendations of the various Committees were accepted by the Board during the Financial Year 2022-23. The composition and functioning of these Board Committees is in compliance with the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations and the Master Directions issued by RBI.

## Committees of Board of Directors



Details of the Committees of the Board, as on March 31, 2023, and other related information are as follows:

Name of Director/ Member	Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee	Asset Liability Management Committee	Information Technology Strategy Committee	Customer Service & Grievance Redressal Committee	Executive Committee
Mr. Sandeep Tandon	M	M	C	-	-	-	C	-	-
Mr. Sushil Kumar Agarwal#	-	-	M	M	-	C	M	C	M
Mrs. Kalpana Iyer	C	-	-	M	-	-	-	-	-
Mrs. Soumya Rajan	M	C	-	-	M	-	-	-	-
Mr. Ramachandra Kasargod Kamath	M	-	-	-	M	-	-	-	-
Mr. Vivek Vig	-	-	M	M	-	M	-	-	-
Mr. Nishant Sharma	-	M	-	-	-	M	-	-	C*
Mr. Manas Tandon	-	-	-	-	C	-	-	-	M
Mr. Kartikeya Dhruv Kaji	-	-	M	C	-	-	-	-	-
Mr. Ghanshyam Rawat	-	-	-	-	-	M	-	M	M
Mr. Ashutosh Atre	-	-	-	-	-	M	-	-	M**
Mrs. Jijy Oommen	-	-	-	-	-	-	M	-	-
Mr. Rajeev Sinha	-	-	-	-	-	-	-	M	-
Mr. Surendra Kumar Silhag	-	-	-	-	-	-	-	M	-
Mr. Sachinderpalsingh Jitendrasingh Bhinder	-	-	-	-	-	C***	-	-	M***
Mr. Ripudaman Bandalal	-	-	-	-	-	M****	-	-	-
<b>Total</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>6</b>

C: Chairperson M: Member

**Note-**

#Ceased to be a Member and Chairperson w.e.f. May 03, 2023

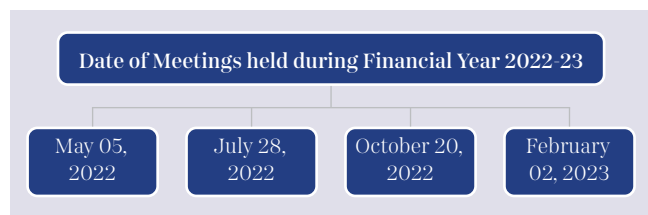
\* Became Chairperson w.e.f. February 02, 2023

\*\*Became Member w.e.f. February 02, 2023

\*\*\* Became Chairperson w.e.f. May 03, 2023 & Member w.e.f. February 02, 2023

\*\*\*\*Became Member w.e.f. February 02, 2023

## AUDIT COMMITTEE



The Board has constituted the Audit Committee in terms of provisions of Section 177 of the Act, Regulation 18 read with Part C of Schedule II of SEBI LODR Regulations, RBI Master Directions and is chaired by an Independent Director.

At present, the Audit Committee comprises of 4 Directors as its Members, out of them 2/3rd are Independent Directors and all of them being Non-Executive Directors. All the Members of the Committee are financially literate and majority of the Members including the Chairperson possess accounting financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee.

The Board have accepted and implemented the recommendations of the Audit Committee, whenever provided by it.

The composition of the Audit Committee and the details of attendance of the Members at the Meetings held during the Financial Year under review are as under:

Name of the Members	Category	Designation	No. of Meetings Attended			
			May 05, 2022	July 28, 2022	October 20, 2022	February 02, 2023
Mrs. Kalpana Iyer	Independent Director	Member & Chairperson	✓	✓	✓	✓
Mr. Sandeep Tandon	Independent Director	Member	✓	✓	✕*	✓
Mrs. Soumya Rajan	Independent Director	Member	✓	✓	✓	✓
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	Member	✓	✓	✓	✓

\*Mr. Sandeep Tandon was granted leave of absence from Meeting dated October 20, 2022.

### The functions of the Audit Committee:

The Board has formed and approved a charter for the Audit Committee setting out the roles, responsibilities and functioning of the Committee. In adherence to the provisions of the Act, SEBI LODR Regulations and all other applicable regulatory requirements, the terms of reference of the Audit Committee are covered by its charter. Its functioning inter-alia broadly includes the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any Employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### The terms of reference of the Audit Committee inter-alia includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

4. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
- b. Changes, if any, in accounting policies and practices and reasons for the same;
- c. Major accounting entries involving estimates based on the exercise of judgment by management;
- d. Significant adjustments made in the Financial Statements arising out of audit findings;
- e. Compliance with listing and other legal requirements relating to Financial Statements;
- f. Disclosure of any related party transactions; and
- g. Modified opinion(s) in the draft Audit Report.

5. Reviewing with the management, the Quarterly Financial Statements before submission to the Board for approval;
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement

- of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the Monitoring Agency monitoring the utilization of proceeds of public issue or rights issue or preferential issue or qualified institution placement, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval of any subsequent modification of transactions of the Company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the Company, wherever it is necessary;
  11. Evaluation of Internal Financial Controls and Risk Management Systems;
  12. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
  13. Reviewing the adequacy of Internal Audit function, if any, including the structure of the Internal Audit Department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audits;
  14. Discussion with Internal Auditors of any significant findings and follow up thereon;
  15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
  16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. Looking into the reasons for substantial defaults in the payment to Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and creditors;
  18. Reviewing the functioning of the Whistle Blower Mechanism;
  19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Overseeing the vigil mechanism established by our Company and the Chairperson of Audit Committee shall directly hear grievances of victimization of Employees and Directors, who use vigil mechanism to report genuine concerns;
  21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board of the Company or specified / provided under the Act or by the SEBI LODR Regulations or by any other regulatory authority;
  22. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
  23. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders.
  24. To review management discussion and analysis of financial condition and results of operations;
  25. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
  26. To review Internal Audit reports relating to internal control weaknesses; and
  27. To review the appointment, removal and terms of remuneration of the Chief Internal Auditor;
  28. Statement of deviations in terms of the SEBI LODR Regulations:
    - (a) Quarterly statement of deviation(s) including report of Monitoring Agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32 (1) of the SEBI LODR Regulations; and
    - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32 (7) of the SEBI LODR Regulations.
  29. Any other power as may be given under SEBI Regulations, the Act, or other applicable regulations.



## NOMINATION AND REMUNERATION COMMITTEE (NRC)



The Board has constituted the Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act, Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations, RBI Master Directions and is chaired by an Independent Director.

At present, the Nomination and Remuneration Committee comprises of 3 Directors as its Members, all of them being Non-Executive Directors and 2/3rd being Independent Directors. The Company Secretary of the Company acts as Secretary to the Committee.

The Board has accepted and implemented the recommendations of the Nomination and Remuneration Committee, whenever provided by it.

The Board has formed and approved a charter for the Nomination and Remuneration Committee setting out the roles, responsibilities and functioning of the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year under review are as under:

Name of the Members	Category	Designation	No. of Meetings Attended		
			May 04, 2022	July 27, 2022	February 01, 2023
Mrs. Soumya Rajan	Independent Director	Member & Chairperson	✓	✓	✓
Mr. Sandeep Tandon	Independent Director	Member	✓	✓	✓
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	Member	✓	✓	✓

### The terms of reference of the Nomination and Remuneration Committee inter-alia includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, KMP and other Employees;
- For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - use the services of an external agencies, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - consider the time commitments of the candidates.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board Of Directors;
- Devising a policy on diversity of Board Of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board for their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- Recommend to the Board, all remuneration, in whatever form, payable to senior management;
- Performing such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - Administering the ESOP plans;
  - Determining the eligibility of Employees to participate under the ESOP plans;
  - Granting options to eligible Employees and determining the date of grant;
  - Determining the number of options to be granted to an Employee;
  - Determining the exercise price under the ESOP plans; and

- (f) Construing and interpreting the ESOP plans and any agreements defining the rights and obligations of the Company and eligible Employees under the ESOP plans, and prescribing, amending and / or rescinding rules and regulations relating to the administration of the ESOP plans.
- 9. Framing suitable policies and systems to ensure that there is no violation by any Employee of any applicable laws in India or overseas, including:
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (SEBI PIT Regulations);
  - (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and
  - (c) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended by the Nomination and Remuneration Committee.

### Performance Evaluation of Directors

Performance Evaluation of the Board as a whole, as well as that of its Committees, Independent Directors and Non-Independent Directors has been carried out in accordance with the relevant provisions of the Act read with relevant rules made thereunder and SEBI LODR Regulations and in compliance of guidance note issued by SEBI under Circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated Jan. 05, 2017.

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration Committee has formulated the methodology and criteria to evaluate the performance of the Board and its Committees and each Director.

The evaluation of the performance of the Board is based on the approved criteria such as the Board composition, strategic planning, role of the Chairperson, independence from the entity, independent views and judgement, knowledge and participation, Non-Executive Directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the Board and adherence to compliance and other regulatory issues.

The manner in which formal annual evaluation of the Board, its Committees and individual Directors are conducted includes:

- The Independent Directors, at their separate Meeting review the performance of Non-Independent Directors, the Board as a whole and Chairperson.
- In light of the criteria prescribed for the evaluation, the Board analyses its own performance, that of its Committees and each Director during the year and suggests changes or improvements, if required.
- The performance evaluation of Independent Directors of the Company is carried out by the Board of the Company excluding the Director being evaluated.

To ease the evaluation process and to make it more efficient and productive, Company use Board Evaluation platform “GOVEVA Board Evaluation”, which is a web based module. The Directors can evaluate related group and provide ranking accordingly at one place in matrix-based form upon which automated report is generated which maintains complete confidentiality and anonymity.

The Board has expressed its satisfaction with the evaluation process.

### Policy on Nomination & Remuneration for Directors, KMP and Senior Management

The Company has duly formulated Policy on Nominations & Remuneration for Directors, KMP and Senior Management (“Remuneration Policy”) as per the provisions of the Act read with applicable Rules and Regulations under the Act and SEBI LODR Regulations as amended from time to time, which, inter-alia, lays down the approach to diversity of the Board, the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, KMP and the process of their evaluation.

The Remuneration Policy is placed on the website of the Company. The remuneration paid to the Directors is in line with the Remuneration Policy of the Company. The Remuneration Policy can be accessed at the website of the Company at [https://www.aavas.in/img/pdf/Policy\\_on\\_Nomination\\_and\\_Remuneration.pdf](https://www.aavas.in/img/pdf/Policy_on_Nomination_and_Remuneration.pdf).

### Remuneration to Directors

#### Non-Executive Directors:

Equivalent Consolidated Remuneration is paid to Non-Executive Directors as profit linked commission on quarterly basis for attending the Committee and Board Meetings instead of paying sitting fees and commission separately. None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company apart from receiving consolidated remuneration. The amount payable to the Non-Executive Directors is approved by the Board and is within the overall limits as approved by the shareholders of the Company.

Details of the Remuneration paid to each Non- Executive Director during Financial Year 2022-23 is set out in the below table:

(₹ in lakh)

Name of the Director	Remuneration		
	Salary and other compensation	Sitting Fee	Commission
Mr. Sandeep Tandon	-	-	24.00
Mrs. Kalpana Iyer	-	-	24.00
Mrs. Soumya Rajan	-	-	24.00
Mr. Ramachandra Kasargod Kamath	-	-	24.00
Mr. Vivek Vig	-	-	24.00
Mr. Nishant Sharma*	-	-	-
Mr. Manas Tandon*	-	-	-
Mr. Kartikeya Dhruv Kaji*	-	-	-

\*Mr. Nishant Sharma, Mr. Manas Tandon and Mr. Kartikeya Dhruv Kaji being Promoter Nominee Directors have not received any remuneration from the Company.

Note: The service contracts, notice period and severance fees are not applicable to Non-Executive and/or Independent Director.

### Executive Director:

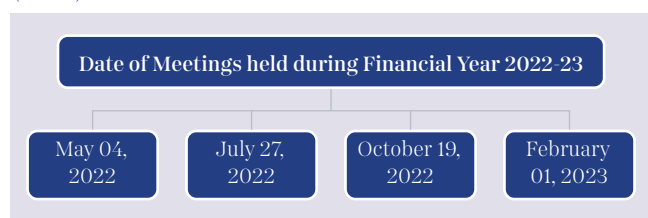
Mr. Sushil Kumar Agarwal\* was the Managing Director of the Company as on March 31, 2023. His remuneration package comprises of salary, perquisites and other benefits as approved by the Shareholders of the Company. The remuneration paid to him is governed by Employment Agreement executed between him and the Company. Details of the remuneration paid to Mr. Sushil Kumar Agarwal for the year ended March 31, 2023 is as below:

(₹ in lakh)

Sr. No.	Particulars of Remuneration	Amount
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	334.79
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Total	334.79

\*resigned w.e.f. May 03, 2023. Mr. Sushil Kumar Agarwal is not eligible for any severance fee.

### STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)



The Board has constituted the Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Act

and Regulation 20 read with Part D of the Schedule II of SEBI LODR Regulations and is chaired by an Independent Director.

At present, the Stakeholders Relationship Committee comprises of 4 Directors as its Members with one of them being an Independent Director. The Company Secretary of the Company acts as Secretary to the Committee.

The Stakeholders Relationship Committee specifically look into various aspects of interest of shareholders, debenture holders and other security holders like transfer/transmission of shares, issue of duplicate share certificate(s), non-receipt of dividend, annual report and other related matters.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended			
			May 04, 2022	July 27, 2022	October 19, 2022	February 01, 2023
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	✓	✓	x*	✓
Mr. Sushil Kumar Agarwal#	Managing Director	Member	✓	✓	✓	✓
Mr. Vivek Vig	Non- Executive Nominee Director	Member	✓	x**	✓	✓
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member	✓	✓	✓	✓

\*Mr. Sandeep Tandon was granted leave of absence from Meeting dated October 19, 2022.

\*\*Mr. Vivek Vig was granted leave of absence from Meeting dated July 27, 2022.

# ceased to be member w.e.f. May 03, 2023.

#### The terms of reference of the Stakeholders Relationship Committee inter-alia includes the following-

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed

dividends and ensuring timely receipt of dividend warrants/Annual Reports/statutory notices by the shareholders of the Company.

#### Details of Investor Complaints:

All the shares and debentures of the Company are in dematerialized form. Link Intime India Private Limited has been appointed and acting as the Registrar and Share Transfer Agent of the Company for carrying out shares and debentures transfer and other ancillary work related thereto. Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Company in accordance with the applicable corporate and securities laws and within the adopted service standards.

During the period under review, details of complaints received are given below:-

Sr. No.	Nature of Complaints	Number of Complaints received during the period	Number of Complaints disposed off during the period	Number of Complaints remained unresolved	Number of complaints not solved to the satisfaction of the shareholders
1	Non-Receipt of Dividend/Interest/ Redemption Warrant	-	-	-	-
2	Non-Receipt of Annual Report	1	1	NIL	NIL
3	Non-receipt of Refund/Credit of Shares-IPO	-	-	-	-
4	SEBI-SCORES	-	-	-	-
5	Requirement of statutory documents, records and Statutory Registers	1	1	NIL	NIL
<b>Total</b>		<b>2</b>	<b>2</b>	<b>NIL</b>	<b>NIL</b>

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE



The Board has constituted the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Act and is chaired by a Non-Executive Director.

At present, the Corporate Social Responsibility Committee comprises of 4 Directors as its Members including one of them being Independent Director. The Company Secretary of the Company acts as Secretary to the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

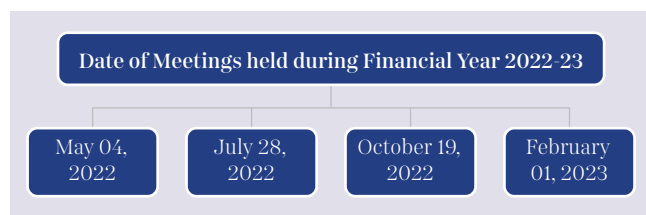
Name of the Members	Category	Designation	No. of Meetings Attended		
			May 04, 2022	October 19, 2022	February 01, 2023
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member & Chairperson	✓	✓	✓
Mrs. Kalpana Iyer	Independent Director	Member	✓	✓	✓
Mr. Sushil Kumar Agarwal#	Managing Director	Member	✓	✓	✓
Mr. Vivek Vig	Non- Executive Nominee Director	Member	✓	✓	✓

# ceased to be member w.e.f. May 03, 2023.

**The terms of reference of the Corporate Social Responsibility Committee inter-alia includes the following:**

1. To formulate and recommend to the Board, CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
2. To recommend the amount of expenditure to be incurred on the CSR activities to be undertaken.
3. To monitor the CSR Policy of the Company from time to time.
4. Formulate and recommend to the Board, annual action plan of CSR Activities of the Company.
5. Approve the projects, recommend the amount to be spent, set project selection guidelines and monitor implementation to ensure that spending is undertaken in accordance with this Policy.

## RISK MANAGEMENT COMMITTEE (RMC)



The Board has constituted the Risk Management Committee in terms of the provisions of Regulation 21 of SEBI LODR Regulations and other applicable guidelines and is chaired by a Non-Executive Director to identify the risks that can create an impact on the Company and to take appropriate measures to mitigate such risks for assisting the Board to establish a risk culture and risk governance framework in the organization.

At present, the Risk Management Committee comprises of 3 Directors as its Members including one Independent Director. The Company Secretary of the Company acts as Secretary to the Committee.



The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended			
			May 04, 2022	July 28, 2022	October 19, 2022	February 01, 2023
Mr. Manas Tandon	Non- Executive Promoter Nominee Director	Member & Chairperson	✓	✓	✓	x*
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	Member	✓	✓	✓	✓
Mrs. Soumya Rajan	Independent Director	Member	✓	✓	✓	✓

\*Mr. Manas Tandon was granted leave of absence from Meeting dated February 01, 2023.

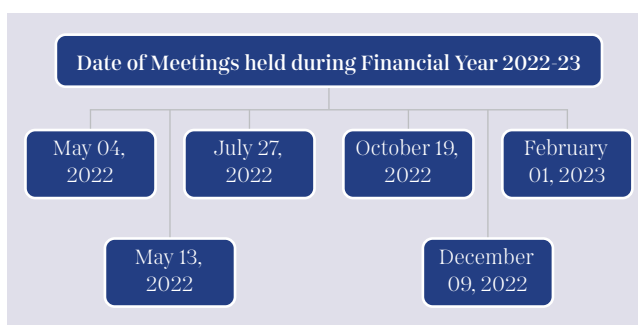
**The terms of reference of the Risk Management Committee inter-alia include the following:**

- To formulate a detailed Risk Management Policy which shall include:
  - Framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board Of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- Reporting results of risk and credit monitoring to the Board;
- Reviewing and approving various credit proposals in terms of credit and risk management policies approved by the Board;

- Establishing policies, practices and other control mechanism to manage risks;
- Reviewing and monitoring the effectiveness and application of credit risk management policies, related standards and procedures and to control the environment with respect to credit decisions.

The Committee coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

**ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**



The Board has constituted the Asset Liability Management Committee as per the guidelines issued by the National Housing Board. At present, the Committee comprises of 6 Members. The Company Secretary of the Company acts as Secretary to the Committee.

The Committee is responsible for keeping a watch on the asset liability gaps, if any. ALCO lays down policies and quantitative limits relating to assets and liabilities, based on an assessment of the various risks involved in managing them.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended					
			May 04, 2022	May 13, 2022	July 27, 2022	October 19, 2022	December 09, 2022	February 01, 2023
Mr. Sushil Kumar Agarwal#	Managing Director	Member & Chairperson	✓	✓	✓	✓	✓	✓
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	Member	✓	✓	✓	✓	x*	✓
Mr. Ghanshyam Rawat	President and Chief Financial Officer	Member	✓	✓	✓	✓	✓	✓
Mr. Vivek Vig	Non- Executive Nominee Director	Member	✓	x**	x**	✓	✓	✓
Mr. Ashutosh Atre	President and Chief Risk Officer	Member	✓	✓	✓	✓	✓	✓
Mr. Ripudaman Bandral ##	Chief Credit Officer	Member	-	-	-	-	-	-

\*Mr. Nishant Sharma was granted leave of absence from Meeting dated December 09, 2022.

\*\*Mr. Vivek Vig was granted leave of absence from Meetings dated May 13, 2022 and July 27, 2022.

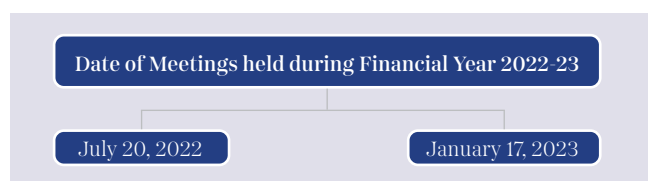
#Mr. Sushil Kumar Agarwal ceased to be chairperson & member w.e.f. May 03, 2023. Mr. Sachinderpalsingh Jitendrasingh Bhinder appointed as chairperson & member w.e.f. May 03, 2023.

##Mr. Ripudaman Bandral inducted as member of the committee w.e.f. February 02, 2023.

#### The scope of the ALCO inter-alia includes the following:

1. Liquidity risk management,
2. Management of market risks and
3. Funding and capital resource planning to review the effectiveness of the Asset Liability Management control.

## INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE



The Board has constituted the Information Technology (IT) Strategy Committee in accordance with the NHB/ND/DRS/Policy Circular No.90/2017-18 dated June 15, 2018. The Committee comprises of 3 Members. The Company Secretary of the Company acts as Secretary to the Committee. The Committee follows the guidelines prescribed in RBI Master Directions.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended	
			July 20, 2022	January 17, 2023
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	✓	✓
Mr. Sushil Kumar Agarwal#	Managing Director	Member	✓	✓
Ms. Jijy Oommen	Chief Technology Officer	Member	✓	✓

# ceased to be member w.e.f. May 03, 2023.

**The terms of reference of the Information Technology Strategy Committee inter-alia include the following:**

1. Providing input to other Board Committees and Senior Management;
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance;
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources and
7. Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

## EXECUTIVE COMMITTEE

The Board has constituted the Executive Committee of Board of Directors. The purpose of the Committee is to advise the Board of Directors in matters related to loan, borrowings, investment and approve the financing options available to Company to meet its fund requirements within the limits specified by the Board of Directors and Shareholders of the Company. Besides this, the Committee also reviews the conduct of business and operations to consider new products and parameters and suggests business reorientation.

The composition of Executive Committee is as follows:

Name of the Members	Category	Designation
Mr. Nishant Sharma	Promoter Nominee Director	Chairperson
Mr. Manas Tandon	Promoter Nominee Director	Member
Mr. Sushil Kumar Agarwal#	Managing Director	Member
Mr. Sachinderpalsingh Jitendrasingh Bhinder*	Managing Director and Chief Executive Officer	Member
Mr. Ghanshyam Rawat	President and Chief Financial Officer	Member
Mr. Ashutosh Atre*	President and Chief Risk Officer	Member

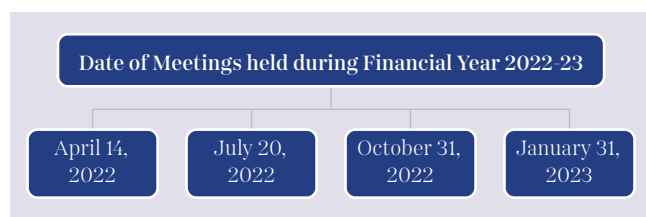
# ceased to be member w.e.f. May 03, 2023

\*appointed as member w.e.f. February 02, 2023

The Company Secretary of the Company acts as Secretary to the Committee.

During the period under review total 44 Executive Committee Meetings were held on dated April 08, 2022, April 20, 2022, May 31, 2022, June 30, 2022, July 24, 2022, July 28, 2022, August 03, 2022, September 03, 2022, September 15, 2022, September 21, 2022, September 22, 2022, October 03, 2022, October 10, 2022, October 12, 2022, October 13, 2022, October 17, 2022, October 20, 2022, October 28, 2022, October 31, 2022, November 08, 2022, November 12, 2022, November 29, 2022, November 30, 2022, December 01, 2022, December 02, 2022, December 13, 2022, December 22, 2022, December 27, 2022, December 30, 2022, December 31, 2022, January 09, 2023, January 31, 2023, February 03, 2023, February 10, 2023, February 15, 2023, February 22, 2023, February 23, 2023, February 24, 2023, February 27, 2023, March 01, 2023, March 08, 2023, March 14, 2023, March 22, 2023 and March 29, 2023.

## CUSTOMER SERVICE & GRIEVANCE REDRESSAL (CS&GR) COMMITTEE



The Board has constituted the CS&GR Committee mainly for protecting the interest of customers of the Company. It ensures constant evaluation of the feedback on quality of Customer Services & Redressal provided to the customers, considering unresolved complaints / grievance referred to it by Functional Heads.

The Committee comprises of 4 Members. The Company Secretary of the Company acts as Secretary to the Committee.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended			
			April 14, 2022	July 20, 2022	October 31, 2022	January 31, 2023
Mr. Sushil Kumar Agarwal#	Managing Director	Member & Chairperson	✓	✓	✓	✓
Mr. Ghanshyam Rawat	President and Chief Financial Officer	Member	✓	✓	✓	✓
Mr. Rajeev Sinha	Executive- VP Operations	Member	✓	✓	✓	✓
Mr. Surendra Kumar Sihag	Chief Collections Officer	Member	✓	✓	✓	✓

# ceased to be member & chairperson w.e.f. May 03, 2023.

### Meeting of Independent Directors

Pursuant to Regulation 25 of SEBI (LODR) Regulations, 2015 the Independent Directors shall hold at least 1 (one) Meeting in a Financial Year without the presence of Non-Independent Directors and members of the management to consider the following:

- Review of performance of Non-Independent Directors.
- Review of performance of Board as a Whole.
- Review of Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non- Executive Directors excluding the chairperson being evaluated.
- Review of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Meeting of the Independent Directors for the financial Year 2022-23 was held on March 29, 2023 and all the Independent Directors were present in the said Meeting.

### Employee Stock Option Scheme

The disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, is mentioned in the Director's Report.

**Loans and advances in the nature of loans to firms/ companies in which Directors are Interested:** Nil

### POLICIES AND CODES

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. A policy is a statement of intent and is implemented as a procedure or protocol. For compliance with the Chapter II (Principles governing disclosures and obligations of listed entity) of SEBI LODR, RBI Master Directions and other applicable guidelines on the company and keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance and also to ensure effective and efficient Internal Controls System, the Company has adopted several codes / policies / guidelines which among others include the following:

#### a. Internal Guidelines on Corporate Governance

Your Company has formulated and adopted Internal Guidelines on Corporate Governance in accordance with the RBI Master Directions, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various Stakeholders and lays down the Corporate Governance guidelines of the Company.

The guidelines have been framed in accordance with the Companies Act, 2013, SEBI LODR, Regulations, RBI Master

Directions and other applicable rules and regulations. The policy is reviewed, as and when necessary, by the Board in the context of changing regulations and emerging best practices with a view to improving the Company's governance standards on an ongoing basis.

The said guidelines are available on the website of the Company at <https://www.aavas.in/img/pdf/internal-guidelines-on-corporate-governance.pdf>.

**b. Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")**

In terms of the circular(s) and direction(s) on KYC norms and AML measures issued by the RBI, the Prevention of Money Laundering Act, 2002 and Rules made thereunder, the Board has adopted 'KYC & AML Policy' which inter-alia incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT") related issues.

The KYC & AML Policy provides a comprehensive and dynamic framework and measures to be taken in regard to KYC, AML and CFT. The primary objective of the Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

**c. Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions**

Pursuant to Regulation 23 of SEBI LODR Regulations, the Company has in place policy on materiality of Related Party Transactions and on dealing with Related Party Transactions.

All transactions entered into with Related Parties during the Financial Year were in the ordinary course of business and on arm's length basis.

There were no materially significant transactions with related parties during the Financial Year which conflicted with the interest of the Company. Suitable disclosures as required by the applicable Accounting Standards have been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. The Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions is available on the website of the Company at <https://www.aavas.in/img/pdf/Policy-on-Materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>.

**d. Code of Conduct for the Board and the Senior Management Personnel**

In terms of the SEBI LODR Regulations and as an initiative towards setting out a good Corporate Governance structure within the organization, the Board adopted a comprehensive 'Code of Conduct for the Board and the Senior Management Personnel' which is applicable to all the Directors, including Non-Executive and Independent Directors and Senior Management Personnel of the Company. The Code intends to provide guidance to the Directors and Senior Management Personnel to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

In accordance with Part D of Schedule V of the SEBI LODR Regulations, declaration from Managing Director and Chief Executive Officer of the Company has been received confirming that all the Directors and the Senior Management Personnel of the Company have complied to the Code of Conduct for the Board and the Senior Management Personnel for the Financial Year ended March 31, 2023 and is attached as "Annexure A" with this Report.

The said code is available on the website of the Company and can be accessed at web link: <https://www.aavas.in/codes-and-policies>.

**e. Policy for Determining Material Subsidiaries**

In terms of the provisions of the SEBI LODR Regulations, the Board has adopted a 'Policy for Determining Material Subsidiaries' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at <https://www.aavas.in/codes-and-policies>.

**Material Subsidiary:**

The Company does not have any Material Subsidiary as on March 31, 2023 in terms of SEBI (LODR) Regulations, 2015.

Further, during the period under review there were no significant transactions and arrangements entered into by the subsidiary.

**f. Information Technology related Policies**

RBI Master Directions have prescribed Information Technology Framework applicable on your Company with a view to enhance the safety, security, efficiency in processes relating to use of Information Technology



framework within the Company. The Board in compliance with the same, adopted various policies pertaining to Information Technology (IT) risk management, resource management and performance management.

**g. Policy on “Valuation of Properties and Empanelment of Valuers”**

In terms of the RBI Master Directions, your Company is required to frame a system /procedure/policy on valuation of properties and appointment of valuers.

In reference to the above, the Board adopted the Policy on Valuation of Properties and Empanelment of Valuers.

**h. Whistle Blower Policy / Vigil Mechanism**

Your Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all the Directors and Employees to raise concerns about any wrongful conduct. The Board has, in compliance with the provisions of the Act and SEBI LODR Regulations, approved the Vigil Mechanism/ Whistle Blower Policy of the Company which provides a framework to promote responsible and secure whistle blowing. It protects the Directors/Employees wishing to raise a concern about serious irregularities within the Company. It provides for a Vigil Mechanism to channelize reporting of such instances/ complaints/ grievances to ensure proper governance. The Audit Committee oversees the Vigil Mechanism. No personnel have been denied access to the Chairperson of the Audit Committee. The Policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/Whistle-Blower-Policy.pdf>.

**i. Policy for Determination of Materiality of Events and Information**

In terms of the provisions of the SEBI LODR Regulations, the Board adopted a ‘Policy for Determination of Materiality of Events and Information’, which inter-alia sets out guidelines for determining materiality of events / information for the purpose of disclosure to the Stock Exchanges and identifies specific officers of the Company who shall be authorized to determine materiality of an event / information and for making disclosures to the Stock Exchanges. The Policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/policy-for-determination-of-materiality-of-events-and-information-for-disclosure-to-the-stock-exchange.pdf>

**j. CSR Policy**

In terms of the provision of Section 135 of the Act, the Board adopted a ‘CSR Policy’ which helps in furtherance of your Company’s objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate citizen.

The CSR Policy encompasses the philosophy of Company for delineating its responsibility as a corporate citizen and as a part of its initiatives the Company has undertaken various projects in the area of skill / rural area development, women empowerment, environment protection and healthcare/medical facility etc. inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The CSR Policy is available on the website of the Company at <https://www.aavas.in/img/pdf/corporate-social-responsibility-policy.pdf>.

**k. Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

In compliance of the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Code of Conduct- Prevention of Insider Trading in the shares of the Company, which inter- alia, prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and in order to ensure uniform dissemination of unpublished price sensitive information. The Board adopted a ‘Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information’ which is available on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/code-for-fair-disclosure-of-upsi.pdf>.

**l. Code for Independent Directors**

In terms of Section 149 and Schedule IV of the Companies Act, 2013 the Company has adopted a code for Independent Directors in order to ensure fulfilment of responsibilities of Independent Directors of the Company in a professional manner.

The Code for Independent Directors aims to promote confidence of the Investment Community, particularly minority Shareholders, Regulators and other Stakeholders in the institution of Independent Directors and sets out

the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc.

**m. Prevention of Sexual Harassment Policy, and information required to be disclosed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a work environment that ensures that every Employee is treated with equal dignity and respect. The Company has implemented a robust framework on prevention of sexual harassment, which is in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company educates Employees regarding Sexual Harassment Policy through posters and regular mailers

and also conducts online trainings which form a part of the induction process.

Pursuant to the said Act, the details of the total reported and closed cases pertaining to incidents under the above framework/ law are as follows:-

Number of complaints filed during the Financial year	3
Number of complaints disposed of during the Financial Year	2
Number of complaints pending as on end of the Financial Year.	1

**n. Dividend Distribution Policy**

The Company has in place Dividend Distribution Policy, duly approved by the Board of Directors. The same is available on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/dividend-distribution-policy.pdf>.

## GENERAL SHAREHOLDERS INFORMATION

This section inter-alia provides information pertaining to the Company, its Shareholding Pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point no. C (9) of Schedule V to the SEBI LODR Regulations relating to Corporate Governance.

### I. Corporate Information:-

1.	Incorporation Date	February 23, 2011
2.	Registered Office Address	201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Rajasthan)
3.	Corporate Identification Number (CIN)	L65922RJ2011PLC034297
4.	Date, time and venue of the Annual General Meeting (AGM)	Wednesday, July 19, 2023 at 03:30 P.M., Indian Standard Time (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility.
5.	Financial Year	April 01, 2022 to March 31, 2023
6.	Record Date	NA
7.	Date of Book closure	No Book Closure has been recommended by Board
8.	Dividend Payment date	No Dividend has been proposed for the period under review
9.	Listing on Stock Exchanges	The equity shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE) on October 08, 2018. Non-Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the BSE. Masala Bonds issued by the Company is listed on NSE IFSC Limited. The addresses of NSE, BSE and NSE IFSC Limited are given below: <b>NSE:</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. <b>BSE:</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 <b>NSE IFSC Limited:</b> Unit No. 1201, Brigade International Financial Centre, 12th Floor Building No. 14-A Block No. 14, Road-1C Zone 1, GIFT SEZ, Gandhinagar – 382355

10.	Payment of listing fees	The Company has paid the annual listing fees for the relevant periods to NSE and BSE
11.	Stock Code	BSE: Scrip Code – 541988 NSE: Scrip Symbol – AAVAS
12.	ISIN of Equity Shares	INE216P01012
13.	Suspension of Company's Securities	Company's securities are never suspended from trading since its listing.
14.	Registrar & Share Transfer Agents	<b>Link Intime India Private Limited</b> C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: rnt.helpdesk@linkintime.co.in
15.	Plant Location	Since the Company is in the business of housing finance, the disclosure with regard to plant location is not applicable.
16.	<b>Address for Correspondence</b> Correspondence relating to grievances in relation to non-receipt of Annual Report, dividend and share certificates sent for transfer etc. including any requests/ intimation for change in address, issue of duplicate share certificates, change in nomination shall be sent to :	<b>Link Intime India Private Limited</b> C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: rnt.helpdesk@linkintime.co.in <b>Company Secretary &amp; Compliance Officer</b> Aavas Financiers Limited Registered Office: 201-202, 2nd Floor, southend Square, Mansarovar Industrial Area, Jaipur-302020 (Rajasthan) Tel: +91 14 1661 8800 Email: investorrelations@aavas.in
17.	Outstanding Global Depository Receipts/ American Depository Receipts/ Warrants and Convertible Bonds, conversion date and likely impact on equity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
18.	Commodity Price Risks/ Foreign Exchange Risk and Hedging Activities	This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.
19.	Dematerialization of Shares and Liquidity	All shares of the Company are held in Dematerialized form. The entire Promoter's holdings are in demat form and the same is in line with the directions issued by SEBI.
20.	Share Transfer System	The Company's shares are traded under compulsory dematerialized mode and freely tradable. The Board has delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. An update on the same is placed before the Stakeholders' Relationship Committee on quarterly basis. Yearly certificate of compliance with the share/debt transfer formalities as required under Regulation 40(9) and 61(4) of the SEBI LODR Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.

## II. Stock Market Price Data :-

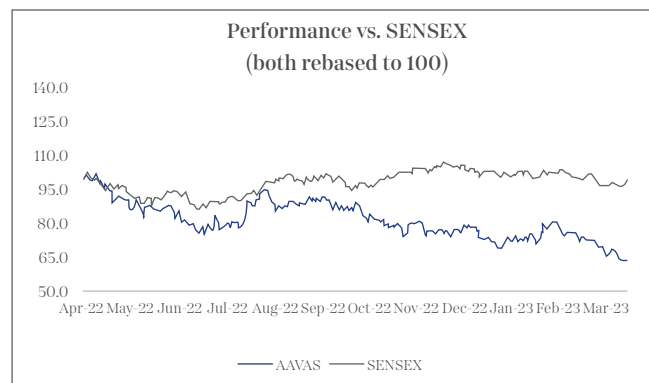
The reported high and low closing prices and volume of equity shares of the Company traded on NSE and BSE during the period under review (i.e. from April 01, 2022 to March 31, 2023) are set out in the following table:

Month	NSE			BSE		
	High Price (₹)	Low Price (₹)	Volume (No.)	High Price (₹)	Low Price (₹)	Volume (No.)
April 2022	2,634.95	2,225.00	14,88,950	2,632.95	2,232.05	88,908
May 2022	2,380.00	2,026.60	16,65,472	2,380.00	2,025.00	1,56,609
June 2022	2,273.55	1,815.00	17,48,277	2,253.05	1,838.70	1,23,116
July 2022	2,404.00	1,894.50	23,37,655	2,402.65	1,893.95	1,53,408
August 2022	2,411.40	2,102.00	16,16,995	2,410.00	2,102.60	91,545
September 2022	2,339.35	2,100.10	14,45,076	2,339.90	2,058.00	1,86,559
October 2022	2,262.95	1,941.00	18,24,771	2,260.00	1,941.35	4,20,231
November 2022	2,078.35	1,850.00	26,93,329	2,077.30	1,850.00	1,11,116
December 2022	2,029.90	1,825.55	23,29,563	2,028.00	1,827.05	5,01,234
January 2023	1,925.00	1,698.50	32,85,493	1,915.00	1,697.65	1,07,999
February 2023	2,045.95	1,815.00	33,58,264	2,045.00	1,816.20	4,51,333
March 2023	1,908.50	1,589.70	23,28,073	1,908.20	1,590.00	79,773

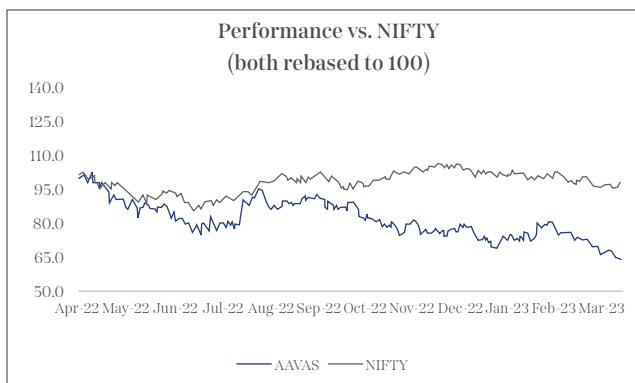
[Source: This information is compiled from the data available on the websites of NSE and BSE]

## III. Share Price performance in comparison to broad based indices - BSE Sensex and NSE Nifty Share Price Movement (BSE and NSE):

### BSE Sensex Share Price Movement



### NSE Nifty Share Price Movement



## IV. Credit Rating of the Company

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. India's renowned Credit Rating Agencies have assigned ratings to the Company, the details of the same are mentioned below:-

Nature of Instrument	Rating Agency	Term	Credit Ratings
Non-Convertible Debentures	CARE	Long Term	AA; Stable [Double A; Outlook: Stable]
	ICRA	Long Term	AA; Stable [Double A; Outlook: Stable]
Bank Loans	CARE	Long Term	AA; Stable [Double A; Outlook: Stable]
	ICRA	Long Term	AA; Stable [Double A; Outlook: Stable]
Subordinated Debt	CARE	Long Term	AA; Stable [Double A; Outlook: Stable]

Nature of Instrument	Rating Agency	Term	Credit Ratings
Commercial Paper	CARE	Short Term	A1+ [A One Plus]
	ICRA	Short Term	A1+ [A One Plus]
	India Ratings	Short Term	A1+ [A One Plus]

During the Financial Year under review, the long-term credit rating of the Company has been upgraded from AA-/Positive to AA/Stable by both CARE Ratings and ICRA Limited. The Short term credit rating is reaffirmed to A1+ by ICRA, CARE and India Ratings.

## V. General Meetings/Postal Ballot:-

### a. Details of past three Annual General Meetings held by the Company:

Meeting	Day/Date/Time	Location	Details of Special Resolution passed
12 <sup>th</sup> AGM, 2021-2022	Thursday, July 21, 2022 3:30 P.M(IST)	201-202, 2 <sup>nd</sup> Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To reappoint Mr. Sandeep Tandon (DIN: 00054553) as an Independent Director of the Company.</li> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charges on assets of the Company under Section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches/issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan For Employees 2022" ("ESOP-2022") of Aavas Financiers Limited.</li> </ul>
11 <sup>th</sup> AGM, 2020-2021	Tuesday, August 10, 2021 3:30 P.M(IST)	201-202, 2 <sup>nd</sup> Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To reappoint Mrs. Kalpana Iyer (DIN: 01874130) as an Independent Director of the Company.</li> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charges on assets of the Company under Section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches/issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan For Employees 2021" ("ESOP-2021") of Aavas Financiers Limited.</li> </ul>



Meeting	Day/Date/Time	Location	Details of Special Resolution passed
10th AGM, 2019-2020	Wednesday, July 22, 2020, 3:30 P.M.(IST)	201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charge on assets of the company under section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches/issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan for Employees 2020" ("ESOP-2020") of Aavas Financiers Limited.</li> </ul>

**b. No Extra Ordinary General Meeting was held by the Company during the Financial Year 2022-23.**

**c. Details of Business transacted through Postal Ballot during the Financial Year 2022-23.**

No Special Resolution was passed through postal ballot under the provisions of the act during the Financial Year 2022-23.

**Procedure for Postal Ballot**

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with rules issued thereunder, MCA general Circulars and Regulation 44 of the SEBI LODR Regulations, the Company provides the facility to the Members to exercise their votes electronically and vote on the resolutions through the e-voting service facility arranged by NSDL as per the instructions provided in the Postal Ballot notice.

The notices containing the proposed resolution and explanatory statement are sent to all those Members whose e-mail addresses are registered with the Company/depositories as on Cut-off date. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the act and rules framed thereunder.

- The Scrutinizer submits his report to the Chairperson/authorized person of the Company after the completion of scrutiny and the consolidated results of the voting are then announced by the Chairperson or any other person of the Company authorized by chairperson of the Company. The results are displayed on the website of the company ([www.aavas.in](http://www.aavas.in)), besides being communicated to the Stock exchanges.

- Under the e-voting facility, the members are provided an electronic platform to participate and vote on the resolutions.

**d. Details of special resolution proposed to be conducted through postal ballot**

Pursuant to Section 108 and Section 110 and other applicable provisions of the Act, as amended read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (the "Rules"), Regulation 44 of the SEBI LODR Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Secretarial Standards issued by the Institute of Company Secretaries of India on General Meeting ("SS-2") and the MCA Circulars the Company proposed before the shareholders resolution through postal ballot after the closure of financial year 2022-23. The e-voting facility for the same commenced from Sunday, April 09, 2023 at 09:00 A.M. and will close on Monday, May 08, 2023 at 05:00 P.M. The results of the postal ballot will be disclosed on the Stock Exchange in accordance with the applicable rules and regulations.

**VI. Due Dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)**

In terms of Section 125 of the Act, dividend lying unclaimed and unpaid for a period of seven years from the date of transfer to unpaid and unclaimed account is required to be transferred to the IEPF. Since the Company has not declared any dividend since inception, there is no dividend which is unclaimed pertaining to previous years and Financial Year under review and hence, there is no requirement of transferring the same to the IEPF for the year under the review.

## VII. Distribution of Shareholding as at March 31, 2023

Distribution of Shareholding based on Nominal Value (₹) as on March 31, 2023.

Sr. No.	Category (Nominal Value of Shares)	No. of Holders	No. of Shares	% of Holders
1	1 to 5000	60,782	21,56,814	97.89
2	5001 to 10000	577	4,08,061	0.93
3	10001 to 20000	259	3,61,700	0.42
4	20001 to 30000	84	2,07,558	0.14
5	30001 to 40000	63	2,19,945	0.10
6	40001 to 50000	35	1,56,980	0.06
7	50001 to 100000	66	4,59,058	0.10
8	100001 to above	227	7,50,86,758	0.36
	<b>Total</b>	<b>62,093</b>	<b>7,90,56,874</b>	<b>100</b>

## VIII. Shareholding details as on March 31, 2023

The Shareholding Pattern of the Company, as on March 31, 2023 is as follows:-

Sr. No.	Category	No. of Holders	No. of Shares	% of Holding
1	Foreign Promoter Company	3	3,09,46,062	39.14
2	Foreign Portfolio Investors (Corporate) and FII	197	3,06,95,363	38.82
3	Public	58,415	65,02,384	8.22
4	Non Nationalized Banks	1	3,383	0.004
5	Mutual Funds	48	56,70,628	7.17
6	Alternate Investment Funds	14	12,28,386	1.55
7	Insurance Companies	9	29,80,029	3.77
8	Other Bodies Corporate	627	5,90,777	0.75
9	Clearing Members	37	1,00,187	0.12
10	Non Resident Indians	1,182	1,63,933	0.21
11	Non Resident (Non Repatriable)	719	1,08,673	0.14
12	Hindu Undivided Family	833	66,568	0.10
13	Trusts	8	501	0.006
	<b>Total</b>	<b>62,093</b>	<b>7,90,56,874</b>	<b>100</b>

## IX. Means of Communication

Your Company focuses on prompt, continuous and efficient communication to all its stakeholders. The Company has provided adequate and timely information to its member's inter-alia through the following means:

- i. **Financial Results:** The quarterly, half yearly and Annual Financial Results of the Company are published in the leading newspapers viz Business Standard, Financial Express (English) and Business Remedies (Hindi) and are also posted on the Company's Website ([www.aavas.in](http://www.aavas.in)).
- ii. **Website:** In compliance with Regulation 46 and 62 of the SEBI LODR Regulations, the Company has maintained a separate section i.e. 'Investor Relations' on the Company's website providing all the announcements made by the Company, annual reports, results and policies of the Company.
- iii. **Investors/Analyst Meets:** The Company conducts calls/meetings with investors immediately after declaration of Financial Results to brief them on the performance of the Company. The Company also conducts one on one call and meeting with investors.
- iv. **Presentations to institutional investors/analysts:** Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half-yearly as well as Annual Financial Results and sent to the Stock Exchanges. These presentations, video recordings and transcript of meetings are also made available on the website of the Company.
- v. **Annual Report:** The Annual Report containing, inter alia, Audited Standalone and Consolidated Financial Statement, Board's Report, Auditors' Report and other important information is circulated to the members and others entitled thereto through applicable modes. The Management Discussion and Analysis Report

forms part of the Annual Report. The Annual Report is also available on the website of the Company.

- vi. **NEAPS:** NEAPS is web based applications designed by NSE for corporates. All periodical and other compliance filings are filed electronically on these portals.
- vii. **BSE Listing Centre (Listing Centre):** Listing Centre is a web-based application designed by BSE for corporates. All periodical and other compliance filings are filed electronically on the Listing Centre.
- viii. **SEBI Complaints Redressal System (SCORES):** A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports by the Company and online viewing by the investors of actions taken on the complaint and its current status.

## X. OTHER DISCLOSURES

### i. Secretarial Audit for Financial Year 2022-23

M/s. Chandrasekaran Associates, Practicing Company Secretaries (Firm Registration No: P1988DE002500) were appointed as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2023, who have carried out an independent assessment of the compliance of Companies Act, 2013, SEBI LODR Regulations and all other applicable rules and regulations as a part of Secretarial Audit. The Secretarial Audit Report forms part of the Annual Report as “Annexure- 3” to the Directors’ Report.

### ii. Consolidated (Holding and its Subsidiary) total fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Total fees of ₹92.52 lakh for Financial Year 2022-23 for all services was paid by the Company and its subsidiary, on a consolidated basis, to the Statutory Auditors of the Company and other firms in the network entity of which the Statutory Auditors are a part.

### iii. Certification from Practicing Company Secretary

A Certificate from a Company Secretary in practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/MCA or any such

statutory authority. The same forms part of the Annual Report as “Annexure-1” to the Directors’ Report.

### iv. Accounting Standards

The Company has followed Indian Accounting Standards (Ind AS) issued by the MCA in preparation of its Financial Statements.

### v. Certificate from Practicing Company Secretary on Corporate Governance

As required under the SEBI LODR Regulations, certificate issued by M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that the Company has complied with the conditions of Corporate Governance as stipulated by SEBI LODR Regulations is attached to the Corporate Governance Report as “Annexure B”.

### vi. Details of Non-Compliance by the Company, penalties, and restrictions imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three Financial Years

There are no non-compliances or penalties, strictures imposed on the Company by the Stock Exchanges where securities of the Company are listed or SEBI or any statutory authority, on any matter related to capital markets, during the last three Financial Years.

### vii. Details of Non-Compliance of the Requirements of Corporate Governance

There has been no instance of non-compliance of any requirement of the Corporate Governance.

### viii. Directors and Officers (D&O) Liability Insurance

As per the provisions of the Act and in compliance with Regulation 25(10) of the SEBI LODR Regulations, the Company has taken a D&O Liability Insurance policy on behalf of all Directors including Independent Directors and KMP of the Company for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

### ix. CEO/ CFO Certification

The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI LODR Regulations, copy of which is attached to this Report as “Annexure C”.

**x. Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance**

The Company has complied with all mandatory requirements of Regulation 34 of the SEBI LODR Regulations. The Company has adopted the following discretionary requirements of the Listing Regulations:

- a. Audit Qualification:** There is no Audit qualification on the Company's Financial Statements during the year under review. Further, the Company is in the regime of unmodified opinions on Financial Statements.
- b. Reporting of Internal Auditor:** The Internal Audit function of the Company is not outsourced and the Company has appointed Head of Internal Audit interally, which directly reports to the Audit Committee of the Board.

**xi. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)**

During the period under review, the Company has not raised funds through preferential allotment or qualified institutions placement.

**xii. Compliance with the Mandatory Requirements as Specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI LODR Regulations**

The Board periodically reviews the compliance of all applicable laws. The Company has complied with all mandatory requirements of the Code of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the SEBI LODR Regulations. It has obtained a certificate affirming the compliances from M/s Chandrasekaran Associates, Company Secretaries and the same is attached to the Board's Report.

**xiii. Disclosure with respect to Demat suspense account/unclaimed suspense account**

The Company does not have any of its securities lying in demat/unclaimed suspense account arising out of public/bonus/right issues as at March 31, 2023. Hence, the particulars relating to aggregate number of shareholders and the outstanding securities in suspense account and other related matters does not arise.

For and on behalf of the Board of Directors  
AAVAS FINANCIERS LIMITED

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

Date: May 03, 2023  
Place: Mumbai

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

## Annexure-A

### Declaration on Compliance with the Company's Code of Conduct for Board and Senior Management Personnel

To,  
The Members,  
**Aavas Financiers Limited**  
201-202, 2nd Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur 302020,  
Rajasthan, India

I, hereby declare that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the Financial Year 2022-23.

**For AAVAS FINANCIERS LIMITED**

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

Date: May 03, 2023  
Place: Mumbai



**Annexure-B****CERTIFICATE ON COMPLIANCE WITH  
THE CONDITIONS OF CORPORATE GOVERNANCE UNDER  
SEBI LISTING REGULATIONS, 2015**

To,  
The Members  
**AAVAS FINANCIERS LIMITED**  
201-202, 2nd Floor, Southend Square  
Mansarovar Industrial Area, Jaipur-302020  
Rajasthan, India

We have examined all relevant records of Aavas Financiers Limited ("the Company") for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31 March, 2023. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Chandrasekaran Associates**  
Company Secretaries  
FRN: P1988DE002500  
Peer Review Certificate No:- 1428/2021

**Dr. S. Chandrasekaran**  
Senior Partner  
Membership No.1644  
Certificate of Practice No.715  
UDIN: F001644E000205254

Date: May 03, 2023  
Place: Delhi

**Annexure-C****CEO AND CFO CERTIFICATION**

(Under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Board of Directors  
**Aavas Financiers Limited**

We, Sachinderpalsingh Jitendrasingh Bhinder, Managing Director and Chief Executive Officer and Ghanshyam Rawat, President and Chief Financial Officer of Aavas Financiers Limited ("the Company") certify that:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2023 and that to the best of our knowledge and belief:
  - i) These results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These results together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the Financial Year ended March 31, 2023, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d.
  - (i) there has not been any significant changes in Internal Control over financial reporting during the period under reference;
  - (ii) there has not been any significant changes in accounting policies during the period under reference requiring disclosure in the notes to the Financial Statements; and
  - (iii) we are not aware of any instances of significant fraud with involvement therein of the Management or an Employee having a significant role in the Company's Internal Control System over financial reporting.

**For AAVAS FINANCIERS LIMITED**

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

**Ghanshyam Rawat**  
President and Chief Financial Officer

Date: May 03, 2023

Place: Mumbai

## Annexure-3

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2nd Floor, Southend Square  
Mansarovar Industrial Area  
Jaipur- 302020 (Rajasthan)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Aavas Financiers Limited (hereinafter called “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 (“Period under review”) according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign

Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 prior to its repealment to the extent applicable;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 prior to its repealment to the extent applicable;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit Period) ;
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period) ;

(vi) The following other laws are specifically applicable to the Company for which the Management has confirmed that the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:

- (a) National Housing Bank (NHB) Act, 1987;
- (b) Housing Finance Companies (NHB) Directions, 2010;
- (c) Guidelines on 'Know Your Customer' and Anti-Money Laundering Measures;
- (d) Information Technology Framework for HFCs ("Guidelines");
- (e) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
- (f) Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
- (g) Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016;
- (h) Housing Finance Companies – Approval of Acquisition or transfer of Control (National Housing Bank) Directions, 2016;
- (i) Guidelines on Fair Practices Code for HFCs;
- (j) Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 read with Review of regulatory framework for Housing Finance Companies (HFCs) dated October 22, 2020 issued by Reserve Bank of India; and
- (k) Guidelines and Regulations issued by Insurance Regulatory and Development Authority to the extent applicable ;
- (l) Scale based regulations issued by Reserve bank of India dated October 21, 2021.

We have also examined compliance with the applicable clauses/Regulations of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs;
- ii) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, ("Listing Regulations").

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have happened in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- a. The Nomination and Remuneration Committee of the Company has allotted 1,20,423 (One Lakh Twenty Thousand Four Hundred Twenty Three) equity shares of INR 10/- (Indian Rupees Ten) each pursuant to exercise of equivalent number of Employee Stock Option under following plans:
  - i. Equity Stock Option Plan for Employees 2016: 60,933 equity shares;
  - ii. Equity Stock Option Plan for Directors 2016: 24,943 equity shares ; and
  - iii. Equity Stock Option Plan for Employees 2019 of the Company: 34,547 equity shares.

Considering the above said allotment of Equity shares, issued and paid-up capital of the Company stands increased to 7,90,56,874 Equity Shares of ₹10/- each.

- b. The Company has obtained the approval of shareholders in its Annual General Meeting held on July 21, 2022 for issuance of Non – Convertible Debentures in one or more tranches on Private Placement basis for an amount not exceeding ₹6000 crore (Rupees Six thousand crore only).
- c. The Company has obtained the approval of shareholders in its Annual General Meeting held on July 21, 2022 for “Equity Stock Option Plan For Employees 2022” (“ESOP-2022”), to create, grant, offer, issue and allot, to eligible employees, options exercisable into not more than 8,50,000 (Eight lakh Fifty Thousand only) Equity Shares of ₹10/- each of the Company.
- d. The Company has redeemed the following Non-Convertible Debentures of the following debenture holders:

- (i) International Finance Corporation, 1300 (One Thousand Three Hundred) debentures aggregating to INR 130 Crore (Indian Rupees One Hundred and Thirty Crores).

**For Chandrasekaran Associates**

Company Secretaries

FRN: P1988DE002500

Peer Review Certificate No.:- 1428/2021

**Dr. S. Chandrasekaran**

Senior Partner

Membership No.1644

Certificate of Practice No.715

UDIN: F001644E000193321

Date: 26.04.2023

Place: New Delhi

**Notes:**

1. This report is to be read with our letter of even date which is annexed as Annexure-A to this Report and forms an integral part of this report.



## Annexure-A

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2nd Floor Southend Square  
Mansarovar Industrial Area  
Jaipur- 302020 (Rajasthan)

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### For Chandrasekaran Associates

Company Secretaries  
FRN: P1988DE002500  
Peer Review Certificate No.:- 1428/2021

### Dr. S. Chandrasekaran

Senior Partner  
Certificate of Practice No. 715  
UDIN: F001644E000193321

Date: 26.04.2023

Place: New Delhi

- (i) We conducted the secretarial audit by examining records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.
- (ii) This Report is limited to the Statutory Compliances on laws/ regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to financial year ended March 31, 2023.

## Annexure-4

## SECRETARIAL COMPLIANCE REPORT

### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Board of Directors  
**Aavas Financiers Limited**  
201-202, 2nd Floor, Southend Square Mansarovar Industrial Area,  
Jaipur – 302020 Rajasthan

We Chandrasekaran Associates, Company Secretaries have examined:

- (a) All the documents and records made available to us and explanation provided by Aavas Financiers Limited (“the Listed Entity/Company”),
- (b) The filings/ submissions made by the listed entity to the stock exchanges,
- (c) Website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the financial year ended on March 31, 2023 (“Review Period”) in respect of compliance with the applicable provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined and include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations 2015”) to the extent applicable;

- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable during the review period
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the review period
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to the extent applicable;
- (f) Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulation, 2021 to the extent applicable;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;
- (i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (j) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;
- (k) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company) to the extent applicable;

We have examined the compliance of above regulations, circulars, guidelines issued thereunder as applicable during the review period and based on confirmation received from management of the Company as and wherever required and affirm that:

S. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS
1.	<b>Secretarial Standard</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).  We have examined the Secretarial Standards issued by Institute of Company Secretaries of India and as notified by Ministry of Corporate Affairs.	Yes	
2.	<b>Adoption and timely updation of the Policies:</b> All applicable policies under Securities Exchange Board of India ('SEBI') Regulations are adopted with the approval of Board of Directors of the listed entity.  All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations / circulars / guidelines issued by SEBI	Yes	
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>The listed entity is maintaining a functional website</li> <li>Timely dissemination of the documents/ information under a separate section on the website</li> <li>Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website</li> </ul>	Yes	
4.	<b>Disqualification of Director:</b> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	
5.	<b>To examine details related to Subsidiaries of listed entity:</b>		
	a) Identification of material subsidiary companies	NA	The Company had identified and there were no Material Subsidiary Company of the Company during the review period.
	b) Requirements with respect to disclosure of material as well as other subsidiaries  (Company is not having any material subsidiaries)	Yes	
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	

Further, based on the above examination, we hereby report, during the review period that:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder except in respect of matters specified below:-

S. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount (INR)	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
Not Applicable during the review period										

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

S. No	Compliance Requirement (Regulations/circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
Not Applicable during the review period										

(c) The listed entity has suitably included the conditions as mentioned in para 6(A) and 6(B) of the SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019 in terms of appointment of statutory auditor of the Listed entity.

#### For Chandrasekaran Associates

Company Secretaries

FRN: P1988DE002500

Peer Review Certificate No: 1428/2021

#### Dr. S. Chandrasekaran

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644E000193321

Date: 26.04.2023

Place: New Delhi



## Annexure-5

## DIVIDEND DISTRIBUTION POLICY

### I. PREAMBLE

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, [“Listing Regulations”] vide circular no. SEBI/LAD- NRO/GN/2016-17/008 dated 8th July, 2016; the Board of Directors of the Company at its meeting held on June 08, 2018 have approved and adopted the Dividend Distribution Policy [“Policy”] of the Company.

### II. OBJECTIVE

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the equity shareholders as dividend after retaining sufficient funds for the Company’s growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

### III. DEFINITIONS

- a. “Act” means the Companies Act, 2013 and rules made thereunder [including any amendments or re-enactments thereof]
- b. “Applicable laws” shall mean to include Act and rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/ guidelines/notifications/circulars issued by Reserve Bank of India (RBI)/National Housing Bank (NHB) and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.
- c. RBI Master Directions means Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
- d. “Board” or “Board of Directors” shall mean Board of Directors of the Company, as constituted from time to time.

- e. “Company” shall mean Aavas Financiers Limited.
- f. “Dividend” includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- g. “Financial year” shall mean the period starting from 1st day of April and ending on the 31st day of March every year,
- h. “Free reserves” shall mean the free reserves as defined under Section 2 (43) of the Act.

### IV. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND

#### 1. Factors for recommendation/ declaration of Dividend.

##### a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Current year’s net operating profit
- ii. Capital expenditure and working capital requirements
- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- iv. Supervisory findings of the NHB on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- v. Qualifications in the Auditors’ Report to the financial statements; and
- vi. Long term growth plans of the Company.
- vii. Financial requirement for business expansion and/or diversification, acquisition. etc, of new businesses.
- viii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- ix. Past dividend trend
- x. Cost of borrowings
- xi. Other Corporate Action options (For ex. Bonus issue, Buy back of shares)
- xii. Any other factor as deemed fit by the Board

**b. External Factors**

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws;
- ii. Economic conditions;
- iii. Prevalent market practices of dividend payment in similar industry.

The Board shall ensure that the total dividend proposed for the financial year does not exceed the ceilings specified in this Policy.

**c. Minimum prudential requirements prescribed by the RBI**

The Company shall comply with the following minimum prudential requirements to be eligible to declare dividend:

Sr. No	Parameter	Requirement
1	Capital Adequacy	The Company have met the applicable regulatory capital requirement as defined under Paragraph 6 of RBI Master Directions for each of the last three financial years including the financial year for which the dividend is proposed.
2	Net NPA	The net NPA ratio is less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3	Other criteria	<ol style="list-style-type: none"> <li>i. The Company is complied with the provisions of Section 29 C of The National Housing Bank Act, 1987.</li> <li>ii. The Company is complied with the prevailing regulations/ guidelines issued by the Reserve Bank</li> <li>iii. The NHB has not placed any explicit restrictions on declaration of dividend.</li> </ol>

**d. Quantum of Dividend Payable**

The Company eligible to declare dividend as per paragraph (c) above, may pay dividend, subject to the following:

- a. The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the financial year for which the dividend is proposed.
- b. Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.
- c. In case the net profit for the relevant period includes any exceptional and/or extraordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.
- d. The Maximum dividend payout ratios for the Company to declare dividend is 50%.

**2. Circumstances under which the shareholders of the Company may or may not expect dividend.**

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution.
- iv. In the event of inadequacy or absence of profits.
- v. Under any other circumstances as may be specified by the Companies Act, 2013 or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders.

- vi. Any other circumstances as may be decided by the Board depending upon the situation at that time.

The Board of Directors, while considering the proposals for dividend, shall take into account each of the following aspects:

- a. Supervisory findings of the National Housing Bank (NHB) on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- b. Qualifications in the Auditors Report to the financial statements.
- c. Long term growth plans of the HFC.

### 3. Manner of utilization of Retained Earnings

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous Financial Year or years or out of free reserves available for distribution of dividend, as per the regulatory provisions after consideration of the factors as stated at point no.1 above. The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.

## 4. Manner of Declaration and Payment of Dividend

### 4.1 Process for approval of Payment of Final Dividend:

Board to recommend quantum of final dividend payable to Shareholders in its meeting in line with applicable laws and rules prescribed thereof, based on the profits arrived at as per the audited financial statements and post Shareholders approval for Dividend in the Annual General Meeting, the same shall be paid to the eligible shareholders within stipulated timelines as per applicable laws.

### 4.2 Process for approval of Payment of Interim Dividend:

Board may declare Interim Dividend, one or more times in a financial year, at its complete discretion in line with applicable laws and rules prescribed thereof, out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

The Board shall consider the financial results of the Company for the period for which Interim

Dividend is to be declared and shall be satisfied that the financial position of the Company justifies and supports the declaration of such Dividend.

The financial results shall take into account the following-

- a) Depreciation for the full year;
- b) Tax on profits of the Company including deferred tax for full year;
- c) Other anticipated losses for the Financial Year;
- d) Dividend that would be required to be paid at the fixed rate on preference shares;
- e) The Losses incurred, if any, during the current financial year up to the end of the quarter, immediately preceding the date of declaration of Interim Dividend;

The declaration of interim dividend is subject to the compliance of condition mentioned in Clause IV- Parameters governing the distribution of dividend.

## 5. Other factors to be considered with regard to various classes of shares.

Since the company has only one class of equity shareholders, the dividend declared will be distributed equally among all the equity shareholders, based on their shareholding on the record date.

## V. GENERAL

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting. The Board may also, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- ii. The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend, including interim dividend, is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.
- iii. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any

other arrangement/ agreement, if any, before recommending or distributing dividend to the shareholders.

## VI. REPORTING SYSTEM

The Company on declaring dividend shall report details of dividend declared during the financial year. The report shall be furnished within a fortnight after declaration of dividend to the Department of Supervision of NHB.

## VII. DISCLOSURES

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website ([www.aavas.in](http://www.aavas.in)) of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the

parameters, the Company shall disclose such changes along with the rationale in the annual report and on its website.

## VIII. REVIEW AND UPDATES

This Policy will be reviewed periodically as and when required and annually by the Board of the company, further the Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Annexure-6****Form AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of Subsidiaries or Associate Companies or Joint Ventures

**Part A:- Subsidiaries**

(₹ In Lakh)

S. No.	Particulars	Details
1.	Name of the subsidiary	Aavas Finserv Limited
2.	The date since when subsidiary was acquired	Aavas Finserv Limited was not acquired, it was incorporated as wholly owned subsidiary of the Company on November 30, 2017.
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	1,500.00
6.	Reserves and surplus	(264.14)
7.	Total assets	1,237.54
8.	Total Liabilities	1.68
9.	Investments	Nil
10.	Turnover	66.42
11.	Profit before taxation	(57.21)
12.	Provision for taxation	Nil
13.	Profit after taxation	(42.82)
14.	Proposed Dividend	Nil
15.	Extent of shareholding (in percentage)	100%

**Notes:-**

- Names of subsidiaries which are yet to commence operations: - Aavas Finserv Limited
- Names of subsidiaries which have been liquidated or sold during the year: - NIL

**Part B:- Associates and Joint Ventures****Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Since the Company does not have any Associate Company or Joint venture, the disclosure under this section is not applicable.

For and on behalf of the Board of Directors

**AAVAS FINANCIERS LIMITED**

**Sachinderpalsingh  
Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

**Manas Tandon**  
Promoter Nominee  
Director  
(DIN: 05254602)

**Ghanshyam Rawat**  
President and Chief  
Financial Officer

**Sharad Pathak**  
Company Secretary  
and Compliance Officer

Date: May 03, 2023

Place: Mumbai



## FORM AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section(i) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

### Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the financial year ended March 31, 2023, which were not at arm's length basis.

### Details of contracts or arrangements or transactions at arm's length basis:

Sr. no	Name of related party and Nature of Relationship	Nature of Contract/Arrangement/Transactions	Duration of the Contract/Arrangement/Transactions	Salient terms of the Contract or Arrangement or Transactions including the value, if any	Date(s) of Approval by the Board	Amount received/ paid as advance, if any
1	Aavas Finserv Limited, Wholly Owned Subsidiary	Infrastructure Sharing Agreement	3 (Three) years	<ol style="list-style-type: none"> <li>1. Agreement Date: April 01, 2022</li> <li>2. The office space of the Holding Company shall be used amongst the Subsidiary Company and the Holding Company in a combined/joint manner for the purpose of the carrying on respective business activities.</li> <li>3. While carrying out the business activities at the Office Space the Subsidiary Company can use the office facilities including furniture's, fixtures, air conditioner, computers, telephone, fax, office equipment etc. ("Facilities") along with the Holding Company.</li> <li>4. Both the Holding and Subsidiary Company shall carry out their own individual finance activities during the term hereof and shall also carry out all the compliance activities as required to be done as per the applicable law/ statute.</li> </ol> <p><b>SHARING OF EXPENSES &amp; METHOD OF PAYMENT</b></p> <p>The Holding Company will recover the actual cost incurred and the cost recovered is on arm's length price and are similar to the cost recover from other parties for the same services if any.</p> <p>Methodology for sharing of Infrastructure cost between both the companies is given as under:</p> <ol style="list-style-type: none"> <li>i Sharing of cost at Branches: All branch related cost of any particular branch which is shared by the Holding Company with its Subsidiary or vice versa shall be shared based on the No. of Employees of each Company operating from the particular Branch.</li> <li>ii Sharing of other Infrastructure Cost: Other Infrastructure cost incurred by either Company on behalf of the other shall be debited to the other Company at actuals subject to Goods and Service Tax wherever applicable.</li> <li>iii Re-imbursement of Statutory Payment: Any Statutory payment made by either Company on behalf of the other Company shall be reimbursed as per actuals.</li> </ol> <ol style="list-style-type: none"> <li>5. Subject to its obligation to share expenses as defined above, each party of this Agreement shall own the accounts receivable generated by it and shall be entitled to all related collections. Each party shall be responsible for billing and collecting its own accounts receivable.</li> <li>6. Both the parties shall endeavor to identify and incur their own specified capital and revenue expenditure to the extent possible. All the types of specific expenditure shall be incurred, paid and borne by respective parties.</li> </ol>	May 05, 2022	Nil

For and on behalf of the Board of Directors  
AAVAS FINANCIERS LIMITED

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

Date: May 03, 2023  
Place: Mumbai

## Annexure-8

## PARTICULARS OF EMPLOYEES

## Information under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The statement of disclosure of Remuneration under sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	REQUIREMENTS	DISCLOSURE	
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022-23	<b>Executive Director</b>	
		Mr. Sushil Kumar Agarwal* : 139.05 X	
		<b>Non- Executive Directors</b>	
		Mr. Sandeep Tandon :	9.98 X
		Mrs. Kalpana Iyer :	9.98 X
		Mrs. Soumya Rajan:	9.98 X
		Mr. Ramachandra Kasargod Kamath :	9.98 X
		Mr. Vivek Vig :	9.98 X
		Note:- Mr. Manas Tandon, Mr. Nishant Sharma and Mr. Kartikeya Dhruv Kaji, Promoter Nominee Directors of the Company, have not taken any remuneration during the Financial Year 2022-23.	
2.	The percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the Financial Year.	<b>Directors</b>	
		Mr. Sushil Kumar Agarwal* (Managing Director):	25.51%
		Mr. Sandeep Tandon (Independent Director) :	0.00%
		Mrs. Kalpana Iyer (Independent Director) :	0.00%
		Mrs. Soumya Rajan (Independent Director) :	0.00%
		Mr. Ramachandra Kasargod Kamath (Nominee Director):	0.00%
		Mr. Vivek Vig (Nominee Director):	0.00%
		<b>Key Managerial Personnel's (KMP's) other than Directors</b>	
		Mr. Ghanshyam Rawat (President and CFO):	25.80%
		Mr. Sharad Pathak (CS):	47.16%
		Mr. Sachinderpalsingh Jitendrasingh Bhinder** (Managing Director and CEO)	-
		Mr. Ashutosh Atre** (President and CRO)	-
		3.	The percentage increase/ (decrease) in the Median Remuneration of Employees in the Financial Year
4.	No. of Permanent Employees on the Rolls of the Company as on March 31, 2023	6,034	

Sr. No.	REQUIREMENTS	DISCLOSURE
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average percentage increase in the remuneration of all employees (other than KMP's): 17.73% *** The average percentage increase in the remuneration of KMP's: 26.63% Further there was no exceptional circumstance which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is affirmed that the remuneration is as per the Remuneration Policy of the Company.

\*Mr. Sushil Kumar Agarwal resigned w.e.f. May 03, 2023.

\*\*Mr. Sachinderpalsingh Jitendrasingh Bhinder and Mr. Ashutosh Atre were appointed as KMP w.e.f. February 02, 2023, hence their calculation is not available for the purpose of point no. 2 in above table.

\*\*\*For the purpose of calculating average increase in the remuneration of KMP's Mr. Sachinderpalsingh Jitendrasingh Bhinder and Mr. Ashutosh Atre have not been considered.

#### Notes:

1. Calculations of remuneration have been made on comparable and annualized basis.
2. The remuneration of KMP's was taken from the Audited Financial Statements for Financial Year 2022-23.
3. Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but doesn't include perquisite value of ESOPs exercised.

For and on behalf of the Board of Directors  
AAVAS FINANCIERS LIMITED

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

Date: May 03, 2023  
Place: Mumbai

**DISCLOSURES OF EMPLOYEES PURSUANT TO SUB RULE 2 & 3 OF RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

S. No	Employee Name	Designation	Nature of Employment	Qualification	Age (in years)	Total Experience	Previous Employer	Date of Joining	Remuneration received (₹ In lakh)	Percentage of equity shares held (in %)	whether any such employee is a relative of any director (if yes please provide)
1	Mr. Sushil Kumar Agarwal*	Managing Director	Contractual	Chartered Accountant and Company Secretary	46	22 years	ICICI Bank Limited	23-Feb-11	334.55	1.55	No
2	Mr. Ghanshyam Rawat	President and Chief Financial Officer	Permanent	Chartered Accountant and Bachelor of Commerce	55	27 years	First Blue Home Finance Limited	01-Jun-14	239.33	0.82	No
3	Mr. Ashutosh Atre	President and Chief Risk Officer	Permanent	Diploma in finance from SVKM's NMIMS University and diploma in mechanical engineering from M.P. Board of Technical Education, Bhopal	53	33 years	Equitas Housing Finance Private Limited	14-May-14	158.56	0.13	No
4	Mr. Surendra Kumar Sihag	Chief Collections Officer	Permanent	Bachelor of arts and LLB degree - both from University of Rajasthan and Master of Business Administration from the Periyar University	50	21 years	Bajaj Finance Limited	02-Jan-17	142.96	0.03	No
5	Mr. Ripudaman Bandal	Chief Credit Officer	Permanent	Masters in Finance & Control from Punjabi University, Patiala.	49	27 years	Indiabulls Housing Finance Limited	01-Jun-21	134.89	0.00	No
6	Mr. Rajaram Balasubramaniam	Chief Strategy Officer and Head of Analytics	Permanent	Chartered Accountant and Bachelor of Commerce	46	21 years	Citibank	24-Nov-21	125.81	0.00	No
7	Mrs. Jijy Oommen	Chief Technology Officer	Permanent	Computer science graduate with M.Tech from Birla Institute of Technology & Science, Pilani. and MBA from SMU and PMP from Project Management Institute -USA.	45	25 years	Kinara Capital	12-Apr-21	100.51	0.00	No

S. No	Employee Name	Designation	Nature of Employment	Qualification	Age (in years)	Total Experience	Previous Employer	Date of Joining	Remuneration received (₹ In lakh)	Percentage of equity shares held (in %)	whether any such employee is a relative of any director (if yes please provide)
8	Mr. Anshul Bhargava	Chief People Officer	Permanent	Certification in Business Management from IIM Calcutta	57	34 years	Power System Operation Corporation Limited	07-May-22	97.43	0.00	No
9	Mr. Siddharth Srivastava**	Chief Business Officer	Permanent	Master's in Business administration from Institute of Management Studies, Indore	48	20 Years	ICICI Bank Limited	11-July-22	74.43	0.00	No
10	Mr. Sachinderpalsingh Jitendrasingh Bhinder**	Managing Director and CEO	Contractual	B.E. Chemical, MBA (Marketing & Finance)	51	25 Years	Kotak Mahindra Bank Limited	02-Feb-23	19.61	0.00	No

## Notes:

- \*Resigned w.e.f. May 03, 2023.
- \*\*Mr. Siddharth Srivastava was appointed as Chief Business Officer w.e.f. July 11, 2022 and Mr. Sachinderpalsingh Jitendrasingh Bhinder was appointed as CEO w.e.f. Feb 02, 2023 and was in receipt of remuneration, at a rate which, in the aggregate, was not less than ₹8.50 lakh per month.
- Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but doesn't include perquisite value of ESOPs exercised.
- No employee of the Company, employed throughout the financial year 2022-23 or part thereof, was in receipt of remuneration, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director and holds by himself or along with his spouse and dependent children, more than two percent of the Equity Shares of the Company.

For and on behalf of the Board of Directors  
AAVAS FINANCIERS LIMITED

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO  
(DIN: 08697657)

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

Date: May 03, 2023  
Place: Mumbai



## Annexure-9

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)****1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY.**

The Company's initiatives in society are focused on the realisation of the twin goals of Stakeholders' Value Enhancement and societal value creation in a mutually reinforcing and synergistic manner. The Company is mindful of the needs of the communities and strives to make a positive difference in the society. Your Company's commitment to the society is sincere and longstanding.

The vision of Company is to enhance value creation in the society and in the community in which it operates, through its services, conduct and CSR initiatives, to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate, with environmental concern.

The CSR Policy of the Company relates to the activities to be undertaken by the Company, which is in accordance with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 ("the Act"). All CSR interventions are conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact. The CSR initiatives of the Company are carried out either in partnership with credible implementing agencies or directly through projects executed by project management teams or through its foundation.

The Company has established 'Aavas Foundation' ("The Foundation") to take forward the Company's CSR Vision and implement social programmes in a far more collaborative and participative way.

**2. COMPOSITION OF CSR COMMITTEE:**

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Kartikeya Dhruv Kaji	Chairperson (Non-Executive Promoter Nominee Director)	3	3
2.	Mrs. Kalpana Iyer	Member (Independent Director)	3	3
3.	Mr. Vivek Vig	Member (Non-Executive Nominee Director)	3	3
4.	Mr. Sushil Kumar Agarwal*	Member (Managing Director)	3	3

\*Ceased to be Member w.e.f. May 03, 2023.

**3. PROVIDE THE WEB-LINK(S) WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.**

- (i) The composition of CSR Committee is available at [Our Team \(aavas.in\)](http://OurTeam(aavas.in))
- (ii) The CSR Policy of the Company is available at <https://www.aavas.in/csr-policy>
- (iii) The CSR projects approved by the Board: <https://www.aavas.in/img/pdf/csr-approved-projects-2023-24.pdf>

**4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE.**

N/A

**5. a) AVERAGE NET PROFIT OF THE COMPANY AS PER SUB-SECTION (5) OF SECTION 135.**

37,006.28 lakh

**b) TWO PERCENT OF AVERAGE NET PROFIT OF THE COMPANY AS PER SUB-SECTION (5) OF SECTION 135.**

740.13 lakh

c) **SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS.**

NO

d) **AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY.**

NO

e) **TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR [(b)+(c)-(d)].**

740.13 lakh

6. a) **AMOUNT SPENT ON CSR PROJECTS (BOTH ONGOING PROJECT AND OTHER THAN ONGOING PROJECT).**

743.08 lakh

b) **AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS.**

29.66 lakh

c) **AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE.**

NO

d) **TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR [(a)+(b)+(c)].**

772.74 lakh

e) **CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR:**

Total Amount Spent for the Financial Year. (in lakh)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
772.74	N/A	N/A	N/A	N/A	N/A

f) **EXCESS AMOUNT FOR SET OFF, IF ANY:**

Sl. No.	Particular	Amount ( in lakh)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) Section 135	740.13
(ii)	Total amount spent for the Financial Year	772.74
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	32.61
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	N/A
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	32.61

7. **DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:**

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in lakh)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in lakh)	Amount Spent in the Financial Year (in lakh)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in lakh)	Date of Transfer		
1	FY-1 2019-20	0	0	0	0	0	0	0
2	FY-2 2020-21	0	0	0	0	0	0	0
3	FY-3 2021-22	48.43	0	48.43	0	0	0	0

**8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:**

☐ Yes ☒ No

If Yes, enter the number of Capital assets created/ acquired

The details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
-	-	-	-	-	-	-	-

**9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUB-SECTION (5) OF SECTION 135.**

N/A

For and on behalf of the Board of Directors  
**AAVAS FINANCIERS LIMITED**

**Sachinderpalsingh Jitendrasingh Bhinder**  
Managing Director and CEO

(DIN: 08697657)

**Kartikeya Dhruv Kaji**  
Promoter Nominee Director and  
Chairperson of CSR Committee

(DIN: 07641723)

**Manas Tandon**  
Promoter Nominee Director

(DIN: 05254602)

Date: May 03, 2023

Place: Mumbai

## Annexure-10

# POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

## 1. Objective of Policy

The Board of Directors ("the Board") of Aavas Financiers Limited (hereinafter referred to 'the Company' or 'AFL'), in pursuance of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and other applicable provisions, as amended from time to time, has adopted Related Party Transaction Policy ("this policy") to regulate the transactions between the Company and its Related Parties. The Board of Directors (the "Board") further recognizes that transaction with related party(s) could raise conflicts of interest and therefore has adopted this Related Party Transaction Policy to be followed in connection with all related party transactions involving the Company. All Transactions with Related Party shall be subject to review and approval in accordance with the procedures set forth below, inter-alia, the provisions of applicable laws.

## 2. Definitions

Unless the term(s) otherwise defined, the following terms shall have the following meaning assigned to them wherever appearing in this policy:

- i) **"Applicable Laws"** includes (a) the Companies Act, 2013 ('the Act') and rules made thereunder; (b) the SEBI LODR Regulations (c) Accounting Standards (d) National Housing Bank (NHB) Act, 1987, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India (RBI) and Notifications issued by RBI/NHB from time to time and (e) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- ii) **"Arm's length transaction"** shall mean transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. (Explanation to Section 188(1) of Act).
- iii) **"Audit Committee"** means the committee of Board of Directors of the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder and SEBI LODR Regulations.

## iv) "Control"

- a) ownership, directly or indirectly, of more than one half of voting power of an enterprise, or
- b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

## v) "Key Managerial Personnel" or ("KMP") shall have the meaning as defined in the Act.

## vi) "Material Modification" shall mean a 10% or more increase/decrease in the original value/consideration of any Related Party Transaction which was approved by the Audit Committee/Shareholders of the Company, as the case may be.

## vii) "Material Related Party Transaction" means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.

Notwithstanding anything contained above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed Five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

## viii) "Omnibus approval"

In case of certain frequent/repetitive/regular transactions with Related Parties which are in the ordinary course of business of the Company and on Arm's length basis, the Independent Directors of the Audit Committee may grant an omnibus approval

for such Related Party Transactions proposed to be entered into by Company / AFL, subject to the following conditions, namely -

- (a) the audit committee shall, after obtaining approval of Board, lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need and justification for such omnibus approval and that such approval is in the interest of the entity;
- (c) the omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into ;
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
  - (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
  - (iv) such other conditions as may be specified by the law from time to time.
- (d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- (f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Where the need for proposed Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction;

In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

#### ix) “Related Party”

In relation to the Company, means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

“Provided that:

- a) any person or entity forming a part of promoter or promoter group of the Company or
- b) Any person or any entity holding equity shares of
  - (i) 20% or more or
  - (ii) 10% or more (with effect from April 01, 2023) in the Company either directly or on beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year shall be deemed to be a related party.”

#### x) “Related Party Transaction” (hereinafter referred as “RPTs”)

As per SEBI LODR Regulations, “related party transaction” means a transaction involving a transfer of resources, services or obligations between:

- (i) Company or any of its subsidiaries on one hand and a related party of the company or any of its subsidiaries on the other hand; or
- (ii) Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company or any of its subsidiaries, (with effect from April 1, 2023);

regardless of whether a price is charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:

**Exemptions: (“Transactions not to be considered as Related Party Transactions”):**

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - (i) payment of dividend;
  - (ii) subdivision or consolidation of securities;
  - (iii) issuance of securities by way of a rights issue or a bonus issue; and
  - (iv) buy-back of securities.
- (c) acceptance of fixed deposits by banks/ Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

As per the Act, related party transaction will include following specific transactions:

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing off, or buying property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and

- vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

**xi) “Relative”**

In terms of Section 2(77) of the Act read with the rules prescribed therein.

**xii) “Transaction”** with a related party shall be construed to include single transaction or a group of transactions in a contract.

**xiii) “Undertaking”** shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year.

### 3. Procedures

#### 3.1 Audit Committee

- 3.1.1 Each of AFL directors and KMPs are instructed to inform the Company Secretary or Management of the Company of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.
- 3.1.2 All related party transactions and subsequent material modifications shall require approval of those members of the Audit Committee who are Independent Directors irrespective of the RPT being in ordinary course of business or arm length basis.
- 3.1.3 Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and regulation 15(2) of the SEBI LODR Regulations are applicable to such listed subsidiary. For such Related Party Transactions, the prior approval of the audit committee of the listed subsidiary shall suffice.
- 3.1.4 The Audit Committee shall review the status of long term (more than one year) or recurring Related Party Transactions on an annual basis.
- 3.1.5 To review a Related Party Transaction, the Audit Committee shall be provided with the following information:
  - a) Type, material terms and particulars of the proposed transaction;



- b) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);
  - c) Tenure of the proposed transaction (particular tenure shall be specified);
  - d) Value of the proposed transaction;
  - e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
  - f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
    - (i) details of the source of funds in connection with the proposed transaction;
    - (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
      - nature of indebtedness;
      - cost of funds; and
      - tenure;
    - (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
    - (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
  - g) Justification as to why the Related Party Transaction is in the interest of the Company;
  - h) A copy of the valuation or other external party report on which the management has been relied upon for the transaction(s);
  - i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
  - j) Any other information that may be relevant.
- 3.1.6 The Related Party Transactions which are not in the ordinary course of business and/or not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors for its approval or recommending to the shareholders of company for their approval.
- 3.1.7 If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.
- 3.1.8 The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.
- 3.1.9 A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.
- 3.1.10 The Committee may decide to get advice, certification, study report, transfer pricing report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.
- 3.1.11 Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.
- 3.1.12 The Audit Committee may review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.
- 3.1.13 A related party transaction to which the subsidiary of the Company is a party but the Company is not a party,

shall require prior approval of the audit committee of the company, if the value of such transaction whether entered into individually or taken together with previous transactions during a Financial Year exceeds:

- (i) 10% of the annual consolidated turnover, as per the last Audited Financial Statements of the company;
- (ii) 10% of the annual standalone turnover, as per the last Audited Financial Statements of the subsidiary (with effect from April 01, 2023)

Provided that the aforesaid approval shall not be required if Regulation 23 and Regulation 15 (2) of SEBI LODR are applicable on the subsidiary of the Company.

### 3.2 Board of Directors

3.2.1 Approval of the Board shall not be required for the RPTs to be entered into in ordinary course of business and at arm's length basis.

3.2.2 All related parties with whom the company intends to enter into transaction as recommended by Audit Committee and which are other than in ordinary course of business or arm length basis, will require prior approval of the Board of Directors.

3.2.3 The Board of Directors shall review and recommend all transactions in terms of Section 188(1) requiring shareholders' prior approval.

3.2.4 Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3.2.5 Following minimum information would be placed before the Board for enabling the Board to consider and approve the Related Party Transaction:

- The Name of the Related Party and nature of relationship;
- The nature, duration and particulars of the contract or arrangement;
- The material terms of the contract or arrangement including the value, if any;

Any advance paid or received for the contract or arrangement, if any;

- The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- Whether all factors relevant to the contract have been considered, if not, the details of factors not

considered with the rationale for not considering those factors; and

- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

## 4. Approval of Shareholders

4.1 The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.

4.2 For the purposes of first proviso to sub-section (1) of Section 188 of Act, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

4.2.1 as contracts or arrangements with respect to clauses (a) to (e) of sub-Section (1) of section 188 of Act, with criteria as mentioned below-

- i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover/ Revenue of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Act.
- ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Act.
- iii) leasing of property of any kind amounting to ten percent of turnover or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Act;
- iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Act.

4.2.2 is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh

rupees as mentioned in clause (f) of sub-section (1) of Section 188 of Act.

4.2.3 is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as as mentioned in clause (g) of sub-section (1) of Section 188 of Act.

4.3 All material related party transactions and subsequent material modifications will require prior shareholders' approval and no related party shall vote to approve such resolution in terms of applicable laws as on date of such approval.

Provided that the aforesaid prior approval of shareholders will not be required if the provisions of Regulation 23 and Regulation 15 (2) of the SEBI LODR Regulations are applicable on the listed subsidiary.

4.4 The explanatory statement to be annexed to the notice of general meeting in this regards shall contain following particulars, inter-alia:

- i. name of the related party;
- ii. name of the director or key managerial personnel who is related, if any;
- iii. nature of relationship;
- iv. nature, material terms, monetary value and particulars of the contract or arrangement;
- v. any other information relevant or important for the members to take a decision on the proposed resolution;
- vi. A summary of the information provided by the management of the Company to the Audit Committee, as is required under this Policy;
- vii. Justification for why the proposed transaction is in the interest of the Company;
- viii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary;
- ix. details of the source of funds in connection with the proposed transaction;
- x. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
  - nature of indebtedness;
  - cost of funds; and
  - tenure;

xi. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and

xii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction;

xiii. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;

xiv. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;

xv. Any other information that may be relevant

In such a case as mentioned above, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction whether such entity is a Related Party to the particular transaction or not.

This requirement for shareholders' approval shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## 5. Disclosure

Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.

## 6. Reporting

Particulars of RPTs shall be disclosed in such manner as may be prescribed under the applicable laws and/or the Act (including rules made thereunder), from time to time.

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

## 7. Review of Policy

The Board shall review the policy at least once in three years and at such interval as may be approved by the Board in line with the applicable law.

## 8. Administrative Measures

Audit Committee/Board shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, these Policies and Procedures.

The Audit Committee / Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with such evaluation and review of the Related Party Transaction, the Audit Committee / Board as applicable, shall have the authority to modify or waive any procedural requirements of this Policy.

## 9. Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to confirm to the law, rule, regulation or standard.

## 10. Dissemination of Information

AFL shall upload this Policy on its website i.e [www.aavas.in](http://www.aavas.in). AFL shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, and Rules made thereunder.

## 11. Implementation

The policy will be implemented by the management of the Company from the date it is approved by the Board.

All Related Party Transaction entered prior to the date of approval of this Policy and Procedures shall be subject to review by the Audit Committee.

## 12. Exclusion of Policy

This policy shall not be applicable to following related party transactions:

- a. Transactions entered into with Related Parties in ordinary course of business and on arm's length basis;
- b. Transactions entered into between the company and Wholly Owned Subsidiary Company whose accounts are consolidated with such the company and placed before the shareholders at the general meeting for approval.
- c. Transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such company and placed before the shareholders at the general meeting for approval.
- d. The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- e. The following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a. payment of dividend;
  - b. subdivision or consolidation of securities;
  - c. issuance of securities by way of a rights issue or a bonus issue; and
  - d. buy-back of securities.

## Annexure-11

**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT****SECTION A: GENERAL DISCLOSURES****I. Details of the listed entity**

1	Corporate Identity Number (CIN) of the Listed Entity:	L65922RJ2011PLC034297
2	Name of the Listed Entity:	Aavas Financiers Limited (‘Aavas’/‘The Company’)
3	Year of incorporation:	2011
4	Registered office address:	201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur - 302020, Rajasthan, India
5	Corporate address:	same as above
6	E-mail:	<a href="mailto:info@aaavas.in">info@aaavas.in</a>
7	Telephone:	0141-4659239
8	Website:	<a href="http://www.aavas.in">www.aavas.in</a>
9	Financial year for which reporting is being done:	FY 2022-23
10	Name of the Stock Exchange(s) where shares are listed:	Equity shares are listed on National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE)
11	Paid-up Capital:	₹79,05,68,740/- as on 31 March 2023
12	Name and contact details of the person who may be contacted in case of any queries on the BRSR report:	Mr. Sharad Pathak <a href="mailto:investorrelations@aaavas.in">investorrelations@aaavas.in</a>
13	Reporting boundary:	Disclosures made in this report are on a standalone basis and pertain only to Aavas.

**II. Products/services****14. Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial Services	Other Financial Activities	100%

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of Total Turnover contributed
1.	The Company's business is providing home loans for the purchase or construction of residential properties and for the extension and repair of existing housing units. In addition to home loans, the Company is also offering mortgage-backed MSME and home equity loans.	64910	100%

**III. Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	N.A.*	346	346
International		-	-

\*The Company is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and hence does not undertake any manufacturing activity.

## 17. Markets served by the entity:

## a. Number of locations

Locations	Number
National (No. of States)	13
International (No. of Countries)	-

## b. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable.

## c. A brief on types of customers

The Company provides housing loans primarily in the un-served, unreached and under-served markets, to customers belonging to low and middle-income segment in semi-urban and rural areas. The average ticket size is ₹8.90 Lakh and the average tenure of the loan is 16.5 years. The Company has played a proactive role in reaching out to communities at the ground level and enabling them to overcome the challenges of availing formal credit by individualized assessment of credit-worthiness of individual households, thereby addressing a critical gap in India's housing finance space.

Category	% of AUM in FY 22-23
Salaried Customers	40%
Self-employed Customers	60%

Category	Income Per Annum	% of AUM in FY 22-23
Economical Weaker Section	Up to 3 Lakh	22.34 %
Low Income Group	More than 3 Lakh to 6 Lakh	40.62 %
Middle Income Group	More than 6 Lakh to 18 Lakh	29.95 %
High Income Group	More than 18 Lakh	7.09 %

## IV. Employees

## 18. Details as at the end of Financial Year:

## a. Employees (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	6,034	5,788	95.92%	246	4.08%
2.	Other than Permanent (E)	1,031	976	94.66%	55	5.34%
3.	Total Employees (D+E)	7,065	6,764	95.73%	301	4.26%

Note:- The Company does not have any workers as defined in the guidance note on BRSR.

## b. Differently abled Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	3	3	100%	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total Differently Abled Employees (D+E)	3	3	100%	-	-



## 19. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22.22%
Key Management Personnel	4	-	-

## 20. Turnover rate for permanent employees and workers:

	FY 2022-23 Turnover rate in current FY			FY 2021-22 Turnover rate in previous FY			FY 2020-21 Turnover rate in the year prior to the previous FY		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	47.58%	28.30%	46.86%	45.82%	29.86%	45.34%	38.13%	21.89%	37.72%

## V. Holding, Subsidiary and Associate Companies (including joint ventures):

## 21. Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Aavas Finserv Limited	Subsidiary	100%	No

## VI. CSR Details

## 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹): 1,610.60 Crore

(iii) Net worth (in ₹): 3,269.66 Crore

## VII. Transparency and Disclosures Compliances

## 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy). *	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaint filed during the year	Number of complaint pending resolution at close of the year	Remark	Number of complaint filed during the year	Number of complaint pending resolution at close of the year	Remark
Communities	Yes	-	-	-	-	-	-
Investors (other than shareholders)	Yes	-	-	-	-	-	-
Shareholders	Yes	-	-	-	-	-	-
Employees	Yes	-	-	-	-	-	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy). *	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaint filed during the year	Number of complaint pending resolution at close of the year	Remark	Number of complaint filed during the year	Number of complaint pending resolution at close of the year	Remark
Customers	Yes	225	-	All the customer complaints were resolved.	294	-	All the complaints were resolved.
Value Chain Partners	Yes	-	-	-	-	-	-

\*Some of the policies on the Company's Conduct with its stakeholders, including the grievance mechanisms are placed on the Company's website. Here are link to grievance redressal mechanisms for investors <https://www.aavas.in/details-of-debenture-trustee-rta-and-grievance> for customers <https://www.aavas.in/resource/grievance-redressal-policy>. The Company has constituted a Stakeholder Relationship Committee for redressal of grievances of its security holders. In addition, there are internal policies placed on the intranet of the Company for redressal of grievances of employees.

## 24. Overview of the entity's material responsible business conduct issues :

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, along with its financial implications, as per the following format:

S. No.	Material issue identified	Risk or opportunity	Rationale for identifying the risk / opportunity	Approach to adapt or mitigate	Positive & Negative Implications
1.	Affordable Housing- Lending to Lower and middle income customer with undocumented income	Opportunity as well as Risk	<p><b>Opportunity:</b> Affordable Housing is the need of hour. The government has acted as a facilitator to make the segment an alluring venture for private developers and introduced several incentives and schemes over the years.</p> <p><b>Risk:</b> Company is primarily working with Lower and Middle level customer from under served and un-served areas, which largely comprises un-documented Income.</p>	<p>The Company possesses strong customer assessment standards which helps to moderate risks. Measures for risk mitigation include verification of credit history from credit risk information bureaus, probability of default assessment etc.</p> <p>The Company has maintained a lower delinquency percentage, compared to the industrial average, particularly in the affordable segment. Using conservative loan to value parameters and strong customer assessment standards also support company to mitigate credit risk.</p>	<p><b>Positive:</b> India's urban population is estimated to double between 2018 and 2050. This shall be coupled with rising per capita income and nuclearization of families, which gives immense scope to company under Affordable Housing.</p> <p><b>Negative:</b> However, undocumented history of receiving income makes it difficult to determine ability of customers to receive stable income, in future.</p>

S. No.	Material issue identified	Risk or opportunity	Rationale for identifying the risk / opportunity	Approach to adapt or mitigate	Positive & Negative Implications
2.	Human Capital	Opportunity	The Company has built a human-centric enterprise with the philosophy that sound customer satisfaction and service quality comes from an informed and a competence workforce. This places a premium on prudent employee recruitment and retention practices.	The Company boasts a highly skilled workforce and is currently prioritizing talent retention and motivation as part of its growth strategy. With a focus on cultivating effective managers and nurturing a pipeline of future leaders, the organization is fostering a high performance and efficient work culture.	<b>Positive:</b> The Company has nurtured a diverse and inclusive workforce where employees feel motivated to achieve their full potential.
3.	Digital Transformation	Opportunity	The Company regards technological upgradation as a key instrument in strengthening customer engagement for sustainable growth of the Company.	The Company is committed in advancing its technological framework and has recently embarked on a digital-first initiative called Project 'Gati'. The project involves building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience. The new system will significantly reduce manual data entry, paper work, and project assessment time.	<b>Positive:</b> The implementation of 'Gati' marks a significant milestone for Aavas, transforming it into a technologically-driven institution that consolidates the entire loan origination and customer service process onto a single platform. This will help in ensuring a more efficient and seamless user experience.
4.	Community Wellbeing and Social Impact	Opportunity	Social welfare activities undertaken by the Company not only improves its corporate goodwill and social reputation, but also helps the Company to resonate with community sentiments and aspirations, which helps in its sustainable growth in the longer run.	The Company recognizes the importance of being socially responsible and making a difference in lives of people. The Company implements its CSR initiatives directly and through implementing agencies. For further details, kindly refer to Annexure 9 of the Director's Report.	<b>Positive:</b> Social activities help build constructive reputation and public trust.

S. No.	Material issue identified	Risk or opportunity	Rationale for identifying the risk / opportunity	Approach to adapt or mitigate	Positive & Negative Implications
5.	Green Self-Built Housing	Opportunity	The Company is providing loans for construction of environment-friendly homes and supporting its customers in building homes that are sustainable as well as affordable.	The Company is working towards Green Home Ecosystem Development by reaching out to employees, customers, masons, contractors etc. and making them aware about the benefits of green homes through direct calling, SMS, Whatsapp messages, workshops, trainings, social media, brochures, and educative short films.	<b>Positive:</b> Loans for self-built housing have added a sustainability dimension to our value chain, making us pioneers in introducing concept of sustainable construction of self-built homes in Indian Housing Finance space.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes										
1.	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Yes, the Board approves all corporate governance policies of the Company.								
	c. Web Link of the Policies, if available	<a href="http://www.aavas.in">www.aavas.in</a>								
2.	Whether the entity has translated the policy into procedure? (Yes/No)	Yes, the Company has translated the policies as applicable and imbibed the same into procedures and practices in all spheres of activities that the Company undertakes.								
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)	<p>Yes, Scope of some key policies is broad enough to cover value chain partners as well within their ambit, such as :-</p> <ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Policy</li> <li>2. Environment &amp; Social Policy</li> <li>3. Equal Opportunity Policy</li> <li>4. Grievance Redressal Policy</li> <li>5. Human Rights Policy</li> <li>6. Vigil Mechanism</li> <li>7. Vishaka Policy</li> </ol>								
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Not Applicable.								

## 5. Specific goals, commitments, targets set by the entity: (In regard to all of the 9 principles)

- **Housing for All:** To empower and upgrade lives of low and middle-income households by providing them accessible home loans and setting pioneering benchmarks in unserved and underserved markets. The Company is expanding its branch network and penetrating more geographies and segments where there is need for affordable housing finance.
- **Gati:** Aavas is committed to continuous improvement and has recently embarked on a digital-first initiative called Project 'Gati'. The project involves building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience. The new system will significantly reduce manual data entry, paper work and project assessment time.
- **Sustainability:** The Company is committed to a sustainable pathway across all its operations and functionalities. The Company is also working towards transition to environment friendly and sustainable office buildings in a phased manner. With the Green Housing Initiative, the Company is endeavouring to improve access to affordable green homes by providing a unique opportunity to its customers to avail home loans for beneficiary-led green self-built units.
- **Diverse and Inclusive Workplace:** We believe in nurturing employees to perform passionately with a sense of ownership. The Company is committed to improve employee satisfaction, career development and increased diversity and inclusion at workplace. The Company launched project 'Prerna' on International Women's Day, an initiative to promote gender equality and diversity in the organisation and also, to enable and empower women across all levels to realise their full potential and aspirations. The project encompasses mentoring, training/coaching interventions, hiring strategy, health & psychological well-being, women friendly policies and ensuring safer workplace.
- **Community Wellbeing:** The Company is committed to scaling up its social wellbeing programs, to reach more and more areas and touch more lives, while also constantly engaging with existing beneficiaries to bring real impact in their lives.

## 6. Performance of the entity against specific commitments, goals, targets:

- **Robust ESG Governance:** Independent Green House Gas (GHG) Assurance of the GHG Statement and Independent Auditor's Certificate on the disclosures under the GRI Reporting Standards was issued by an Independent auditor.
- **A Commitment to Sustainability:** The Company's approach is to lead by example and it started out with having its own Head Office certified as LEED Gold, which is the only commercial office in Jaipur, Rajasthan.
- **Nurturing Talent:** The Company continues to nurture a diverse and inclusive work environment where all employees are motivated to achieve their full potential without any discrimination on grounds of their gender, nativity, community, religious beliefs, and mental or physical ability. The Company took initiative towards increasing presence of women at all levels and especially at the higher levels of managerial hierarchy with Women Managers Empowerment Program and Gender Intelligence Program.
- **Enriching Lives:** The Company has expanded its reach with a network of 346 active branches across 13 states of India, helping more and more people achieve their dream of owning a home. The Company has been enriching lives and supporting dreams of numerous rural women, construction workers, children and rural youth through community wellbeing initiatives touching 25,00,000+ lives in the last two years across 30+ districts in 4 states of India.

## Governance, leadership and oversight

### 7. Statement by Director responsible for business responsibility report, highlighting ESG related challenges, targets and achievements:

In the last three years, we have been proactively navigating through green and sustainable solutions in our work life and beyond. Charity begins at home and we started out with green building certification of our own headquarters.

We are adding a new dimension to Indian Housing Finance space by addressing the financing gap in supporting beneficiary-led construction of green self-built homes in India, that too in the affordable segment. This is a unique and one of its kind initiative globally, which exemplifies climate action that is scalable, inclusive and cost-friendly.

We have also recently embarked on a journey of digital transformation with Project 'Gati', where we are building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience.

From climate response to efficient use of resources, from diversity to inclusion, from digitization to strong data security systems, our approach to sustainability is holistic and result-oriented. We are doing it all and today, we can proudly say that sustainability is very much a part of our DNA as we gear up for Aavas 3.0.

- |  |  |
|--|--|
| <p>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).</p>   | <p>Mr. Sachinderpalsingh Jitendrasingh Bhinder<br/>Managing Director and Chief Executive Officer (MD and CEO)<br/>DIN:- 08697657<br/><a href="mailto:mdoffice@aavas.in">mdoffice@aavas.in</a><br/>0141-4659239</p>   |
| <p>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.</p> | <p>Yes, The Managing Director &amp; Chief Executive Officer as well as the senior management of the Company oversee the performance of the Company with respect to environment, social and governance. The Board of Directors on a quarterly basis also reviews the Company's sustainability performance. The Business Responsibility performance of the Company is assessed by the Risk Management Committee.</p> |

#### 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee									Frequency (Annually/Half yearly/Quarterly/Any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	The Company periodically reviews all policies and necessary changes are made to the policies and processes as per the need.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company adheres to the existing regulations as applicable.																	

- |   | P<br>1  | P<br>2 | P<br>3 | P<br>4 | P<br>5 | P<br>6 | P<br>7 | P<br>8 | P<br>9 |
|---|---|--------|--------|--------|--------|--------|--------|--------|--------|
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | The processes and compliances are subject to scrutiny by internal auditor, statutory auditor, regulators and credit rating agencies as applicable. From a best practices perspective, as well as from a risk perspective, policies are periodically evaluated and updated by the Senior Management and the Board. |        |        |        |        |        |        |        |        |

12. If the answer to any of the above question is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

[illegible]



## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.**

### Essential Indicators

**1. Percentage coverage by training and awareness programs on any of the principles during the financial year:**

The Company has been organizing regular in-house training programs for all employees at all levels besides also nominating employees to attend external training programs across various specialized functions. Further, the Company encourages its employees to pursue professional courses from reputed institutions to ensure career enrichment and personal development.

**UDAAN: Leadership Development Program with IIM, Ahmedabad:**

In a tie-up with the prestigious B-School at IIM Ahmedabad, the Company designed & conducted a six-month program exclusively for 34 mid-to-senior level employees. This learning opportunity was part of the Company's commitment to invest in the growth & development of its future leaders.

Segment	Total number of trainings and awareness programs held	Topics /principles covered under the training	% of Persons in respective category covered by the awareness programs
Board of Directors	76.5 Hours	Familiarization Program	100%
Key Managerial Personnel	47 Hours	High Impact Leadership Development, Objective & Key Results (OKR) Strategic Meet & Familiarization Program	100%
Employees other than BOD and KMPs	15,422 Hours	Objective & Key Results (OKR) training, Monday Morning Learning Hour, IIM, edX, Parivartan, Induction, Refresher Training, Train the Trainer etc.	100%

**2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding Fee	-	-	-	-	-
Non-monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions		Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-	-
Punishment	-	-	-	-	-

**3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
-	-

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, the Company has put in place an Anti-bribery and Corruption Policy. The Policy has been developed in alignment with its Code of Conduct and various other policies, as well as rules and regulations on anti-bribery and anti-corruption in India. The Policy states that the Company shall have zero tolerance towards bribery and corruption. The Policy applies to all individuals working at all levels and grades including directors, senior management, employees and all other persons directly associated with the Company. The policy is available on the website of the Company at <https://www.aavas.in/codes-and-policies>.

**5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

**6. Details of complaints with regard to conflict of interest:**

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

**7. Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable.

**Leadership Indicators**

**1. Awareness programs conducted for value chain partners on any of the Principles during the financial year:**

During the year, the Company conducted various programs for its value chain partners to improve awareness on green homes across diverse locations and branches across India. These include:

Total Number of Awareness Programs Held	Topics/ Principles covered under the training	% of Value chain partners covered (by the value of business done with such partners) under the awareness programmes.
One	Women Managers Empowerment Program	The Company organized three-day training for 30 women mid-to-senior level managers in Jaipur from different branches across India. This is a futuristic approach to nurture gender equality in the organization.
Two	Gender Intelligence Program	<p>A three-day workshop on Gender Sensitivity conducted by Gender Expert from International Finance Corporation (IFC), a member of the World Bank Group, to propagate the values of diversity and inclusion in the work culture. The first day dedicated to gender sensitization for the senior management followed by two days of Train-the-Trainer (ToT) sessions for mid-to-senior level employees from different departments engaging 38 employees.</p> <p>The Company on the International Women's Day had launched "Project Prerna", with yearlong interventions and initiatives to holistically bolster our gender diversity and inclusion agenda. Under the umbrella of "Project Prerna", Aavas planned to have highly accomplished and recognized women leaders from the industry to inspire our leadership team and our women employees.</p> <p>As a first step for PRERNA, with an objective to promote Gender Diversity and Women leadership pipeline, Company organized a webinar with Ms. Arundhati Bhattacharya, first woman and the youngest to Chair the 208-year-old public sector bank (The State Bank of India).</p>

Total Number of Awareness Programs Held	Topics/ Principles covered under the training	% of Value chain partners covered (by the value of business done with such partners) under the awareness programmes.
Five	Green India Drive in Pune, Ahmedabad, Hyderabad, Delhi and Mumbai	Green India Drive- Aavas organized seminars in association with International Financial Corporation (IFC) , a member of the World Bank Group to engage key stakeholders such as policy makers, regulators, architects, developers, builders and financial institutions to support emerging cities in transition to green building. It engaged 1,000+ green building stakeholders in five major cities of Pune, Ahmedabad, Hyderabad, Delhi and Mumbai.
Four	Green Samvaad in Jodhpur, Lucknow, Raipur and Bengaluru	The company has organized workshops in Jodhpur, Lucknow, Raipur and Bengaluru for engaging with masons, contractors, builders and architects to stimulate green home awareness among 200+ stakeholders from the supplier community.
Three	Green Home Training for Employees	Green Home training sessions for 200+ frontline employees from credit, sales and technical teams in Karnataka and Odisha to prepare the employees for supporting customers in their journey of building green home.
Regular and across the customer base	In-house Green Home Advisory and Assistance Services	Regular outreach to customers through messages, emails and calling to customers on green home along with in-persons technical guidance.

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No)  
If Yes, provide details of the same.

The Code of Conduct of the Company addresses the issue of Conflict of Interest among Board of Directors. Under the said Code, the Board of Directors and Senior Management Personnel are prohibited from engaging in any transaction or activity that may conflict with interests of the Company. They are also prohibited from taking up outside employment, as well as any position or engagement that may be prejudicial to the interests of the company. Here is a link to the Code of Conduct on website: <https://www.aavas.in/img/pdf/code-of-conduct-for-the-board-of-directors-and-the-senior-management-personnel.pdf>.

## Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

	FY 22-23 Current Financial Year	FY 21-22 Previous Financial Year	Details of improvements in environmental and social impacts
R & D	-	-	<b>Green Housing Program:</b> In 2020, the Company partnered with IFC, a member of the World Bank Group, to explore the avenues for improving access to affordable green housing in India and the rest of South Asia. This is the first of its kind initiative by IFC globally and seeks to bridge a critical financing gap in beneficiary-led construction of green individual homes. Two years down the line, the Green Housing Program is in its full swing with a new pipeline of green home loans in the Company's portfolio. The Company has taken a multi-dimensional approach towards green home ecosystem development across its value chain with initiatives in capacity building, community outreach, stakeholder engagement, awareness and education on green self-built homes.
Capex	-	-	Given the nature of business of the Company, the relevance of the above is largely restricted to information technology (IT) capex. In FY 2022-23, close to 1.91% of the total revenue was incurred towards IT hardware and software, which facilitated enhanced digital initiatives of the Company. This not only brought in increased efficiencies but also reduced the Company's paper usage across its operations.

2. a. Does the entity have procedures in place for sustainable sourcing?

b. If yes, what percentage of inputs were sourced sustainably?

Yes, as the nature of business of the Company is providing housing finance, at a corporate level, consumption of resources is limited to running the operations. The Company, however, is dedicated to becoming technically robust and moderating resource consumption. The Company has equipped all its branches with energy saving IT equipment, power saving lamps, high-end copier machines and digitized operations with minimal paperwork. The Company's web portal as well as mobile application facilitates online application of home loans to save time, energy and resources in disbursal process.

The Company is committed to continuous improvement and has recently embarked on a digital-first initiative. The project involves building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

As the nature of business of the Company is providing housing finance, there is no hazardous waste generated by the Company. In the Current Financial Year, approximately 3.933 metric tonnes of waste was generated at the Head Office out of which 0.59 metric tonnes of plastic waste was put to reuse.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Not Applicable.

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of the product/ service	% of Total turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent External Agency (Yes/no)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
64910	Housing Finance Activities	100%	FY 2022-23	No	The primary business activity of the Company is providing housing finance. The loan cycle is a sequential process ranging from sourcing of the loan to approval, disbursement, servicing, and repayment of the loan. The said cycle is displayed on the website of the Company at <a href="https://www.aavas.in/product">https://www.aavas.in/product</a> .

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

Not Applicable.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:

Not Applicable.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not Applicable.

### Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

#### Essential Indicators

##### 1. a. Details of measures for well-being of employees.

Category	% of Employees covered by										
	Total	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care Facilities	
		NO.	%	NO.	%	NO.	%	NO.	%	NO.	%
PERMANENT EMPLOYEES											
Male	5,788	5,099	88.08 %	5,788	100 %	-	-	5,788	100 %	-	-
Female	246	221	90.20 %	246	100 %	246	100 %	-	-	-	-
Total	6,034	5,320	88.17 %	6,034	100 %	246	100 %	5,788	100 %	-	-
OTHER THAN PERMANENT EMPLOYEES											
Male	976	944	96.52 %	976	100 %	-	-	976	100 %	-	-
Female	55	55	100 %	55	100 %	55	100 %	-	-	-	-
Total	1,031	997	96.70 %	1,031	100 %	55	100 %	976	100 %	-	-

##### b. Details of measures for wellbeing of workers

Not applicable.

##### 2. Details of retirement benefits for current and previous financial year.

Stakeholder group from whom complaint is received	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF*	95.40%	-	Y	98%	-	Y
Gratuity	100 %	-	Y	100%	-	Y
ESI**	36 %	-	Y	74%	-	Y
Others	-	-	-	-	-	-

\*All employees except management trainees are covered for PF benefits.

\*\*All employees are eligible for coverage under ESIC whose gross salary is less than or equal to ₹21,000/- per month.

##### 3. Accessibility of Workplaces

Are the premises/offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Head Office of the Company has ramps and elevators for easy movement of persons with disabilities. The Company also maintains application forms in Braille to cater to the special needs of visually impaired customers. Information and communication technology is accessible to all, including disabled persons, with the help of digitized operations.

##### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company believes in equal opportunity for all its employees and is committed to an inclusive work environment free from any kind of discrimination, and this practice has been duly incorporated in its Equal Opportunity Policy, which is available on the website of the Company at <https://www.aavas.in/codes-and-policies>. The Company values and welcomes diversity and does not treat anybody differently based on their race, sex, caste, religion, disability, or age.

## 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees	
	Return to Work Rate	Retention Rate
Male	100%	100%
Female	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## 6. Is there a mechanism available to receive and redress grievances for employees? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give the details of the mechanism in brief)
Permanent Workers	-
Other than Permanent Workers	-
Permanent Employees	Yes, the Company has put in place an Employee Grievance Redressal Policy to ensure that all communication channels are open and receptive, and all employees have an adequate opportunity to express their grievances. The Policy lays down a mechanism where on the primary level, an effort is made to resolve grievances through informal discussions, failing which, there is a time-bound three-tier grievance redressal mechanism. This mechanism has been approved by the Board and is communicated to all employees.
Other than Permanent Employees	

## 7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

The Company does not have any employee associations. The Company, however, recognizes the right to freedom of association and does not discourage collective bargaining.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category who are part of association or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category who are part of association or Union (D)	% (D/C)
Total Permanent Employees	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

## 8. Details of training given to employees:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total	On health and safety measures		On Skill Upgradation		Total	On health and safety measures		On Skill Upgradation	
		No.	%	No.	%		No.	%	No.	%
Employees										
Male	6,767	6,767	100%	6,767	100%	6,205	6,205	100%	6,205	100%
Female	298	298	100%	298	100%	223	223	100%	223	100%
Total	7,065	7,065	100%	7,065	100%	6,428	6,428	100%	6,428	100%



#### 9. Details of performance and career development reviews of employees:

All employees undergo an annual performance appraisal process based on their defined KRAs and ratings are being given on a 5-point scale, based on which their increments and bonus are decided. The Company organized Icon Awards for providing recognition and acknowledging significant contribution of employees in terms of leadership, overall work performance, teamwork and adaptive changes in the organization.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total	No.	%	Total	No.	%
<b>Employees</b>						
Male	6,764	6,764	100%	6,205	6,205	100%
Female	301	301	100%	223	223	100%
<b>Total</b>	<b>7,065</b>	<b>7,065</b>	<b>100%</b>	<b>6,428</b>	<b>6,428</b>	<b>100%</b>

#### 10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

The Company is in the business of providing housing finance services. Hence, there are no occupational health and safety risks due to the nature of the work.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Not applicable.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Yes/No)

Given the nature of business, this is not directly applicable and as such, there are no workers employed by the Company.

- d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes, all employees of the Company are covered under the Company's accidental policy and majority of the employees are covered under its health insurance policy.

#### 11. Details of safety related incidents, in the following format:

	Category	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Permanent Employees	-	-
Total recordable work-related injuries	Permanent Employees	-	-
No. of fatalities	Permanent Employees	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Permanent Employees	-	-

#### 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company ensures a safe and healthy workplace for comfort and wellbeing of all its employees. The Company's Head Office building, is a LEED Gold certified green building. A renowned doctor available in-house for consultation at Corporate Office for employees and their family members for free health check-ups on a weekly basis.

The Company has initiated various measures to encourage health conscious and fitness among its employees with in-house health, recreational and leisure activities such as Zumba dance classes, Aavas Cricket League, Surya Namaskar challenge and Dandiya dance classes. The Company also organized sessions 'Prabhav', 'Perfect Day at Office,' And 'Let's Find out Happiness' to encourage emotional, psychological, and social well-being of employees.

## 13. Number of Complaints on the following made by employees:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

## 14. Assessments for the year:

	% of Your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and Safety practices	100%
Working Conditions	100%

## 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health &amp; safety practices and working conditions.

No corrective action plan has been necessitated on the above-mentioned parameters.

## Leadership Indicators

## 1. Does the entity extend any life insurance or any compensatory package in the event of death of Employees?

Yes, the Company has health/accidental/term insurance Policy which provides insurance coverage for eligible employees, and adequate safeguard to families of deceased employees. Benefits like Provident fund, Gratuity and ESIC, as applicable, are settled on a priority basis. Further, employee stock option granted immediately vest with the employee's immediate family/person nominated by such employee. The Company assists the family in exercising such options.

## 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that statutory dues as applicable to transactions within the remit of the Company are deducted and deposited in accordance with prevailing regulations. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

## 3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Employee	-*	-	-	-

\*There were no work related injuries in Current Financial Year or the Previous Financial Year.

## 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

No.

5. Details on assessment of value chain partners:

	% of Value chain partners (by value of business done with such partners)
Health and safety practices	The Company expects all its value chain partners to follow existing regulations with regard to health, safety and working conditions. Our Environment & Social Policy has a prohibited activities list which lays down certain activities that do not qualify for financing which include child labor, forced labor, etc.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No corrective action plan has been necessitated on the above-mentioned parameters.

**Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

1. Describe the processes for identifying key stakeholder groups of the entity.

Any individual or group of individuals that adds value to the business chain of the Company is identified as a key stakeholder. This inter alia includes customers, employees, shareholders, partners, and communities.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as vulnerable or marginalized group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/ Half yearly/ Quarterly/ others-please specify)	Purpose and scope of engagement, key topics and concerns raised during such engagement
Customers	Yes, if they qualify based on specific criteria such as income, gender, etc.	Physical- Branches, notice board, pamphlets, personal visits, letters Digital/Electronic-Mobile App, website, email, SMS, customer care	Need basis	Stay in touch with the customer throughout the life cycle of the loan, address any issues that the customer may have, and periodic update about Company's progress.
Employees	No	Direct interactions and other communication mechanisms such as email, SMS, HRMS portal & App., webinars, awards & recognition programs, appraisal process, employee engagement initiatives	Regular and need basis	Focus to provide an exciting workplace, generate stable employment and improve productivity.
Shareholders	No	Annual General Meeting, Annual Report, Website, Quarterly Earning Calls, Regular investor meetings/calls, Stock Exchange Disclosures, Social/Print Media	Frequent and as per regulatory requirements	Update on Company's performance and milestones, adherence to regulatory compliances, in true spirit of transparency & governance.
Partners	No	Regular meetings, emails, SMS, phone calls, and Mobile App.	Ongoing and need basis	To increase reach and enhance business.
Communities	Yes	Directly and through implementing agencies	Ongoing and need basis	To support the sustainable growth of communities through continuous engagement.

### Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Board and its various Statutory Committees are kept abreast on various developments and feedback on economic, environmental, and social topics on a quarterly basis through constant and proactive interactions with our key stakeholders.

2. **Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Aavas Green Housing initiative is an endeavour to unlock the path towards climate action and sustainable use of natural resources with environment friendly construction of self-built homes. It takes synchronized efforts across institutions to bring real transformation and the Company is now actively focusing its efforts on Green Home Ecosystem Development, engaging regulators, partners, senior management, employees, customers, suppliers, and community at large. With this vision, the Company collaborated with International Finance Corporation (IFC), a member of the World Bank Group to conduct Green India Drive seminars across Pune, Ahmedabad, Hyderabad, Delhi and Mumbai to engage 1,000+ regulators, developers, architects, universities and financial institutions to lead the way towards a greener India with green buildings.

3. **Provide details of instances of engagement with and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**

- The Company is providing loans for construction of environment friendly homes and supporting its customers in building homes that are sustainable as well as affordable.
- During the journey of innovating a path for financing of green with our partner IFC, involved multifaceted grassroots level challenges across stakeholders both on demand and supply side of green construction. The Company is trying to address these challenges by organizing Green Samvaad sessions on Green Homes engaging 200+ masons, contractors, builders, architects and developers in four cities of India.
- Under our community wellbeing initiatives, we engage with construction workers, a vulnerable social class through our Project Viswakarma. Under Gram Siddhi, we addressed remote rural women seeking alternative livelihoods.

### Principle 5: Businesses should respect and promote human rights

#### Essential Indicators

1. **Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

The company has board approved Code of Conduct, Human Rights Policy, Equal Opportunity Policies and other best practices/policies around human rights to ensure dignity, fair practices, equal opportunity and absence of all forms of discrimination at workplace. Regular trainings and communications are done for the employees to educate them about the above practices/policies.

The Code of Conduct is communicated to all new employees at the time induction. New joiners are also provided training on Vishaka Policy against Sexual Harassment. In the Current Financial Year, 252 Prevention of Sexual Harassment (POSH) trainings were organized covering 5,719 employees. A three-day self defence training by representative from Nirbhaya Squad, Jaipur Police Authority, was organized at the Head Office of the Company covering 28 women employees.

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. of employees trained	%	Total Employees	No. of employees trained	%
<b>Employees</b>						
Permanent	6,034	6,034	100%	5,222	5,222	100%
Other than Permanent	1,031	1,031	100%	1,206	1,206	100%
<b>Total Employees</b>	<b>7,065</b>	<b>7,065</b>	<b>100%</b>	<b>6,428</b>	<b>6,428</b>	<b>100%</b>

2. Details of minimum wages paid to employees, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal Minimum Wage		More than Minimum Wage		Total (D)	Equal Minimum Wage		More than Minimum Wage	
		No.(B)	% (B/A)	No.(C)	% (C/A)		No.(E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	6,034	271	4.49%	5,763	95.51%	5,222	40	0.77%	5,182	99.23%
Male	5,788	265	4.58%	5,523	95.40%	5,048	39	0.77%	5,009	99.23%
Female	246	6	2.45%	240	97.96%	174	1	0.57%	173	99.43%
Other than permanent	1,031	92	8.92%	939	91.08%	1,206	6	0.50%	1,200	99.50%
Male	976	92	9.40%	884	90.6%	1,157	5	0.43%	1,152	99.57%
Female	55	0	-	55	100%	49	1	2.04%	48	99.96%

3. Details of remuneration/salary/wages, in the following format:

The remuneration paid to the Directors is in line with the Remuneration Policy of the Company which is available on its website at <https://www.aavas.in/codes-and-policies>

	Male		Female	
	Number	Median remuneration of respective category	Number	Median remuneration of respective category
<b>Board of Directors (BOD)</b>	7*	24,00,000	2	24,00,000
<b>Key Managerial Personnel</b>	4**	26,36,372	-	
<b>Employees other than BOD and KMP</b>	5783	2,38,746	246	2,59,732

\*Mr. Sushil Kumar Agarwal resigned as the MD of the Company with effect from 3 May 2023 and is categorized as a part of Board of Directors for the purposes of this table.

\*\*Mr. Sachinderpalsingh Jitendrasingh Bhinder, the MD and CEO, is categorized as part of Key Managerial Personnel for the purposes of this table.

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Vishaka Committee has been set up at Head Office, State and Branch level under the Vishaka Policy to look into complaints of sexual harassment at workplace.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has in place grievance redressal mechanisms for its respective stakeholders such as customers, employees, shareholders and others. All the grievance redressal mechanisms are available on the Company's website <https://www.aavas.in/> and intranet portal of the Company. With respect to complaints related to sexual harassment at workplace an aggrieved person may raise their complaint orally or in writing before the Vishaka Committee or its members.

## 6. Number of Complaints on the following made by employees:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	3	1	The pending case was received in the month of March 2023 and hence as at March 31, 2023 the Vishaka Committee was in process of examining the same.	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

## 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has in place a Human Rights Policy, Equal Opportunity Policy, Vigil Mechanism/Whistle Blower Policy and Vishaka Policy which provides a mechanism to prevent discrimination and harassment at workplace. As per the said policies, all the disclosures made shall be treated as sensitive, confidential and non-retaliatory

## 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, in certain business agreements and contracts where relevant.

## 9. Assessments for the year:

	% of Your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	The Company is in compliance with the laws as applicable.
Forced/involuntary labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others-please specify	

## 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Nil.



### Leadership Indicators

**1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

The Company is of the belief that it has upheld basic principles of human rights in all its dealings in alignment with its Human Rights Policy. Hence, no significant change is necessitated with respect to the business process.

**2. Details of the scope and coverage of any Human rights due diligence conducted.**

The Company has incorporated a culture where its employees and directors feel free to raise any concerns about wrongful conduct, with the help of its Whistle Blower Policy. The said policy provides a Vigilance Mechanism to channelize reporting of instances of wrongful conduct. The Audit Committee oversees the Vigil Mechanism. Employees have been facilitated direct access to the Chairperson of the Audit Committee if need be.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The Head Office of the Company has ramp for easy movement of differently abled visitors. Most of the branches are on ground floors or have elevators and infrastructure for differently abled visitors. The Company also maintains application forms in Braille to cater to the special needs of visually impaired customers.

**4. Details on assessment of value chain partners:**

	% of Value chain partners (by value of business done with such partners) that were assessed
Child Labour	The Company expects its value chain partners to adhere to the same values, principles and business ethics upheld by the Company in all their dealings. No specific assessment in respect of the value chain partners has been carried out.
Forced/involuntary labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others-please specify	

**5. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

No corrective action was necessitated.

### Principle 6: Businesses should respect and make efforts to protect and restore the environment

#### Essential Indicators

**1. Details of total energy consumption and energy intensity, in the following format:**

The Company is service-oriented and in the business of providing housing finance, therefore, there is no significant consumption and energy intensity. However, as a proactive and responsible corporate, the Company tracked energy consumption and other indicators during the year under review.

Parameter	FY 2022-23 Current Financial Year (in MT Co2 -e)	FY 2021-22 Previous Financial Year (in MT Co2 -e)
Total electricity consumption (A)	2,454.13	1,906.73
Total fuel consumption (B)	4,562.73*	10,622.85
Energy consumption through other sources (C)	3.23 (Diesel Generators)	4.64 (Diesel Generators)
	32.59 (HVAC Systems)	6.60** (HVAC Systems)
<b>Total energy consumption (A+B+C)</b>	<b>7,052.681</b>	<b>12,540.82</b>
<b>Energy Intensity per rupee of turnover (Total energy consumption/turnover in rupees)</b>	<b>4.37 MT Co2 -e / ₹ Crores of turnover</b>	-
<b>Energy Intensity (optional)- the relevant metric may be selected by the entity</b>	<b>0.92 MT Co2 -e / Employee</b>	-

\*Being 125.40 MT Co2 -e from Employee Commute (Office travel) and 4,437.33 MT Co2 -e from Employee Commute (Residence to Aavas Office) of Total fuel consumption.

\*\* For the Previous Financial Year, HVAC data was reported only w.r.t the Head Office of the Company.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

Yes, the assessment of GHG Emissions was carried out by independent consultant firm, Kamal Cogent Energy Pvt. Ltd. Additionally, Independent GHG Assurance of the GHG Statement and Independent Auditor's Certificate on the disclosures under the GRI Reporting Standards was issued by an Independent auditor.

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable.

3. Provide details of the following disclosures related to water, in the following format:

The Company's usage of water is restricted to human consumption purposes only. Further, efforts have been made to ensure that water is consumed judiciously. In the head office, censor taps are used in washrooms to economize water consumption.

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Water Withdrawn from source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater (borewall)	-	-
(iii) Third party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	-	-
<b>Total volume of water consumption (in kiloliters)</b>	-	-
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	-	-
<b>Water intensity (optional)- the relevant metric may be selected by the entity</b>	-	-

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

No.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
NOx	-	-	-
SOx	-	-	-
Particulate matter (PM)	-	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others- please specify	-	-	-

Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Please specify unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Total Scope 1 emissions	MT Co2 -e	161	4.64
Total Scope 2 emissions	MT Co2 -e	2,454.13	1,913.33
Total Scope 1 and Scope 2 emissions per rupee of turnover	-	-	-
Total Scope 1 and Scope 2 emissions intensity	-	-	-

Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

Yes, the assessment of GHG Emissions was carried out by independent consultant firm, Kamal Cogent Energy Pvt. Ltd.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company is endeavoring to minimize its GHG emissions where feasible. The Head Office of the Company was certified LEED Gold in May 2022. Further, through its Corporate Social Responsibility initiatives, the Company has undertaken various projects on environmental sustainability such as reforestation, investment in clean energy, and Green Housing Initiative.

Savings from	Carbon Reduction (MT Co2 -e)
275+kwh solar plant	351.00
8000+ Tree Plantation	408.51
<b>Total Savings</b>	<b>759.51</b>

8. Provide details related to waste management by the entity:

As the nature of business of the Company is providing housing finance, the only key waste products are paper, plastic and e-waste. It is a practice adopted by the Company to engage certified e-waste handlers for disposal of e-waste. However, for the Current Financial Year no e-waste has been disposed off by the Company.

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	3.933*	5.364*
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive Waste (F)	-	-
Other hazardous waste. Please specify if any. (G)	-	-
Other non-hazardous waste generated. Please specify, if any. (H)	-	-
<b>Total</b>	<b>3.933</b>	<b>5.364</b>

For each category of waste generated, total waste recovered through recycling, reusing or other recovery operations in metric tonnes

Category of Waste		
(i) Recycled	-	-
(ii) Re-used	0.59	1.696
(iii) Other Recovery Operations	-	-
<b>Total</b>	<b>0.59</b>	<b>1.696</b>

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

\* Computed with respect to the Head Office, which is the only owned premises of the Company.

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

No.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Given the nature of the business, there is no usage of toxic and hazardous chemicals by the Company. The only key waste products are paper, plastic and e-waste. In the Financial year under review, approximately 3.933 metric tonnes of waste was generated at the Company's Head Office, out of which 0.59 metric tonnes of plastic waste was put to reuse.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details.

All the offices as well as branches of the Company are in premises which have the requisite building permits, including environmental approvals.

S.No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval/clearance are being complied with? (Yes/No) If no, the reasons thereof and the corrective actions taken if any.
-	-	-	-

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

Not applicable.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
-	-	-	-	-	-

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Yes/No).

Based on the nature of business, the Company is in compliance with applicable environmental norms.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines/penalties/action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources.

Parameter	FY 2022-23 Current Financial Year (in MT Co2 -e)	FY 2021-22 Previous Financial Year (in MT Co2 -e)
<b>From renewable sources</b>		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources (A+B+C)</b>	-	-

Parameter	FY 2022-23 Current Financial Year (in MT Co2 -e)	FY 2021-22 Previous Financial Year (in MT Co2 -e)
<b>From non-renewable sources</b>		
Total electricity consumption (D)	2,454.13	1,906.73
Total fuel consumption (E)	4,562.731	10,622.85
Energy consumption through other sources (F)	3.23 (Diesel Generators)	4.64 (Diesel Generators)
	32.59 (HVAC Systems)	6.60 (HVAC Systems)
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>7,052.681</b>	<b>12,540.82</b>

Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

Yes, the assessment of GHG Emissions was carried out by independent consultant firm, Kamal Cogent Energy Pvt. Ltd. Additionally, Independent GHG Assurance of the GHG Statement of the Company for the year ended December 2022 was issued by Independent auditor.

2. Provide the following details related to water discharged:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	<b>-</b>	<b>-</b>

Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

No.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility/plant located in areas of water stress, provide the following information:

- **Name of the area**- Not Applicable.
- **Nature of operations**- Not Applicable.

- Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	-	-
<b>Total volume of water consumption (in kilolitres)</b>	-	-
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	-	-
<b>Water intensity</b> (optional) –the relevant metric may be selected by the entity	-	-
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
<b>Total water discharged (in kilolitres)</b>	-	-

Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

No.

- Please provide details of total Scope 3 emissions & its intensity in the following format:

Parameter	Unit	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	6,147*	12,463.5**
<b>Total Scope 3 emissions per rupee of turnover</b>	-	-	-
<b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

\*For the Current Financial Year, fuel consumption for work related travel is included in Scope 1 and fuel consumption for office to residence is included in Scope 3 emissions.

\*\*For the Previous Financial Year, Scope 3 emissions included fuel consumption for work related travel as well as office to residence travel.

Indicate if any independent assessment / evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

Yes, the assessment of GHG Emissions was carried out by independent consultant firm, Kamal Cogent Energy Pvt. Ltd.



5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along with summary)	Outcome of the initiative
1.	Gati	Aavas is committed to continuous improvement and has recently embarked on a digital-first initiative called Project 'Gati'. The project involves building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience.	The new system will significantly reduce manual data entry, paper work and project assessment time, thereby ensuring a seamless customer experience.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.

Yes, the Company has a Board approved Business Continuity Management Policy (BCMP) which focuses on safety and protection of people, minimizing damages and liabilities, timely recovery of critical business processes at all the offices to provide continuous service to customer.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Given the nature of the Company's business, there has been no adverse impact on environment.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable.

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

#### Essential Indicator

1. a. Number of affiliations with trade and industry chambers/associations.

The Company is a member of 2 trade/industry chamber/associations.

- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations
1.	The Associated Chambers of Commerce & Industry of India (ASSOCHAM)	National
2.	PHD Chamber of Commerce and Industry (PHD Chamber)	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not applicable.

Name of authority	Brief of the case	Corrective action taken
-	-	-

## Leadership Indicators

### 1. Details of public policy positions advocated by the entity:

The Company does not take part in any lobbying and has not propagated any public policy positions.

## Principle 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Web link
-	-	-	-	-	-

#### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable.

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
-	-	-	-	-	-	-

#### 3. Describe the mechanisms to receive and redress grievances of the community.

The Company has various mechanisms in place to receive and redress grievances of its various stakeholders. Details of such mechanisms and policies are given elsewhere in this report.

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Not Applicable.

Parameter	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directly sourced from MSMEs/small producers	-	-
Sourced directly from within the district and neighboring districts	-	-

## Leadership Indicators

#### 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Not Applicable.

Details of negative social impact identified	Corrective action taken
-	-

#### 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Nil.

S. No.	State	Aspirational District	Amount Spent (₹)
-	-	-	-

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? (Yes/No) (b) From which marginalized/vulnerable groups do you procure? (c) What percentage of total procurement (by value) does it constitute?

No, the Company does not have a preferential procurement policy. Whilst the Company has always catered to the housing finance needs of lower and middle-income groups, given the nature of business, purchases from suppliers under the above-mentioned groups are limited.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Not Applicable.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable.

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of Beneficiaries from vulnerable and marginalized groups
1.	<b>Rural Development &amp; Community Development</b>		100%
	• Vishwakarma	30,000	(The primary object of our CSR programs of the Company is to support and upgrade lives of marginalized and vulnerable communities such as rural women, disabled women, rural youth, construction workers, children etc. We strive to improve the social economic condition of these communities.)
	• Gram Siddhi	41,000	
	• Community Infra	76,500	
2.	<b>Health Care &amp; Wellness</b>		
	• Food Distribution at Hospitals	4,00,000	
	• Solar plant at Hospital	75,000	
	• Heart Surgeries of Children	10	
	• Diabetic care for one and all	985	
3.	<b>Environment</b>		
	• Environment	40,000	
	• Green Housing Program	15,350	
4.	<b>Education &amp; Holistic Development</b>		
	• Cinema on Wheels	65,000	
	• Road safety awareness	21,000	
	• Education and Holistic Development	42,000	
	<b>Total</b>	<b>8,06,845 lives touched</b>	

## Principle 9: Businesses should engage with and provide value to their customers in a responsible manner

### Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has put in place a Grievance Redressal Policy for prompt and effective redressal of customer complaints. The said Policy is available on the website of the Company at <https://www.aavas.in/codes-and-policies>.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	All our loan products and Most Important Terms & Conditions (MITCs) are completely transparent and disclose all product related details.
Recycling and/or safe disposal	

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23 Current Financial Year		Remarks	FY 2021-22 Previous Financial Year		Remarks
	Received	Pending resolution		Received	Pending resolution	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of Essential Services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	-	-	-	-	-	-

**4. Details of instances of product recalls on account of safety issues:**

Not applicable.

	Number	Reasons for recall
Voluntary recalls	-	-
Forced recalls	-	-

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company has a framework and policy on cyber security and risk related to data privacy. The IT Strategy Committee of the Company takes care of cyber security framework and policies. Information Security Audit is conducted by Information Security Auditor of the Company and Audit Report is placed before the Audit Committee.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/services.**

No penalties/regulatory action has been levied/taken on the above parameters.

**Leadership Indicators**

**1. Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Detailed information relating to all financial products and services provided by the Company is available on the Company's website, <https://www.aavas.in/product>. In addition, the Company actively uses various social media and digital platforms to disseminate information on its products and services.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company has a Fair Practices Code, KYC Policy, Most Important Terms & Conditions (MITCs), Schedule of Charges and the said are available at all the branches as well as on the Company's website for transparent and responsible dealings with its customers.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

In the event of any disruption/discontinuation of essential services, the Business Continuity and Management Plan (BCMP) gets activated and as per the process, we approach the customer through physical and digital mode.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes, in compliance with all the statutory requirements, the Company displays the information related to its products/services at the branches. Further, Company has also provided the said details on the website of the Company over and above the statutory requirements.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

Nil.

b. Percentage of data breaches involving personally identifiable information of customers:

Not Applicable.

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# Financial Statements



# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**Aavas Financiers Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of Aavas Financiers Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p><b>Expected Credit Losses (ECL) on loan assets</b></p> <p>At 31 March 2023, the Company reported total gross loans of ₹ 1,154,788 lakhs (2022: ₹ 911,774 lakhs) and ₹ 7,161 lakhs of expected credit loss provisions (2022: ₹ 6,432 lakhs).</p> <p>Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loan assets.</p> <p>Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to COVID-19 regulatory package and restructuring.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>• Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars / guidelines;</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Additional management overlay is estimated considering non prediction and long-term future impact.</p> <p>The Expected Credit Loss (“ECL”) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> <li>• Segmentation of loan book in buckets</li> <li>• determining the criteria for a significant increase in credit risk</li> <li>• factoring in future economic assumptions</li> <li>• techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>These parameters are derived from the Company’s internally developed statistical models with the help of management experts and other historical data.</p> <p>Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p>	<ul style="list-style-type: none"> <li>• Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2023) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;</li> <li>• Tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2023 by reconciling it with the balance as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system. We tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage;</li> <li>• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions;</li> <li>• Tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis. For exposure determined to be individually impaired, we tested samples of loans and advances and examined management’s estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations;</li> <li>• Performed an overall assessment of the ECL provision levels at each stage, including management’s assessment and provision on account of the Company’s portfolio, risk profile, credit risk management practices as well as the macroeconomic environment;</li> <li>• Ensured compliance with RBI Master Circular on ‘Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances’ (‘IRACP’) read with RBI circular on ‘Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications’ dated 12 November 2021, in relation to identification, upgradation and provisioning of non-performing assets (NPAs); and</li> <li>• Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p><b>Information Technology (“IT”) Systems and Controls for the financial reporting process</b></p> <p>The Company is highly dependent on its Information Technology (“IT”) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the financial statements.</p> <p>The Company’s accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, EIR computation, impairment on loans, computation of daily DPD, assignment of loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Our areas of audit focus included user access management, changes to the IT environment and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems.</p> <p>Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the ‘IT Systems and Controls for the financial reporting process’ as a key audit matter for current year audit.</p>	<p>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company’s IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.</li> <li>• Tested the design and operating effectiveness of the Company’s IT controls over the IT applications as identified above;</li> <li>• On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: <ul style="list-style-type: none"> <li>a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments</li> <li>b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties</li> <li>c. Other areas that were assessed under the IT control environment included batch processing and interfaces.</li> </ul> </li> <li>• Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy.</li> <li>• Where deficiencies were identified, tested compensating controls or performed alternative procedures.</li> </ul>

### Information other than the Financial Statements and Auditor’s Report thereon

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Director’s report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us
  - i. the Company, as detailed in note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
  - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 48.13 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of

### Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The standalone financial statements dealt with by this report are in agreement with the books of account

- the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 48.13 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

UDIN: 23105117BGRNME3528

Place: Mumbai

Date: 03 May 2023



## ANNEXURE A

### Annexure A referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of (Aavas Financiers Limited on the standalone financial statements for the year ended 31 March 2023

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified once in two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification was carried out by the management of the Company during the year, and we are therefore unable to comment on the discrepancies, if any, which could have arisen on such verification.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) a) The Company is a Housing Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- b) The Company has not provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. However, the Company has granted loans and made certain investments and, in our opinion, and according to the information and explanations given to us, such investments made are, prima facie, not prejudicial to the interest of the Company.
- c) The Company is a Housing Finance Company ('HFC'), registered under provisions of the National Housing Bank Act, 1987 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

Particulars- Days past due	Total amount due (₹ in lakhs)	No. of cases
1-29 days	13,337	2,415
30-59 days	12,602	2,126
60-89 days	1,770	338
90 or more days	9,260	1,672
<b>Total</b>	<b>36,969</b>	<b>6,551</b>

- d) According to the information and explanations given to us, the total amount which is overdue for more than 90 days in respect of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to ₹ 9,260 Lakhs as at 31 March 2023 in respect of 1,672 number of loans. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.

- e) The Company is a Housing Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company
- f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans and investments made and guarantees and security provided by it, as applicable.
- (v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a housing finance company registered with the National Housing Bank and also the Company has not accepted any deposits from public or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks / financial institution and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made

any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is a Housing Finance Company having a valid Certificate of Registration under Section 29A of the NHB Act, 1987 and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 in terms of exemption granted under Master Direction - Exemptions from the provisions of RBI Act, 1934 dated 25 August 2016 (as amended). Accordingly, reporting under clause 3(xvi) (a) and (b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi) (c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the

balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order is not

applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**

Partner

Membership No.: 105117

UDIN: 23105117BGRNME3528

Place: Mumbai

Date: 03 May 2023

## ANNEXURE B

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Aavas Financiers Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to

the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023 based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

### **Manish Gujral**

Partner

Membership No.: 105117

UDIN: 23105117BGRNME3528

Place: Mumbai

Date: 03 May 2023

## Standalone Balance Sheet as at March 31, 2023

(₹ in lakh)			
Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	17,666.88	4,230.66
Bank balance other than cash and cash equivalents	2	1,20,495.82	1,48,791.98
Loans	3	11,47,627.45	9,05,342.36
Investments	4	12,308.06	6,751.73
Other financial assets	5	30,269.70	26,164.64
<b>Total financial assets</b>		<b>13,28,367.91</b>	<b>10,91,281.37</b>
<b>Non-financial assets</b>			
Current tax assets (net)		298.89	566.13
Property, plant and equipment	6(a)	3,158.58	2,694.35
Capital work-in-progress	6(b)	-	-
Intangible assets under development	6(c)	2,036.69	209.98
Other intangible assets	6(d)	416.20	368.94
Right-of-use assets	7	4,261.91	3,552.85
Other non-financial assets	8	1,262.56	1,025.35
<b>Total non-financial assets</b>		<b>11,434.83</b>	<b>8,417.60</b>
Assets held for sale	9	1,250.36	2,339.34
<b>Total assets</b>		<b>13,41,053.10</b>	<b>11,02,038.31</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables	10		
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		3.64	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		855.98	368.07
Debt securities	11	1,42,451.90	1,70,946.09
Borrowings (other than debt securities)	12	8,31,624.91	6,16,321.15
Subordinated liabilities	13	9,992.26	9,982.50
Lease liabilities	14	4,658.79	3,948.24
Other financial liabilities	15	16,595.36	14,243.01
<b>Total financial liabilities</b>		<b>10,06,182.84</b>	<b>8,15,809.06</b>
<b>Non-financial liabilities</b>			
Provisions	16	660.18	402.50
Deferred tax liabilities (net)	17	5,017.76	3,535.55
Other non-financial liabilities	18	2,226.32	1,426.86
<b>Total non-financial liabilities</b>		<b>7,904.26</b>	<b>5,364.91</b>
<b>Total liabilities</b>		<b>10,14,087.10</b>	<b>8,21,173.97</b>
<b>Equity</b>			
Equity share capital	19	7,905.69	7,893.65
Other equity	20	3,19,060.31	2,72,970.69
<b>Total equity</b>		<b>3,26,966.00</b>	<b>2,80,864.34</b>
<b>Total liabilities and equity</b>		<b>13,41,053.10</b>	<b>11,02,038.31</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

Date: May 03, 2023

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

**Sharad Pathak**

(Company Secretary and  
Compliance Officer)

FCS-9587



## Standalone Statement of profit and loss for the year ended March 31, 2023

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	21	1,38,818.50	1,12,877.15
Fees and commission income	22	5,867.64	4,623.19
Gain on derecognition of financial instruments under amortised cost category		15,182.36	12,403.56
Net gain on fair value changes	23	961.67	531.99
<b>Total revenue from operations</b>		<b>1,60,830.17</b>	<b>1,30,435.89</b>
Other income	24	184.39	119.91
<b>Total income</b>		<b>1,61,014.56</b>	<b>1,30,555.80</b>
<b>Expenses</b>			
Finance costs	25	59,104.75	47,750.33
Fees and commission expense	26	756.47	571.23
Impairment on financial instruments	27	1,242.24	2,260.52
Employee benefits expense	28	30,059.03	23,223.53
Depreciation, amortization and impairment	6&7	2,871.95	2,375.76
Other expenses	29	12,080.52	8,888.70
<b>Total expenses</b>		<b>1,06,114.96</b>	<b>85,070.07</b>
<b>Profit before tax</b>		<b>54,899.60</b>	<b>45,485.73</b>
Tax expense:	17		
Current tax		10,410.18	9,122.53
Deferred tax		1,482.21	683.28
<b>Profit after tax for the year</b>		<b>43,007.21</b>	<b>35,679.92</b>
<b>Other comprehensive income</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability	28	113.34	94.73
Income tax effect	17	(28.52)	(23.84)
Impairment loss on investment in subsidiary	4	(264.15)	
<b>b) Items that will be reclassified to profit or loss</b>		-	-
<b>Other comprehensive income/(Loss), net of income tax</b>		<b>(179.33)</b>	<b>70.89</b>
<b>Total comprehensive income for the year</b>		<b>42,827.88</b>	<b>35,750.81</b>
<b>Earnings per equity share</b>	<b>30</b>		
Basic (₹)		54.44	45.31
Diluted (₹)		54.32	45.02
Nominal value per share (₹)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandiok & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of**  
**AAVAS FINANCIERS LIMITED**

**Manish Gujral**  
Partner  
Membership No. 105117

**Manas Tandon**  
(Non-executive Promoter Nominee Director)  
DIN-05254602

**Sachinderpal Singh**  
**Jitendrasingh Bhinder**  
(Managing Director and CEO)  
DIN-08697657

Place: Mumbai  
Date: May 03, 2023

**Ghanshyam Rawat**  
(President and Chief Financial Officer)

**Sharad Pathak**  
(Company Secretary and  
Compliance Officer)  
FCS-9587

## Standalone Statement of Changes in Equity for the year ended March 31, 2023

### a. Equity Share Capital

(₹ in lakh)

Particulars	Amount
Balance as at March 31, 2021	7,850.46
Changes in equity share capital during the year	43.19
Balance as at March 31, 2022	7,893.65
Changes in equity share capital during the year	12.04
Balance as at March 31, 2023	7,905.69

### b. Other Equity

(₹ in lakh)

Particulars	Share application money pending allotment	Reserves and surplus				Total
		Securities premium	Share based payments reserve	Special Reserve	Retained earnings	
Balance as at March 31, 2021	0.48	1,33,403.29	1,808.00	19,131.38	77,946.87	2,32,290.02
Profit for the year (A)	-	-	-	-	35,679.92	35,679.92
Other comprehensive income for the year (B)	-	-	-	-	70.89	70.89
<b>Total comprehensive income for the year (A+B)</b>	-	-	-	-	<b>35,750.81</b>	<b>35,750.81</b>
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act, 1961	-	-	-	7,150.17	(7,150.17)	-
<b>Any other change :</b>						
Application money received/ (adjusted) during the year	40.11	-	-	-	-	40.11
Issue of share capital	-	963.84	-	-	-	963.84
Utilisation of securities premium	-	-	-	-	-	-
Share based payments	-	-	1,784.61	-	-	1,784.61
Share options exercised during the year	-	520.08	(520.08)	-	2,141.30	2,141.30
<b>Balance as at March 31, 2022</b>	<b>40.59</b>	<b>1,34,887.21</b>	<b>3,072.53</b>	<b>26,281.55</b>	<b>1,08,688.81</b>	<b>2,72,970.69</b>
Profit for the year (C)	-	-	-	-	43,007.21	43,007.21
Other comprehensive income for the year (D)	-	-	-	-	(179.33)	(179.33)
<b>Total comprehensive income for the year (C+D)</b>	-	-	-	-	<b>42,827.88</b>	<b>42,827.88</b>
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act, 1961	-	-	-	8,565.57	(8,565.57)	-
<b>Any other change:</b>						
Application money received/ (adjusted) during the year	(33.91)	-	-	-	-	(33.91)
Issue of share capital	-	775.60	-	-	-	775.60
Share based payments	-	-	1,641.69	-	-	1,641.69
Share options exercised during the year	-	300.40	(300.40)	-	878.36	878.36
<b>Balance as at March 31, 2023</b>	<b>6.68</b>	<b>1,35,963.21</b>	<b>4,413.82</b>	<b>34,847.12</b>	<b>1,43,829.48</b>	<b>3,19,060.31</b>

As per our report of even date

**For Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of****AAVAS FINANCIERS LIMITED****Manish Gujral**

Partner

Membership No. 105117

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Sachinderpal Singh****Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sharad Pathak**

(Company Secretary and Compliance Officer)

FCS-9587

## Standalone Cash flow statement for the year ended March 31, 2023

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities:</b>			
Net profit before tax as per statement of profit and loss		54,899.60	45,485.73
Adjustments for			
Depreciation and amortisation of PPE and right of use assets	6 & 7	2,871.95	2,375.76
Interest on lease liabilities		383.52	318.86
Net gain on derecognition on assigned loans		(4,427.36)	(4,501.10)
Impairment on financial instruments	27	1,242.24	2,260.52
Provision for employee benefits		320.58	137.16
Share based payments	28	1,641.69	1,784.61
<b>Operating profit before working capital changes</b>		<b>56,932.22</b>	<b>47,861.54</b>
<b>Changes in working capital</b>			
(Increase)/Decrease in loans		(2,43,505.44)	(1,55,044.05)
(Increase)/Decrease in financial and other assets		1,202.55	(97.83)
Increase/(Decrease) in financial and other liabilities		3,643.35	1,170.50
<b>Total of changes in working capital</b>		<b>(2,38,659.54)</b>	<b>(1,53,971.38)</b>
Direct taxes paid/refund received		(9,293.05)	(7,480.75)
<b>Net cash flow from/(used) in operating activities (A)</b>		<b>(1,91,020.37)</b>	<b>(1,13,590.59)</b>
<b>B. Cash flow from investing activities:</b>			
Inflow (outflow) on account of:			
Investment in Subsidiary company	4	-	(1,050.00)
Investment in Government securities		(5,820.48)	(5,251.73)
Investment in fixed deposits		28,296.15	(38,884.86)
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	6	(3,895.17)	(1,559.64)
Proceeds from sale of Property, plant and equipment		50.50	35.58
<b>Net cash flow from/(used) in investing activities (B)</b>		<b>18,631.00</b>	<b>(46,710.65)</b>
<b>C. Cash flow from financing activities:</b>			
Issue of equity shares (including share premium)		753.75	1,047.13
Share / debenture issue expenses		-	(265.68)
Proceeds from borrowings		3,81,135.47	3,61,165.66
Repayment of borrowings		(1,94,316.14)	(1,98,192.53)
Repayment of lease liabilities (Including Interest)		(1,747.49)	(1,411.80)
<b>Net Cash flow generated from/(used) financing activities (C)</b>		<b>1,85,825.59</b>	<b>1,62,342.78</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>13,436.22</b>	<b>2,041.54</b>
Cash and cash equivalents as at the beginning of the year		4,230.66	2,189.12
<b>Cash and cash equivalents at the end of the year</b>	2	<b>17,666.88</b>	<b>4,230.66</b>

## Standalone Cash flow statement for the year ended March 31, 2023

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Components of cash and cash equivalents			
Cash on hand		290.55	264.01
Balance in franking machine*		0.95	0.95
Balance with banks			
In current accounts		118.08	156.20
In cash credit		2,157.30	2,809.50
In deposit account		15,100.00	1,000.00
<b>Total cash and cash equivalents</b>	<b>2</b>	<b>17,666.88</b>	<b>4,230.66</b>
<b>Operational Cash Flow from Interest</b>			
Interest Received		1,35,574.90	1,11,893.87
Interest Paid		(54,807.53)	(43,177.05)
Summary of significant accounting policies	<b>1</b>		

\* The Company can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

### Note:-

1. Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
2. Refer note no. 12(g) for changes in liabilities arising from financing activities.

As per our report of even date

**For Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manish Gujral**

Partner

Membership No. 105117

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sharad Pathak**

(Company Secretary and  
Compliance Officer)

FCS-9587

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### A. Corporate Information

AAVAS FINANCIERS LIMITED (“the Company”) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a housing finance company with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance. The Company is a public limited company and its shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

### B. Basis of preparation of financial statements

#### a) Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the ‘Act’) and other relevant provisions of the Act (as amended from time to time).

The financial statements are prepared and presented on going concern basis and the relevant provisions of the Companies Act, 2013 and the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank (‘NHB’) to the extent applicable.

The standalone financial statements have been prepared on a historical cost basis, except for, derivative financial instruments and other financial assets held for trading and all of which have been measured at fair value. The standalone financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh, except when otherwise indicated.

The financial statements have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 03, 2023

#### b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for foreign currency borrowings denominated in INR that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

### 1 Summary of significant accounting policies

#### 1.1 Use of estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

##### 1.1.1 Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how company’s stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ('the 'SPPI criterion').

### 1.1.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 1.1.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at Fair value through P&L (FVTPL), requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model, which assigns Probability of default (PD)s
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposure at default (EAD)s and loss given default (LGD)s
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

### 1.1.4 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### 1.1.5 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 1.1.6 Leases

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

#### Measurement of Lease Liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payment discounted using the Company's incremental cost of borrowing rate. Subsequently, the lease liability is

- (i) Increased by interest on lease liability;
- (ii) Reduce by lease payment made; and

#### Measurement of Right-of-Use asset

At the time of initial recognition, the Company measures 'Right-of-Use assets' as present value of all lease payment discounted using the Company's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'. Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period.

### 1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

### 1.3 Revenue recognition

#### 1.3.1 Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the contractual life of the financial instrument to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

#### 1.3.2 Other charges and other interest

1.3.2.1 Overdue interest in respect of loans is recognized upon realisation.

1.3.2.2 Other ancillary charges are recognized upon realisation.

#### 1.3.3 Commission on Insurance Policies

Commission on insurance policies sold is recognised on accrual basis when the Company under its agency code sells the insurance policies.

#### 1.3.4 Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

### 1.4 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### 1.5 Property, plant and equipment (PPE) and Intangible assets

#### Property, plant and equipment

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

### 1.6 Depreciation and amortization

#### Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE.

Property, plant and equipment (PPE) and Intangible assets	Useful Life (In Years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All PPE individually costing ₹ 5,000/- or less are fully depreciated in the year of installation/purchase.

#### Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company estimates the useful life of an intangible asset will not exceed four years from the date when the asset is available for

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds four years, the Company amortizes the intangible asset over the best estimate of its useful life.

### 1.7 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### 1.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 1.9 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.”

### 1.10 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: The date of the plan amendment or curtailment, and The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other Long term benefits wherein the Company's liability is ascertainable and is payable over a period more than a year is charged to the Profit & loss account on proportionate basis.

### 1.11 Taxes

**Tax expense comprises current and deferred tax.**

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 1.12 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.13 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 32.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting year, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### 1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1.14.1 Financial Assets

##### 1.14.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### 1.14.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### 1.14.1.3 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

### 1.14.1.4 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### 1.14.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### 1.14.1.6 Business Model Test

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel; The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model.

### 1.14.1.7 Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### 1.14.2 Financial Liabilities

#### 1.14.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### 1.14.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

#### 1.14.2.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### 1.14.3 Derivative financial instruments

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Statement of Profit and Loss.

### 1.14.4 Reclassification of financial assets and liabilities

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

### 1.14.5 De-recognition of financial assets and liabilities

#### 1.14.5.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### 1.14.5.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

## 1.15 Impairment of financial assets

### 1.15.1 Overview of the ECL principles

The Company is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and Excess Interest Spread (EIS) receivable, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 3(a)(3)(v).

The 12m ECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12m ECL are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis is explained in Note 3(a)(1).

The Company has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition. This is further explained in Note 3(a)(3)(v).

Based on the above process, the Company group its loans into Stage 1, Stage 2, Stage 3, as described below:

**Stage 1:** When loans are first recognised, the group recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired (as outlined in Note 3(a)(3)(i)). The group records an allowance for the LTECL.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

For financial assets for which the company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced.

### 1.15.2 The calculation of ECL

The Company calculates ECL on loans and EIS Receivable based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

**Loan commitments:** When estimating ECL for undisbursed loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments, the ECL is recognised within Provisions. Provisions for ECL for undisbursed loan commitments are assessed as set out in Note 3(a)(2).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD** - The Exposure at Default is an exposure at a default date. The EAD is further explained in Note 3(a)(3)(iii).
- **LGD** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3(a)(3)(iv).

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

**Stage 3:** For loans considered credit-impaired (as defined in Note 3(a)(3)(i)), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### 1.15.3 Forward looking information

While estimating the expected credit losses, the company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Property Price Index, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

### 1.15.4 Collateral repossession

To mitigate the credit risk on financial assets, the Company seeks to possess collateral, wherever required as per the powers conferred on the HFC under SARFAESI act. In its normal course of business, the company does

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

not physically repossess properties or other assets in its retail portfolio, but generally engages external or internal agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession are not continued under loans and advances and are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date. With effect from April 01, 2022, the Company has discontinued the treatment of accounting and disclosing such cases as asset held for sale (AFS) and such cases continue to be included as part of the loan portfolio (EAD) as at the balance sheet date. Considering the impracticability involved in verifying the cases under SARFESI till March 31, 2022, the change is effected prospectively by the Company in these financials statement.

### 1.15.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of profit and loss account.

### 1.16 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 1.17 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### 1.18 New Technical Pronouncement

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1** - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

**Ind AS 8** - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' to help entities distinguish changes in accounting policies from changes in accounting estimates.

**Ind AS 12** - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The effective date for adoption of these amendments is annual periods beginning on or after April 1, 2023.

## 2. Cash and bank balances

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Cash on hand (refer note 2(a))	291.50	264.96
Balance with banks		
In Current accounts	118.08	156.20
In Cash credit accounts	2,157.30	2,809.50
In Deposits with original maturity of less than three months	15,100.00	1,000.00
	<b>17,666.88</b>	<b>4,230.66</b>
<b>Bank balances other than above (refer note 2(b))</b>		
Deposit with original maturity of more than 3 months less than 12 months	1,19,304.00	1,23,714.08
Deposit with original maturity of more than 12 months	1,191.82	25,077.90
	<b>1,20,495.82</b>	<b>1,48,791.98</b>
<b>Total</b>	<b>1,38,162.70</b>	<b>1,53,022.64</b>

2(a) Cash on hand includes of ₹ 0.95 lakh (P.Y. ₹ 0.95 lakh) balance of franking machine.

2(b) Other bank balance in deposit accounts include deposits under lien aggregating to ₹ 1,290.82 lakh (P.Y. ₹ 1,280.94 lakh) towards the first loss guarantee provided by the Company under the securitization agreements.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 3. Loans

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At amortised cost</b>		
Loan assets	11,54,788.47	9,11,773.88
<b>Total Gross</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>
Less: Impairment loss allowance	(7,161.02)	(6,431.52)
<b>Total Net</b>	<b>11,47,627.45</b>	<b>9,05,342.36</b>
Secured by tangible assets (Property including land and building)	11,54,788.47	9,11,773.88
<b>Total Gross</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>
Less: Impairment loss allowance	(7,161.02)	(6,431.52)
<b>Total Net</b>	<b>11,47,627.45</b>	<b>9,05,342.36</b>
<b>Loans in India</b>		
Public Sector	-	-
Others	11,54,788.47	9,11,773.88
<b>Total Gross</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>
Less: Impairment loss allowance	(7,161.02)	(6,431.52)
<b>Total Net</b>	<b>11,47,627.45</b>	<b>9,05,342.36</b>

- i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
- ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of ₹ 22,634.53 lakh at March 31, 2023 (P.Y. ₹ 23,368.23 lakh)
- iii) Loans sanctioned but undisbursed amount is ₹ 59,372.75 lakh as on March 31, 2023 (P.Y. ₹ 40,201.79 lakh)
- iv) The company is not granting any loans against gold jewellery as collateral.
- v) The company is not granting any loans against security of shares as collateral.
- vi) The Company has assigned a pool of certain loans amounting to ₹ 1,05,955.78 lakh (P.Y. ₹ 86,485.66 lakh) by way of a direct assignment transaction during the year. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.
- vii) The Company has granted certain loans to staff secured by equitable mortgage/registered mortgage of the property amounting to ₹ 4,094.01 lakh as on March 31, 2023 (P.Y. ₹ 2,112.98 lakh).
- viii) Loan assets include two loans (P.Y. one loan), which became doubtful due to fraudulent misrepresentation by the borrowers where amount involved was ₹ 42.97 lakh (P.Y. ₹ 18.17 lakh) and same has been provided for.
- ix) Refer to note 1.15.4, Loan assets includes cases admitted under SARFESI aggregating ₹ 3,138.43 with effect from April 01, 2022.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 3(a)(i) Grouping financial assets measured on a collective basis

As explained in note 1.15, the Company calculates ECL on collective basis on following asset classes:

- Housing-Salaried lending
- Housing-Self Employed lending
- Non Housing-Salaried lending
- Non Housing-Self Employed lending

The Company groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans such as product type and customer type.

An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows: (₹ in lakh)

Particulars	2022-23			2021-22				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	8,75,710.09	27,027.84	9,035.95	9,11,773.88	7,27,801.05	22,094.14	7,391.36	7,57,286.55
New assets originated	4,85,506.22	-	-	4,85,506.22	3,53,434.42	-	-	3,53,434.42
Assets derecognised or repaid	(2,35,799.73)	(4,348.68)	(1,910.67)	(2,42,059.08)	(1,92,729.54)	(3,382.83)	(2,469.44)	(1,98,581.81)
Transfers from Stage 1	(9,536.49)	6,572.09	2,964.40	-	(20,368.72)	16,278.88	4,089.84	-
Transfers from Stage 2	5,589.24	(9,163.60)	3,574.36	-	6,190.76	(8,065.00)	1,874.24	-
Transfers from Stage 3	1,714.91	847.59	(2,562.50)	-	1,382.12	102.65	(1,484.77)	-
Amounts written off	-	-	(432.55)	(432.55)	-	-	(365.28)	(365.28)
Gross carrying amount closing balance	11,23,184.24	20,935.24	10,668.99	11,54,788.47	8,75,710.09	27,027.84	9,035.95	9,11,773.88

Reconciliation of ECL balance is given below:

Reconciliation of ECL balance is given below:									(₹ in lakh)
Particulars	2022-23				2021-22				Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
ECL opening balance	2,168.07	2,180.09	2,083.36	6,431.52	2,098.75	845.37	2,013.80	4,957.92	
ECL remeasurements due to changes in EAD/Credit Risk/Assumptions (Net)	440.87	(148.22)	436.85	729.50	82.42	1,392.36	57.43	1,532.21	
Transfers from Stage 1	(32.06)	22.15	9.91	-	(95.28)	69.81	25.47	-	
Transfers from Stage 2	15.02	(409.82)	394.80	-	46.26	(131.20)	84.94	-	
Transfers from Stage 3	4.50	49.89	(54.39)	-	35.92	3.75	(39.67)	-	
Amounts written off	-	-	-	-	-	-	(58.61)	(58.61)	
ECL closing balance	2,596.40	1,694.09	2,870.53	7,161.02	2,168.07	2,180.09	2,083.36	6,431.52	

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 3(a)(2) Loan commitments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is, as follows: (₹ in lakh)

Particulars	2022-23			Total	2021-22			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Gross carrying amount opening balance	40,063.65	138.14	-	40,201.79	31,787.62	241.81	159.77	32,189.20
New assets originated	48,215.88	-	-	48,215.88	34,563.27	-	-	34,563.27
Assets disbursed or cancelled	(34,394.40)	(121.67)	-	(34,516.07)	(26,233.56)	(160.65)	(156.47)	(26,550.68)
Transfers from Stage 1	(156.22)	129.62	26.60	-	(103.26)	103.26	-	-
Transfers from Stage 2	0.97	(3.37)	2.40	-	46.28	(46.28)	-	-
Transfers from Stage 3	-	-	-	-	3.30	-	(3.30)	-
Gross carrying amount closing balance	53,729.88	142.72	29.00	53,901.60	40,063.65	138.14	-	40,201.79

Reconciliation of ECL balance is given below:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	74.54	8.17	-	82.71	58.22	2.53	34.28	95.03
ECL Remeasurements due to changes in EAD/Credit Risk/Assumptions (Net)	49.32	(5.61)	6.72	50.43	16.44	5.51	(34.27)	(12.32)
Transfers from Stage 1	(0.22)	0.20	0.02	-	(0.23)	0.23	-	-
Transfers from Stage 2	0.00	(0.13)	0.13	-	0.10	(0.10)	-	-
Transfers from Stage 3	-	-	-	-	0.01	-	(0.01)	-
ECL closing balance	123.64	2.63	6.87	133.14	74.54	8.17	-	82.71

### 3(a)(3) Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

#### 3(a)(3)(i) Definition of default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due (DPD) on its contractual payments on any day irrespective of reporting cycle. Company upgrade stage 3 cases only if entire arrears of interest and principal are paid by the borrower i.e. DPD becomes zero. The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognized and is still in the portfolio.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 3(a)(3)(ii) The Company's process for managing risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers, investments in debt securities and derivatives that are an asset position. The Company considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

### 3(a)(3)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

### 3(a)(3)(iv) Loss given default

The Company segments its retail lending products into smaller homogeneous portfolios (housing and non housing), based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

### 3(a)(3)(v) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

During the previous year RBI issued resolution framework 2.0 dated May 05, 2021 accordance with that Company has offered moratorium on payment of all installment and/or interest as applicable to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

When estimating ECL on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

### 3(a)(3)(vi) Risk assessment model

The Company has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

### 3(a)(4) Collateral

The Company holds collateral to mitigate credit risk associated with financial assets. The main types of collateral are registered / equitable mortgage property. The collateral presented relates to instruments that are measured at amortised cost.

The Company did not hold any financial instrument for which no loss allowance is recognised because of collateral at March 31, 2023. There was no change in the Company's collateral policy or collateral quality during the year.

Refer note 43(C) for risk concentration based on Loan to value(LTV).

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 4 Investments

(₹ in lakh)

Particulars	At fair Value					Others	Total
	Amortised Cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Subtotal		
<b>As at March 31, 2023</b>							
Government securities	11,072.21				-	-	11,072.21
Subsidiary - Aavas Finserv Limited	-	1,500.00	-	-	1,500.00		1,500.00
<b>Total Gross (A)</b>	<b>11,072.21</b>	<b>1,500.00</b>	-	-	<b>1,500.00</b>	-	<b>12,572.21</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	11,072.21	1,500.00	-	-	1,500.00	-	12,572.21
<b>Total (B)</b>	<b>11,072.21</b>	<b>1,500.00</b>	-	-	<b>1,500.00</b>	-	<b>12,572.21</b>
Less: Allowance for Impairment loss (C)	-	(264.15)	-	-	(264.15)	-	(264.15)
<b>Total Net D = (A) - (C)</b>	<b>11,072.21</b>	<b>1,235.85</b>	-	-	<b>1,235.85</b>	-	<b>12,308.06</b>
<b>As at March 31, 2022</b>							
Government securities	5,251.73	-	-	-	-	-	5,251.73
Subsidiary - Aavas Finserv Limited		1,500.00	-	-	1,500.00		1,500.00
<b>Total Gross (A)</b>	<b>5,251.73</b>	<b>1,500.00</b>	-	-	<b>1,500.00</b>	-	<b>6,751.73</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	5,251.73	1,500.00	-	-	1,500.00	-	6,751.73
<b>Total (B)</b>	<b>5,251.73</b>	<b>1,500.00</b>	-	-	<b>1,500.00</b>	-	<b>6,751.73</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) - (C)</b>	<b>5,251.73</b>	<b>1,500.00</b>	-	-	<b>1,500.00</b>	-	<b>6,751.73</b>

### 5 Other financial assets

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued on bank deposits	1,767.97	1,923.37
Security deposit	490.11	379.02
EIS receivable (Refer note 5(a))	28,145.16	23,717.80
Inter corporate loan	-	265.53
<b>Total Gross</b>	<b>30,403.24</b>	<b>26,285.72</b>
Less: Impairment loss allowance (on EIS receivable assets)	(133.54)	(121.08)
<b>Total Net</b>	<b>30,269.70</b>	<b>26,164.64</b>

**5(a)** Under Ind AS, with respect to assignment deals, Company has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of profit and loss for the year, which has been computed by discounting EIS to present value.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 6(a) Property, plant and equipment

(₹ in lakh)

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
<b>Cost</b>							
At March 31, 2021	1,041.53	1,714.17	1,754.86	667.84	754.02	4.95	5,937.37
Purchase	-	535.10	275.70	197.97	161.20	-	1,169.97
Disposals	-	(29.15)	(21.27)	(86.53)	(16.98)	-	(153.93)
At March 31, 2022	1,041.53	2,220.12	2,009.29	779.28	898.24	4.95	6,953.41
Purchase	-	688.47	469.20	304.89	289.94	-	1,752.50
Disposals	-	(13.90)	(11.96)	(153.22)	(16.28)	-	(195.36)
As at March 31, 2023	1,041.53	2,894.69	2,466.53	930.95	1,171.90	4.95	8,510.55
<b>Depreciation</b>							
At March 31, 2021	193.62	1,303.91	1,052.08	320.46	560.64	-	3,430.71
Charge for the year	41.29	362.40	267.72	139.45	135.85	-	946.71
Disposals	-	(27.69)	(18.93)	(57.24)	(14.50)	-	(118.36)
At March 31, 2022	234.91	1,638.62	1,300.87	402.67	681.99	-	4,259.06
Charge for the year	39.28	542.36	323.15	161.26	171.72	-	1,237.77
Disposals	-	(13.20)	(11.52)	(105.04)	(15.10)	-	(144.86)
As at March 31, 2023	274.19	2,167.78	1,612.50	458.89	838.61	-	5,351.97
<b>Net Block</b>							
At March 31, 2022	806.62	581.50	708.42	376.61	216.25	4.95	2,694.35
At March 31, 2023	767.34	726.91	854.03	472.06	333.29	4.95	3,158.58

### 6(b) Capital work-in-progress

(₹ in lakh)

	PPE	Total
<b>Gross block</b>		
At March 31, 2021	-	-
Capitalised during the year	-	-
Purchase	-	-
At March 31, 2022	-	-
Capitalised during the year	-	-
Purchase	-	-
As at March 31, 2023	-	-

### 6(c) Intangible assets under development

(₹ in lakh)

	Software	Total
<b>Gross block</b>		
At March 31, 2021	40.54	40.54
Capitalised during the year	58.42	58.42
Addition During the year	227.86	227.86
At March 31, 2022	209.98	209.98
Capitalised during the year	0.72	0.72
Addition During the year	1,827.43	1,827.43
As at March 31, 2023	2,036.69	2,036.69



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 6(d) Other Intangible assets

(₹ in lakh)

	Software/ Other intangible assets	Total
<b>Gross block</b>		
At March 31, 2021	940.62	940.62
Purchase	220.22	220.22
Disposals	-	-
At March 31, 2022	1,160.84	1,160.84
Purchase	315.98	315.98
Disposals	-	-
As at March 31, 2023	1,476.82	1,476.82
<b>Amortization</b>		
At March 31, 2021	595.06	595.06
Charge for the year	196.84	196.84
At March 31, 2022	791.90	791.90
Charge for the year	268.72	268.72
As at March 31, 2023	1,060.62	1,060.62
<b>Net block</b>		
At March 31, 2022	368.94	368.94
As at March 31, 2023	416.20	416.20

### 6.1 Capital-Work-in Progress (CWIP)

- (a) CWIP aging schedule- there is no balance of Capital-Work-in-Progress(CWIP) available as on March 31, 2023 and March 31, 2022
- (b) No such case of capital-work-in progress in which completion is overdue or has exceeded its cost compared to its original plan in the Company

### 6.2 Intangible assets under development

- (a) Intangible assets under development aging schedule

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 2023</b>					
Projects in progress	1,827.43	209.26	-	-	2,036.69
Projects temporarily suspended	-	-	-	-	-
<b>As at March 2022</b>					
Projects in progress	209.98	-	-	-	209.98
Projects temporarily suspended	-	-	-	-	-

- (b) No such case of intangible assets under development in which completion is overdue or has exceeded its cost compared to its original plan in the Company.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 7 Right-of-use assets

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Value of Right of Use Asset	6,725.52	4,914.17
Addition	2,106.48	1,815.96
Disposal	(31.95)	(4.61)
<b>Gross Carrying Value</b>	<b>8,800.05</b>	<b>6,725.52</b>
<b>Depreciation</b>		
Opening accumulated depreciation	3,172.67	1,940.47
Depreciation for the year	1,365.47	1,232.20
<b>Closing Accumulated Depreciation</b>	<b>4,538.14</b>	<b>3,172.67</b>
<b>Net Carrying value</b>	<b>4,261.91</b>	<b>3,552.85</b>

### 8 Other non-financial assets

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	496.08	361.10
Advance to staff	192.52	178.75
Advance to vendors	287.73	258.03
Other recoverable	286.23	227.47
<b>Total</b>	<b>1,262.56</b>	<b>1,025.35</b>

### 9 Assets held for sale

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Asset obtained by taking possession of collateral (Refer Note 9(a) & Note 1.15.4)	1,791.15	2,921.06
<b>Total Gross</b>	<b>1,791.15</b>	<b>2,921.06</b>
Less: Impairment loss allowance*	(540.79)	(581.72)
<b>Total Net</b>	<b>1,250.36</b>	<b>2,339.34</b>

\*The Company has accounted additional provision basis its past experience on realization and time value of money.

#### 9(a) Assets obtained by taking possession of collateral

The Company obtained the following assets by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Residential properties	1,791.15	2,921.06
<b>Total assets obtained by taking possession of collateral</b>	<b>1,791.15</b>	<b>2,921.06</b>

### 10 Payables

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	3.64	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	855.98	368.07
<b>Total</b>	<b>859.62</b>	<b>368.07</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 10 (a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment					
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2023						
(i) MSME	-	3.64	-	-	-	3.64
(ii) Others	759.92	-	76.97	12.50	6.59	855.98
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

### 10 (a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment					
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years
As at March 31, 2022						
(i) MSME	-	-	-	-	-	-
(ii) Others	287.85	-	72.34	7.88	-	368.07
(iii) Disputed dues- MSME	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-

**10 (b)** There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises for the year ended March 31, 2023

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 11 Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
(₹ in lakh)		
At amortised cost		
Secured*		
Debt securities (Refer note 11(a))	91,699.17	1,15,263.52
Unsecured		
Debt securities (Refer note 11(a))	50,752.73	55,682.57
<b>Total</b>	<b>1,42,451.90</b>	<b>1,70,946.09</b>
Debt securities in India	91,699.17	1,15,263.52
Debt securities outside India	50,752.73	55,682.57
<b>Total</b>	<b>1,42,451.90</b>	<b>1,70,946.09</b>

\*Exclusive charge on specified loan assets/ receivables and in case of debenture issued vide ISIN INE216P07167 additional first pari passu charge created on Company's Immovable property in favour of security Trustee as stated in the respective Debenture Trust Deed.

### 11(a). Detail of Redeemable Non-Convertible Debentures

ISIN No.	Date of allotment	Date of redemption	Current Nominal value per debenture	Total number of debentures	Rate of interest	Current face value	As at March 31, 2023	As at March 31, 2022	Secured/ Unsecured	Terms of redemption
(₹ in lakh)										
INE216P07134	18-Jul-17	18-May-22	10	1,300	8.43%*	13,000	-	12,994.27	Secured	Redeemed at par during the year
INE216P07167	16-Sep-19	15-Sep-24	100	345	8.39%*	34,500	34,365.85	34,283.81	Secured	Redeemable at par
XSI923066390	20-Dec-18	20-Dec-25	75	200	8.93%**	15,000	14,958.86	19,929.00	Unsecured	Redeemable at par
INE216P07209	31-Dec-20	31-Dec-25	5.50	1,000	8.63%**	5,500	5,496.86	7,494.41	Secured	Redeemable at par
INE216P07217	26-Nov-21	26-Nov-26	10	990	8.15%	9,900	9,893.78	9,892.33	Secured	Redeemable at par
INE216P07225	25-Mar-22	25-Mar-27	8	1,000	8.50%**	8,000	7,994.19	9,991.22	Secured	Redeemable at par
INE216P07175	30-Mar-20	30-Mar-28	7.69	4,444	8.65%*	34,174	33,948.48	40,607.48	Secured	Redeemable at par
XS2449330336	10-Mar-22	10-Mar-29	100	360	6.75%**	36,000	35,793.88	35,753.57	Unsecured	Redeemable at par
						<b>Total</b>	<b>1,42,451.90</b>	<b>1,70,946.09</b>		

\*ROI p.a (payable half yearly)

\*\*ROI p.a (payable quarterly)

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

Terms of repayment of debentures outstanding as at March 31, 2023 (₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Original maturity of loan											
Quarterly Above 3 years	8%-10%	8	3,939.72	15	7,476.77	4	1,993.81	-	-	27	13,410.30
Half yearly	6%-8%	-	-	2	8,972.13	4	17,944.26	2	8,972.13	8	35,888.52
Above 3 years	8%-10%	4	11,658.55	8	23,600.53	4	13,631.50	-	-	16	48,890.58
Bullet end	8%-10%	-	-	1	34,393.16	3	9,869.34	-	-	4	44,262.50
Above 3 years											
<b>Total</b>		<b>12</b>	<b>15,598.27</b>	<b>26</b>	<b>74,442.59</b>	<b>15</b>	<b>43,438.91</b>	<b>2</b>	<b>8,972.13</b>	<b>55</b>	<b>1,42,451.90</b>

Terms of repayment of debentures outstanding as at March 31, 2022 (₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Original maturity of loan											
Quarterly Above 3 years	6%-8%	8	3,969.64	16	7,957.70	11	5,470.92	-	-	35	17,398.26
Half yearly	6%-8%	-	-	-	-	4	17,904.82	4	17,904.82	8	35,809.64
Above 3 years	8%-10%	4	11,747.10	8	23,548.66	6	18,575.10	2	6,800.77	20	60,671.63
Bullet end	6%-8%	-	-	-	-	3	9,847.65	-	-	3	9,847.65
Above 3 years	8%-10%	1	12,901.35	1	34,317.56	-	-	-	-	2	47,218.91
<b>Total</b>		<b>13</b>	<b>28,618.09</b>	<b>25</b>	<b>65,823.92</b>	<b>24</b>	<b>51,798.49</b>	<b>6</b>	<b>24,705.59</b>	<b>68</b>	<b>1,70,946.09</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 12 Borrowings (other than debt securities)

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At amortised cost</b>		
<b>Secured</b>		
<b>Term loans (refer note 12(I))</b>		
From National Housing Bank (NHB) (Refer note 12(a))	2,60,287.19	2,20,676.44
From banks (Refer note 12(b))	5,57,105.10	3,81,480.45
From financial institutions (Refer note 12(c))	7.52	30.54
From insurance companies (Refer note 12(d))	5,621.09	6,869.39
<b>Others</b>		
Cash credit (refer note 12(e))	2,742.11	-
Others (refer note 12(f))	5,861.90	7,264.33
<b>Total</b>	<b>8,31,624.91</b>	<b>6,16,321.15</b>
Borrowings in India	8,31,624.91	6,16,321.15
Borrowings outside India	-	-
<b>Total</b>	<b>8,31,624.91</b>	<b>6,16,321.15</b>

12(a) Secured term loans from National Housing Bank (NHB) carry rate of interest in the range of 2.80% to 8.50% p.a. The loans are having tenure of 3 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

12(b) Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 6.80% to 9.15% p.a. The loans are having tenure of 5 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Secured term loan from banks include auto loans of ₹ 370.43 lakh (P.Y. ₹ 279.11 lakh) carrying rate of interest in the range of 7.35% to 10.10% p.a. which are secured by hypothecation of Company's vehicles.

12(c) Loans from financial institutions include auto loans of ₹ 7.52 lakh (P.Y. ₹ 30.54 lakh) carrying rate of interest at the rate of 8.75% p.a. which are secured by hypothecation of Company's vehicles.

12(d) Secured term loan from Insurance Company carry rate of interest of 9.10% p.a. The loan is having tenure of 8 years from the date of disbursement and is repayable in half yearly instalments. The Loan is secured by hypothecation (exclusive charge) of the loans given by the Company.

12(e) Cash credit borrowings from bank are secured against hypothecation of loans given by the Company, are repayable on demand and carry interest rates ranging from 8.30% to 10.20%

12(f) Other borrowings includes associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS.

#### 12(g) Changes in liabilities arising from financing activities

ISIN No.	As at March 31, 2022	Cash flows	Other*	As at March 31, 2023
Debt securities	1,70,946.09	(28,836.92)	342.73	1,42,451.90
Borrowings	6,16,321.15	2,16,756.23	(1,452.47)	8,31,624.91
Subordinate liabilities	9,982.50	(0.00)	9.76	9,992.26
<b>Total</b>	<b>7,97,249.74</b>	<b>1,87,919.31</b>	<b>(1,099.98)</b>	<b>9,84,069.07</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 12 Borrowings (other than debt securities) (contd....) (₹ in lakh)

ISIN No.	As at March 31, 2021	Cash flows	Other*	As at March 31, 2022
Debt securities	1,46,466.15	24,481.53	(1.59)	1,70,946.09
Borrowings	4,78,102.49	1,40,007.46	(1,788.80)	6,16,321.15
Subordinate liabilities	9,973.65	0.00	8.85	9,982.50
<b>Total</b>	<b>6,34,542.29</b>	<b>1,64,488.99</b>	<b>(1,781.54)</b>	<b>7,97,249.74</b>

\*Other column includes amortisation of transaction cost.

12(h) The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

### 12(i) Terms of repayment of borrowings outstanding as at March 31, 2023 (₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Monthly repayment schedule	6% - 8%	100	13,291.99	144	22,156.65	114	15,548.81	21	1,602.30	-	-	379	52,599.75
Above 3 years	8% - 10%	474	20,239.98	694	41,419.70	419	37,919.58	194	45,344.90	-	-	1,781	1,44,924.16
Quarterly repayment schedule	10% - 12%	168	40.27	203	53.60	1	0.25	-	-	-	-	372	94.12
Above 3 years	2% - 4%	49	14,876.39	128	39,550.88	124	37,827.03	34	9,891.16	-	-	335	1,02,145.46
Half yearly repayment schedule - Above 3 years	4% - 6%	31	5,275.37	76	12,631.45	30	4,726.98	24	3,736.99	-	-	161	26,370.79
	6% - 8%	172	29,701.30	362	71,200.69	313	61,755.28	273	58,821.02	-	-	1,120	2,21,478.29
	8% - 10%	119	33,355.96	305	84,785.89	224	67,066.32	260	74,971.54	36	9,608.76	944	2,69,788.47
	8% - 10%	2	1,248.03	4	2,498.19	3	1,873.64	-	-	-	-	9	5,619.86
<b>Total</b>		<b>1,445</b>	<b>1,48,029.29</b>	<b>1,916</b>	<b>2,74,297.05</b>	<b>1,228</b>	<b>2,26,717.89</b>	<b>806</b>	<b>1,94,367.91</b>	<b>36</b>	<b>9,608.76</b>	<b>5,101</b>	<b>8,23,020.90</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 5,861.90 lakh (Due within 1 year ₹ 896.71 lakh and due more than 1 year ₹ 5,416.34 lakh)

### Terms of repayment of borrowings outstanding as at March 31, 2022 (₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Monthly repayment schedule - Above 3 years	6% - 8%	608	21,352.68	969	43,663.94	350	38,292.71	325	45,824.09	-	-	2,252	1,49,133.42
Quarterly repayment schedule	8% - 10%	123	999.27	72	1,118.98	-	-	-	-	-	-	195	2,118.25
Above 3 years	2% - 4%	46	11,777.77	112	30,428.83	112	30,428.83	84	20,645.44	-	-	354	93,280.87
Half yearly repayment schedule - Above 3 years	4% - 6%	42	16,520.56	96	15,473.35	70	10,131.85	86	11,003.45	-	-	294	53,129.21
	6% - 8%	203	37,198.64	527	1,02,597.54	418	83,973.96	400	75,753.39	39	2,946.65	1,587	3,04,470.18
	8% - 10%	3	1015	8	27.09	6	20.12	-	-	-	-	17	57.36
	6% - 8%	2	1,247.89	4	2,497.62	4	2,497.62	1	624.40	-	-	11	6,867.53
<b>Total</b>		<b>1,027</b>	<b>89,106.96</b>	<b>1,788</b>	<b>1,95,807.35</b>	<b>960</b>	<b>1,67,345.09</b>	<b>896</b>	<b>1,53,850.77</b>	<b>39</b>	<b>2,946.65</b>	<b>4,710</b>	<b>6,09,056.82</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 7,264.33 lakh (Due within 1 year ₹ 549.19 lakh and due more than 1 year ₹ 6,715.14 lakh)

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 13 Subordinated Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
(₹ in lakh)		
At Amortised cost		
Debtures (Refer note 13(a))	9,992.26	9,982.50
<b>Total</b>	<b>9,992.26</b>	<b>9,982.50</b>
Subordinated liabilities in India	9,992.26	9,982.50
Subordinated liabilities Outside India	-	-
<b>Total</b>	<b>9,992.26</b>	<b>9,982.50</b>

### 13(a). Detail of Subordinated Liabilities

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest	Face value	As at March 31, 2023	As at March 31, 2022	Secured/ Unsecured	Terms of redemption
(₹ in lakh)										
INE216P08017	22-Dec-17	22-Dec-23	10	1,000	9.24%	10,000	9,992.26	9,982.50	Unsecured	Redeemable at par

### Terms of repayment of Subordinated liabilities outstanding as at March 31, 2023

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total
Original maturity of loan		No. of installments	Amount	No. of installments	Amount	No. of installments
At the end of tenure	8%-10%	1	9,992.26	-	-	1
Above 3 years						9,992.26

### Terms of repayment of Subordinated liabilities outstanding as at March 31, 2022

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total
Original maturity of loan		No. of installments	Amount	No. of installments	Amount	No. of installments
At the end of tenure	8%-10%	-	(9.76)	1	9,992.26	1
Above 3 years						9,982.50

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 14 Lease liabilities

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities	4,658.79	3,948.24
<b>Total</b>	<b>4,658.79</b>	<b>3,948.24</b>

Disclosures as required by Ind AS 116 'Leases' are stated below

#### Movement of Lease Liability

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	3,948.24	3,229.82
Add: Addition during the year	2,067.37	1,810.81
Interest on lease liability	390.67	319.41
Less: Lease rental payment	(1,747.49)	(1,411.80)
<b>Closing Balance</b>	<b>4,658.79</b>	<b>3,948.24</b>

The following is the breakup of current and non-current portion of lease liability as on March 31, 2023

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Current	1,295.79	1,102.45
Non-current	3,363.00	2,845.79
<b>Total lease liability</b>	<b>4,658.79</b>	<b>3,948.24</b>

### 15 Other financial liabilities

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due		
Non convertible debentures	388.36	793.48
Unsecured non convertible debentures	443.66	473.21
Bank- term Loan	359.60	402.92
Financial institution- term Loan	0.03	0.14
Due to assignees towards collections in derecognised assets	5,392.66	5,095.69
Employee benefits payable	2,538.04	1,973.64
Others	7,473.01	5,503.93
<b>Total</b>	<b>16,595.36</b>	<b>14,243.01</b>

### 16 Provisions

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Leave availment	324.51	251.73
Gratuity	202.53	68.06
ECL on undisbursed loan commitment	133.14	82.71
<b>Total</b>	<b>660.18</b>	<b>402.50</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 17. Tax Expenses

The major components of income tax expense for the Year ended March 31, 2023

Profit or loss section		(₹ in lakh)
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Current income tax:</b>		
Current income tax charge	10,410.18	9,122.53
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,482.21	683.28
<b>Income tax expense reported in the statement of profit or loss</b>	<b>11,892.39</b>	<b>9,805.81</b>

### OCI

Deferred tax related to items recognised in OCI during the year:

		(₹ in lakh)
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net loss/(gain) on re-measurements of defined benefit plans	28.52	23.84
<b>Income tax charged to OCI</b>	<b>28.52</b>	<b>23.84</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023:

Particulars	As at March 31, 2023	As at March 31, 2022
Accounting profit before tax from continuing operations	54,899.60	45,485.73
Profit/(loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>54,899.60</b>	<b>45,485.73</b>
Tax at statutory Income Tax rate of 25.17% (P.Y. 25.17%)	13,817.13	11,447.85
Expenses Disallowed in Income tax Act	295.26	254.34
Other permanent difference	(387.14)	(297.59)
Expenses disallowed u/s 43B of Income tax Act	18.32	9.44
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	(1,840.06)	(1,601.17)
Incremental deferred tax liabilities /(assets) on account of Financial assets and other items	(11.12)	(7.06)
Tax at effective Income Tax rate (a)	11,892.39	9,805.81
Tax on Other comprehensive income (b)	28.52	23.84
<b>Total tax expenses at effective tax rate (a+b)</b>	<b>11,920.91</b>	<b>9,829.65</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Deferred Tax liabilities / (assets)

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Deferred tax liability</b>		
Unamortized Borrowings cost	336.58	412.70
Upfront EIS income	7,083.57	5,969.29
<b>Gross deferred tax liability</b>	<b>7,420.15</b>	<b>6,381.99</b>
<b>Deferred tax asset</b>		
Expected credit loss (ECL)	(1,266.87)	(1,275.85)
Unamortized Processing fee	(548.44)	(1,032.11)
Fair Valuation of SARFAESI assets	(64.69)	(102.46)
Provision for gratuity and Leave availment	(75.18)	(63.36)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(347.32)	(273.15)
Other adjustments	(99.89)	(99.51)
<b>Gross deferred tax asset</b>	<b>(2,402.39)</b>	<b>(2,846.44)</b>
<b>Net deferred tax liability</b>	<b>5,017.76</b>	<b>3,535.55</b>

### Deferred tax charged to statement of profit and loss account

(₹ in lakh)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Profit and Loss	OCI	Profit and Loss	OCI
Unamortized Borrowings cost	(76.12)	-	20.38	-
Upfront EIS income	1,114.28	-	1,132.84	-
Expected credit loss (ECL)	8.98	-	(369.85)	-
Unamortized Processing fee	483.67	-	(3.18)	-
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(74.17)	-	(48.86)	-
Other adjustments	25.57	28.52	(48.05)	23.84
<b>Deferred tax charged to statement of profit and loss account</b>	<b>1,482.21</b>	<b>28.52</b>	<b>683.28</b>	<b>23.84</b>

The proportionate amount of business income from housing loan segment for Special Reserve u/s 29C of the NHB Act read with section 36 (1) (viii) of Income Tax Act, 1961 has been computed by giving weightage of housing loan for more than 60 months to total loan assets of the Company. The total housing loan for more than 60 months for the year under consideration is ₹ 8,31,620.29 lakh (PY ₹ 6,53,700.01 lakh).

### 18 Other Non-financial Liabilities

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	359.98	295.70
Provision for expenses	1,582.95	1,002.52
GST payable	65.65	67.06
Others	217.74	61.58
<b>Total</b>	<b>2,226.32</b>	<b>1,426.86</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 19 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorized share Capital</b>		
85,000,000 (P.Y. 85,000,000) Equity Shares of ₹ 10/- each	8,500.00	8,500.00
	<b>8,500.00</b>	<b>8,500.00</b>
<b>Issued, Subscribed &amp; Paid up capital</b>		
<u>Issued and Subscribed Capital</u>		
79,056,874 (P.Y. 78,936,451) Equity Shares of ₹ 10/- each	7,905.69	7,893.65
<u>Called-Up and Paid Up Capital</u>		
Fully Paid-Up		
79,056,874 (P.Y. 78,936,451) Equity Shares of ₹ 10/- each	7,905.69	7,893.65
<b>Total</b>	<b>7,905.69</b>	<b>7,893.65</b>

19(a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ In lakh	No. of shares	₹ In lakh
Equity Share at the beginning of year	7,89,36,451	7,893.65	7,85,04,551	7,850.46
Add:				
<b>Equity Share Allotted during year</b>				
Shares issued under ESOP	1,20,423	12.04	4,31,900	43.19
<b>Equity share at the end of year</b>	<b>7,90,56,874</b>	<b>7,905.69</b>	<b>7,89,36,451</b>	<b>7,893.65</b>

19(b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding
<b>Lake District Holdings Limited</b>	1,81,86,219	23.00%	1,81,86,219	23.04%
18,186,219 Equity Shares of ₹ 10/- each fully paid				
<b>Partners Group ESCL Limited</b>	88,68,091	11.22%	88,68,091	11.23%
8,868,091 Equity Shares of ₹ 10/- each fully paid				
<b>Smallcap World Fund, Inc</b>	63,18,330	7.99%	61,68,830	7.81%
6,318,330 Equity Shares of ₹ 10/- each fully paid				
<b>Total</b>	<b>3,33,72,640</b>	<b>42.21%</b>	<b>3,32,23,140</b>	<b>42.09%</b>

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

19(c) Rights, preferences and restrictions attached to shares

Equity shares:

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 19(d) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-	-

19(e) For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 32

### 19(f) Shareholding of Promoters

#### Shares held by promoters at the end of March 31, 2023

Promoter name	No. of shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.00%	0.00%
Partners Group ESCL Limited	88,68,091	11.22%	0.00%
Partners Group Private Equity Master Fund LLC	38,91,752	4.92%	0.00%
<b>Total</b>	<b>3,09,46,062</b>	<b>39.14%</b>	

#### Shares held by promoters at the end of March 31, 2022

Promoter name	No. of shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.04%	-21.41%
Partners Group ESCL Limited	88,68,091	11.23%	-21.10%
Partners Group Private Equity Master Fund LLC	38,91,752	4.93%	-21.10%
<b>Total</b>	<b>3,09,46,062</b>	<b>39.20%</b>	

## 20 Other equity

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium (refer note 20(a))	1,35,963.21	1,34,887.21
Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act, 1961 (refer note 20(a))	34,847.12	26,281.55
Share Based Payments Reserve (refer note 20(a))	4,413.82	3,072.53
Retained earnings	1,43,829.48	1,08,688.81
Share Application money received	6.68	40.59
<b>Total</b>	<b>3,19,060.31</b>	<b>2,72,970.69</b>

### 20(a) Nature and purpose of reserve

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

#### Special reserve

Section 29C (i) of the National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. During the year ended March 31, 2023, The

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

Company has transferred an amount of ₹ 7,311.11 lakh (P.Y. ₹ 6,361.94 lakh) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987 and also transferred an amount of ₹ 1,254.46 lakh (P.Y. ₹ 788.23 lakh) to the Reserve in terms of Section 29C of the National Housing Bank ("NHB") Act, 1987.

### Share Based Payments Reserve

This Reserve relates to stock options granted by the Company to employees under various ESOP Schemes. This Reserve is transferred to Securities Premium Account on exercise of vested options.

### 21. Interest income

(₹ in lakh)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss
Interest on loans (Refer note 21(a))	-	1,29,684.13	-	-	1,06,452.48	-
Interest on deposits with banks	-	8,679.33	-	-	6,169.38	-
Interest on deposits with corporates	-	-	-	-	145.39	-
Interest on Inter corporates loan	-	20.20	-	-	17.26	-
Interest on government securities	-	434.84	-	-	92.64	-
<b>Total</b>	<b>-</b>	<b>1,38,818.50</b>	<b>-</b>	<b>-</b>	<b>1,12,877.15</b>	<b>-</b>

21(a) Loan origination income included in interest income on loan is disclosed net of the direct incremental costs of ₹ 7,768.07 lakh for year ended March 31, 2023 (P.Y. ₹ 4,150.73 lakh) associated with the origination of the underlying loans.

### 22 Fees and commission Income

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Insurance commission	754.02	476.75
Other fee income	5,113.62	4,146.44
<b>Total</b>	<b>5,867.64</b>	<b>4,623.19</b>

### 23 Net gain on fair value changes

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Net gain on financial instruments at fair value through profit and loss		
i) On trading portfolio		
Investments	961.67	531.99
b) Others		
Derivatives	-	-
<b>Total Net gain on fair value changes</b>	<b>961.67</b>	<b>531.99</b>
<b>Fair value changes</b>		
Realised	961.67	531.99
Unrealised- MTM gain	-	-
<b>Total Net gain on fair value changes</b>	<b>961.67</b>	<b>531.99</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 24 Other income

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net gain on derecognition of property, plant and equipment	28.37	1.68
Other income	156.02	118.23
<b>Total</b>	<b>184.39</b>	<b>119.91</b>

### 25 Finance Costs

(₹ in lakh)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost
Interest on borrowings, debt securities and subordinated liabilities	-	58,245.92	-	46,867.26
Interest on securitised pool	-	468.15	-	563.67
Interest on lease liability	-	390.68	-	319.40
<b>Total</b>	<b>-</b>	<b>59,104.75</b>	<b>-</b>	<b>47,750.33</b>

### 26 Fees and commission expense

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Resource mobilisation expenses	322.95	281.05
Bank charges and commission	188.70	151.28
Brokerage commission	244.82	138.90
<b>Total</b>	<b>756.47</b>	<b>571.23</b>

### 27 Impairment on financial instruments

(₹ in lakh)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost
Loan assets	-	751.46	-	1,763.17
Write offs	-	432.55	-	306.67
Assets acquired under SARFAESI	-	58.23	-	190.68
<b>Total</b>	<b>-</b>	<b>1,242.24</b>	<b>-</b>	<b>2,260.52</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 28 Employee Benefits Expenses

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	26,413.76	19,887.97
Contribution to provident and other funds	1,357.28	1,131.71
Share Based Payments to employees	1,641.69	1,784.61
Staff welfare expenses	646.30	419.24
<b>Total</b>	<b>30,059.03</b>	<b>23,223.53</b>

#### Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

#### Statement of profit and loss

##### Net employee benefit expense recognized in the employee cost

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	379.52	260.49
Interest cost	4.83	3.65
Expected return on plan assets	-	-
Net remeasurement (gain) / loss recognized in the year	-	-
<b>Net expense</b>	<b>384.35</b>	<b>264.14</b>

##### Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial loss/(gain) due to change in financial assumptions	(54.02)	(42.73)
Actuarial loss/ (gain) due to experience adjustments	(80.80)	(70.11)
Return on plan assets excluding amounts included in interest income	21.48	18.11
<b>Remeasurement (gain) / loss arising during the year</b>	<b>(113.34)</b>	<b>(94.73)</b>

##### Actual Return on plan asset

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on plan asset	48.17	39.93
Actuarial gain/(loss)	(21.48)	(18.11)

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Balance Sheet

#### Net defined benefit liability

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of defined benefit obligation	928.09	758.08
Fair value of plan assets	(725.56)	(690.02)
<b>Plan liability</b>	<b>202.53</b>	<b>68.06</b>

#### Changes in the present value of the defined benefit obligation are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening defined benefit obligation	758.09	659.25
Current service cost	379.52	260.49
Interest cost	53.00	43.59
Benefits paid during the year	(127.70)	(92.40)
Remeasurement (gain)/loss on obligation	(134.82)	(112.84)
<b>Closing defined benefit obligation</b>	<b>928.09</b>	<b>758.09</b>

#### Changes in the present value of the plan assets are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Fair value of plan asset at the beginning	690.02	604.95
Interest Income on Plan Asset	48.17	39.93
Expected return on plan asset	-	-
Contribution made	134.00	64.84
Benefit paid during the year	(125.15)	(1.59)
Actuarial Gain/(Loss) on plan assets	(21.48)	(18.11)
<b>Fair value of plan asset at the the end of the year</b>	<b>725.56</b>	<b>690.02</b>

#### The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	7.50%	7.10%
Salary escalation rate	6.00%	6.00%
Employee turnover	age 30 = 5%	age 30 = 5%
	age 31-40 = 3%	age 31-40 = 3%
	age 41-50 = 2%	age 41-50 = 2%
	age 51 & above=1%	age 51 & above=1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

Experience adjustment for the reported years are as below:

Particulars	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined benefit obligation	928.09	758.09	659.25	517.23	293.96
Plan assets	(725.56)	(690.02)	(604.95)	-	-
Net Liability (Asset)	202.53	68.07	54.30	517.23	293.96
Experience adjustments on plan liabilities (Gain)/ Loss	(80.80)	(70.12)	(91.54)	6.97	(35.07)
Experience adjustments on plan assets	-	-	-	-	-

### Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below: (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Effect of 1% change in assumed discount rate		
- 1% increase	810.42	657.49
- 1% decrease	1,071.85	881.59
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,060.83	875.87
- 1% decrease	811.78	659.69

The sensitivity analysis have been determined based on reasonably possible changes of the respective 'assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

### Funding Arrangement and Policy

The contribution by the Corporation to fund the liabilities of the plan has to be invested. The trustees of the 'plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax 'rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the 'fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

Maturity Analysis of the Benefit Payments: From the Fund (₹ in lakh)

Projected benefits payable in future years from the date of reporting	Year ended March 31, 2023
1st Following Year	29.45
2nd Following Year	31.09
3rd Following Year	37.04
4th Following Year	36.86
5th Following Year	70.38
Sum of Years 6 to 10	260.84

### Other Benefits

The Company has provided for compensatory leaves which can be availed and not encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 29 Other expenses

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Advertisement and publicity	1,085.29	663.53
AMC charges	245.84	182.81
Auditor's remuneration (note 29(a))	77.73	77.09
Collection and legal recovery expenses	542.59	278.99
Communication costs	639.88	493.38
CSR expenses (refer note 39)	740.13	601.29
Directors' fees and commission	130.80	130.80
Donation	0.50	44.00
Electricity and water	416.93	299.24
General office expenses	423.48	275.39
IT and analytics expenses	715.83	523.43
Legal and professional charges	998.55	728.18
Manpower management cost	3,464.04	3,109.44
Postage and courier expenses	275.87	235.08
Printing and stationery	152.12	102.49
Rent, rates and taxes expenses	135.77	75.28
Repairs and maintenance	583.48	347.70
Travelling and conveyance	1,451.69	720.58
<b>Total</b>	<b>12,080.52</b>	<b>8,888.70</b>

### 29(a) Auditor's remuneration

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	64.65	64.01
Tax audit fees	3.27	3.27
Other services	9.81	9.81
<b>Total</b>	<b>77.73</b>	<b>77.09</b>

### 30 Earning per share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Following reflects the profit and share data used in EPS computations:		
<b>Basic</b>		
Weighted average number of equity shares for computation of Basic EPS (in lakh)	790.02	787.52
Net profit for calculation of basic EPS (in lakh)	43,007.21	35,679.92
<b>Basic earning per share (In ₹)</b>	<b>54.44</b>	<b>45.31</b>
<b>Diluted</b>		
Weighted average number of equity shares for computation of Diluted EPS (in lakh)	791.78	792.57
Net profit for calculation of Diluted EPS (in lakh)	43,007.21	35,679.92
<b>Diluted earning per share (In ₹)</b>	<b>54.32</b>	<b>45.02</b>
<b>Nominal value of equity shares (In ₹)</b>	<b>10.00</b>	<b>10.00</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 31. Maturity analysis of assets and liabilities

The following tables set forth, for the periods indicated, the assets and liabilities line items expected to be recovered or settled within and after twelve months after factoring prepayment assumptions.

(₹ in lakh)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	17,666.88	-	17,666.88	4,230.66	-	4,230.66
Bank balance other than cash and cash equivalents	1,20,495.82	-	1,20,495.82	1,48,790.98	1.00	1,48,791.98
Loans	1,83,506.77	9,64,120.68	11,47,627.45	1,49,312.09	7,56,030.27	9,05,342.36
Investments	-	12,308.06	12,308.06	-	6,751.73	6,751.73
Other financial assets	14,747.18	15,522.52	30,269.70	12,934.71	13,229.93	26,164.64
<b>Non-financial assets</b>						
Current tax assets (net)	298.89	-	298.89	566.13	-	566.13
Property, plant and equipment	-	3,158.58	3,158.58	-	2,694.35	2,694.35
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	2,036.69	2,036.69	-	209.98	209.98
Other intangible assets	-	416.20	416.20	-	368.94	368.94
Right-of-use assets	-	4,261.91	4,261.91	-	3,552.85	3,552.85
Other non-financial assets	1,182.35	80.21	1,262.56	939.36	85.99	1,025.35
<b>Assets held for sale</b>	1,250.36	-	1,250.36	2,339.34	-	2,339.34
<b>Total Assets</b>	<b>3,39,148.25</b>	<b>10,01,904.85</b>	<b>13,41,053.10</b>	<b>3,19,113.27</b>	<b>7,82,925.04</b>	<b>11,02,038.31</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Payables						
(I) Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	3.64	-	3.64	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	855.98	-	855.98	368.07	-	368.07
Debt securities	15,598.27	1,26,853.63	1,42,451.90	28,618.09	1,42,328.00	1,70,946.09
Borrowings (other than debt securities)	1,21,668.11	7,09,956.80	8,31,624.91	90,255.35	5,26,065.80	6,16,321.15
Subordinated liabilities	9,992.26	(0.00)	9,992.26	(9.76)	9,992.26	9,982.50
Lease liabilities	1,295.79	3,363.00	4,658.79	1,102.45	2,845.79	3,948.24
Other financial liabilities	16,488.42	106.94	16,595.36	14,147.49	95.52	14,243.01
<b>Non-financial liabilities</b>						
Provisions	244.78	415.40	660.18	99.67	302.83	402.50
Deferred tax liabilities (net)	-	5,017.76	5,017.76	-	3,535.55	3,535.55
Other non-financial liabilities	2,226.32	-	2,226.32	1,426.86	-	1,426.86
<b>Total Liabilities</b>	<b>1,68,373.57</b>	<b>8,45,713.53</b>	<b>10,14,087.10</b>	<b>1,36,008.22</b>	<b>6,85,165.75</b>	<b>8,21,173.97</b>
<b>Net Assets</b>	<b>1,70,774.68</b>	<b>1,56,191.32</b>	<b>3,26,966.00</b>	<b>1,83,105.05</b>	<b>97,759.29</b>	<b>2,80,864.34</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 32. Stock options

I The Company has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the Year ended March 31, 2023 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Directors 2016 (ESOP 2016 III)	Equity stock option plan for Employees 2019 (ESOP 2019)	Equity stock option plan for Employees 2020 (ESOP 2020)	Equity stock option plan for Employees 2021 (ESOP 2021)	Equity stock option plan for Employees 2022 (ESOP 2022)	Equity stock option plan for Employees 2016 (ESOP 2016)
No. of options approved*	12,87,901	7,19,084	23 Feb-17	03-Oct-19	13-Jul-21	18-Aug-21	22-Aug-22	30-Mar-23
Date of grant	23 Feb-17	24-Jan-18	23 Feb-17	03-Oct-19	13-Jul-21	18-Aug-21	22-Aug-22	30-Mar-23
No. of options granted	9,80,418	4,24,687	7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000
Exercise price per option (in ₹)	215.25	328	215.25	1580.20	2887.05	2477.15	2241.25	1606.40
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")							
A) Fixed Vesting year is as follows on following dates :-								
1st vesting "12 months from the date of grant"	98,012	42,469	71,908	30,000	30,000	30,000	85,000	12,500
2nd vesting "On expiry of four months from the 1st vesting date"	98,012	NA	71,908	NA	NA	NA	NA	NA
2nd vesting "On expiry of one year from the 1st vesting date"	NA	42,469	NA	30,000	30,000	30,000	85,000	12,500
3rd vesting "On expiry of one year from the 2nd vesting date"	98,012	42,469	Refer note A	30,000	30,000	30,000	85,000	12,500
4th vesting "On expiry of one year from the 3rd vesting date"	98,012	42,469	-	30,000	30,000	30,000	85,000	12,500
5th vesting "On expiry of one year from the 4th vesting date"	98,011	42,469	-	30,000	30,000	30,000	85,000	12,500
B) Conditional Vesting	Linked with conditions over the next five years as stipulated in respective stock option plan							
	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note A)	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan
Exercise year	Four years from the date of each vesting							

\*After adjusting subsequent cancellations, if any

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Note:

- A. During year ended March 31, 2019, pursuant to the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.
- B. During year ended March 31, 2023, pursuant to the Board/Nomination and Remuneration Committee approval dated August 22, 2022, options granted for employees 2022-ESOP 2022 plan.
- C. During year ended March 31, 2023, pursuant to the Board/Nomination and Remuneration Committee approval dated March 30, 2023, options granted for employees 2016-ESOP 2016 plan.

### II Computation of fair value of options granted during the year ended March 31, 2023

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP 2022	ESOP 2016
Share price on the date of grant	2241.25	1606.40
Exercise price	2241.25	1606.40
Expected volatility (%)	25.98%	28.92%
Life of the options granted (years)		
First Vesting	1 years	1 years
Second Vesting	2 years	2 years
Third Vesting	3 years	3 years
Forth Vesting	4 years	4 years
Fifth Vesting	5 years	5 years
Risk-free interest rate (%)	7.26%	7.25%
Expected dividend rate (%)	0%	0%
Fair value of the option	Tranche 1 - 335.368	Tranche 1 - 240.331
	Tranche 2 - 511.929	Tranche 2 - 366.301
	Tranche 3 - 656.553	Tranche 3 - 469.830
	Tranche 4 - 782.368	Tranche 4 - 559.913
	Tranche 5 - 894.494	Tranche 5 - 640.417

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### III Reconciliation of options

(₹ in lakh)

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016
<b>Year ended March 31, 2023</b>								
Options outstanding at April 1, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000	-	-
Granted during the year	-	-	-	-	-	-	8,50,000	1,25,000
Forfeited during the year	-	-	-	-	-	-	-	-
Exercised during the year	10,473	50,460	24,943	34,547	-	-	-	-
Expired / lapsed during the year	-	7,033	-	85,758	58,806	44,313	2,36,300	-
Outstanding at March 31, 2023	22,685	67,962	20,000	1,79,695	2,41,194	2,55,687	6,13,700	1,25,000
Exercisable at March 31, 2023	22,685	67,962	20,000	93,135	48,794	49,687	-	-
Weighted average remaining contractual life (in years)	0.05	0.75	0.06	3.15	5.26	5.38	6.40	7.00
Weighted average share price at the time of exercise*	2,269.33	1,984.79	2,112.09	2,126.14	-	-	-	-

(₹ in lakh)

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016
<b>Year ended March 31, 2022</b>								
Options outstanding at April 1, 2021	1,93,462	2,24,049	2,69,656	3,00,000	-	-	-	-
Granted during the year	-	-	-	-	3,00,000	3,00,000	-	-
Forfeited during the year	-	-	-	-	-	-	-	-
Exercised during the year	1,38,570	68,617	2,24,713	-	-	-	-	-
Expired / lapsed during the year	21,734	29,977	-	-	-	-	-	-
Outstanding at March 31, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000	-	-
Exercisable at March 31, 2022	33,158	83,970	44,943	1,20,000	-	-	-	-
Weighted average remaining contractual life (in years)	0.09	1.45	0.20	4.47	6.29	6.39	-	-
Weighted average share price at the time of exercise*	2,451.95	2,466.42	2,409.75	-	-	-	-	-

\* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 33 Segment information

The Company has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting'. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

- 34** The Company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business as a housing finance company without accepting public deposits by National Housing Bank on August 04, 2011 and got a revised Certificate of Registration (02.0104.13) after conversion of Company from a private limited company to a public limited company on February 08, 2013. Further, the name of our company was changed to AAVAS FINANCIERS LIMITED, pursuant to a Shareholders resolution passed at the EOGM held on February 23, 2017. A fresh certificate of incorporation consequent to such change of name was issued on March 29, 2017 by the Registrar of companies, Jaipur and subsequently the revised certificate of Registration (No.04.0151.17) was issued on April 19, 2017 by National Housing Bank.

### 35. Related party

#### a. Names of related parties identified in accordance with Ind AS -24 "Related Party Disclosures"

##### 1. Entities where control exists:

##### Shareholders having Substantial interest

Lake District Holdings Limited

##### Wholly owned Subsidiary Company

Aavas Finserv Limited

##### 2. Directors and Key Management Personnel

Mr. Sandeep Tandon	Chairperson and Independent Director
Mr. Sushil Kumar Agarwal	Managing Director (Resigned from the post of Managing Director w.e.f. May 03, 2023)
Mrs. Kalpana Iyer	Independent Director
Mrs. Soumya Rajan	Independent Director
Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director
Mr. Vivek Vig	Non-Executive Nominee Director
Mr. Nishant Sharma	Non-executive Promoter Nominee Director
Mr. Manas Tandon	Non-executive Promoter Nominee Director
Mr. Kartikeya Dhruv Kaji	Non-executive Promoter Nominee Director
Mr. Ghanshyam Rawat	President & Chief Financial Officer (Designated/appointed as president w.e.f. February 02, 2023)
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director & Chief Executive Officer (Appointed as CEO w.e.f. February 02, 2023. Further Board at its meeting held on May 03, 2023 has appointed Mr. Sachinder Bhinder as Managing Director & CEO)
Mr. Ashutosh Atre	President & Chief Risk Officer (Designated/appointed as KMP w.e.f. February 02, 2023)
Mr. Sharad Pathak	Company Secretary & Compliance Officer

##### 3. Post Employment Benefit Plan

Aavas Gratuity Trust

##### 4. Enterprises under significant influence of the Key Management Personnel

Aavas foundation

##### 5. Relatives of Key Managerial Personnel

None



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

(₹ in lakh)

Name of related party	Nature of transactions	March 31, 2023			March 31, 2022		
		Amount received	Amount paid	Receivable	Amount received	Amount paid	Receivable
Aavas Finserv Limited	Reimbursement of expenses	22.16	3.74	-	-	4.40	18.42
	Reimbursement of Statutory payments	108.61	37.06	0.04	-	30.67	71.58
	Investment In Equity Share	-	-	-	-	1,050.00	-
	Inter Corporate Loan	250.00	-	-	-	250.00	250.00
	Interest on Inter corporate loan	35.73	-	-	-	-	15.53
Mr. Sandeep Tandon	Commission	-	26.16	-	-	26.16	-
Mr. Sushil Kumar Agarwal	Remuneration	-	334.79	-	-	309.65	-
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Share based Payment	-	1.09	-	-	-	-
	Remuneration	-	19.65	-	-	-	-
Mr. Ashutosh Atre	Share based Payment	-	26.42	-	-	-	-
	Remuneration	-	20.17	-	-	-	-
Mrs. Kalpana Iyer	Commission	-	26.16	-	-	26.16	-
Mrs. Soumya Rajan	Commission	-	26.16	-	-	26.16	-
Mr. Ramachandra Kasargod Kamath	Issue of Equity shares	53.69	-	-	-	-	-
	Share based Payment	-	-	-	-	2.73	-
	Commission	-	26.16	-	-	26.16	-
Mr. Vivek Vig	Issue of Equity shares	-	-	-	483.69	-	-
	Share based Payment	-	-	-	-	13.66	-
	Commission	-	26.16	-	-	26.16	-
Mr. Ghanshyam Rawat	Share based Payment	-	101.11	-	-	-	-
	Remuneration	-	239.57	-	-	215.84	-
Mr. Sharad pathak	Issue of Equity shares	3.28	-	-	6.60	-	-
	Remuneration	-	32.83	-	-	24.36	-
	Loan given	-	30.50	-	-	-	-
	Loan repaid	0.29	-	30.21	-	-	-
	Interest on Loan	0.44	-	-	-	-	-
	Share based Payment	-	18.56	-	-	1.18	-
Aavas Foundation	Contribute as a Settler (CSR)	-	393.60	-	-	351.17	-
Aavas Gratuity Trust	Gratuity Contribution	-	134.00	-	-	63.25	-

### Note :

1. All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.
2. Consolidated Remuneration is paid to Non-Executive Directors as profit linked commission instead of paying Sitting fees and Commission separately.
3. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
4. Issue of equity shares includes Share premium amount.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

**36** The Company's pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Company as at March 31, 2023.

### 37 Commitments and contingencies

a Capital and other commitments:

(₹ in lakh)

Particulars	As at March 31, 2023		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	222.47	83.25	139.22
Other intangible assets	3,501.75	2,036.69	1,465.06

Particulars	As at March 31, 2022		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	105.08	61.79	43.29
Other intangible assets	1,196.19	207.29	988.90

Refer note 3(iii) for undisbursed commitment relating to loans.

b There are no Contingent Liabilities as on March 31, 2023 and March 31, 2022

### 38 Expenditure in foreign currency

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest paid*	3,995.25	1,781.10
Other expenses**	799.29	453.65

\*Interest expenses does not includes provision for interest on Rupee Denominated Bond (RDB) issued on March 10, 2022 payable to CDC Group amounting to ₹190.50 lakh (PY ₹ 185.62 lakh).

\*\*Other expenses does not includes provision for royalty payable to Intralinks Inc. amounting to ₹ 10.00 lakh (PY ₹ 21.64 lakh).

### 39 CSR expenses

Operating expenses include ₹740.13 lakh for the year ended March 31, 2023 (P.Y. ₹ 601.29 lakh) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross amount (including deficit of previous year) required to be spent by the Company during the year is ₹ 788.56 lakh. (P.Y. ₹ 601.29 lakh).

The Board of Directors of the Company has approved an amount of CSR of ₹ 740.13 lakh.

a. The details of amount spent during the respective year towards CSR are as under:

(₹ in lakh)

Name of related party	March 31, 2023			March 31, 2022		
	Amount Spent*	Yet to be paid	Total	Amount Spent	Yet to be paid	Total
Construction/acquisition of any asset	Nil	Nil	Nil	Nil	Nil	Nil
On purposes other than above	821.17	0.00	821.17	552.86	48.43	601.29

\*Amount spent includes unspent amount of ₹ 48.43 lakhs as on March 31, 2022 and excess spent amount of ₹ 32.61 during the year March 31, 2023.

b. Amount of shortfall at the end of year

The Company has an unspent amount of ₹ 48.43 lakh as on March 31, 2022, which was transferred to CSR unspent bank account within thirty days. The aforesaid amount of ₹ 48.43 lakh has been spent in year ended March 31, 2023.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### c. Unspent amount as per Section 135 (5) of the Companies Act, 2013 (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance	48.43	-
Amount required to be spent during the year	740.13	601.29
Amount spent during the year	788.56	552.86
Closing Balance - unspent amount	-	48.43

### d. Excess spent amount as per Companies Act, 2013 (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance - Excess Spent	-	-
Amount required to be spent during the year	740.13	-
Amount spent during the year	772.74	-
Closing Balance - Excess Spent	(32.61)	-

### e. The details of amount spent during the respective year towards CSR are as under: (₹ in lakh)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In CSR Unspent Bank A/C		From Company's Bank A/C	From CSR Unspent Bank A/C	From Company's Bank A/C	From CSR Unspent Bank A/C
-	48.43	740.13	772.74	48.43	32.61	-

During the year ended March 31, 2023, the Company has spent excess amount of CSR amounting to ₹ 32.61 lakh. The said pre-spent shall be carried forward in next financial year in accordance with the provisions of Company Act, 2013.

### f. Reason of shortfall at the end of year

No such short fall is during the FY 2022-23

### g. Nature of CSR activities are disclosed in CSR Report

### h. Details of related party transactions

The Company has paid ₹ 393.60 lakh for CSR expenditure to Aavas Foundation, public trust registered under section 12A and 80G of Income Tax Act 1961, established by the Company singly for the purpose of CSR.

## 40 Fair value measurement

### 40(a) Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 40(b) Fair Value of financial instruments which are not measured at Fair Value

The carrying amounts and fair value of the Company's financial instruments are reasonable approximations of fair values at financial statement level.

#### Valuation methodologies of financial instruments not measured at fair value

##### Loans

Most of the loans are repriced frequently, with interest rate of loans reflecting current market pricing. Hence carrying value of loans is deemed to be equivalent of fair value.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Borrowings

The Company's most of the borrowings are at floating rate which approximates the fair value.

Debt securities and subordinate liabilities are fixed rate borrowings and fair value of these fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans and carrying value approximates the fair value for fixed rate borrowing at financial statement level.

### Short Term and Other Financial Assets and Liabilities

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Assets held for sale

Real estate properties are valued based on a well progressed sale process with price quotes.

## 41 Transfer of financial assets

Transfers of financial assets that are not derecognised in their entirety

### Securitisation:

The Company uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in lakh)

Loans and advances measured at amortised cost	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortised cost	6,088.60	7,545.70
Carrying amount of associated liabilities	(5,845.53)	(7,245.23)

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

### Assignment Deal:

During the year ended March 31, 2023, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Company business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition.

(₹ in lakh)

Loans and advances measured at amortised cost	Year ended March 31, 2023	Year ended March 31, 2022
Carrying amount of derecognised financial assets	1,05,955.78	86,485.66
Gain from derecognition	15,182.36	12,403.56

## 42 Capital management:

For the purpose of the Company's capital management, capital includes issued equity capital, Securities premium and all other equity reserves attributable to the equity holders of the Company net of intangible assets. The primary objective of the Company's capital management is safety and security of share capital and maximize the shareholder value.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 currently permits HFCs to borrow up to 12 times of their net owned funds ("NOF"). The Company includes with in debt, its all interest bearing loans and borrowings.

### Debt to net worth ratio

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Debts	9,85,260.71	7,98,919.49
Net worth	3,24,513.10	2,80,285.41
Debt to Net worth (in times)	3.04	2.85

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

## 43 Financial risk management objectives and policies

The Company's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. At the other hand Company's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. The Principal Objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. Company's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Company face in businesses are liquidity risk, credit risk, interest rate risk.

### (A) Liquidity risk

Liquidity Risk refers to the risk that the Company can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business resultantly may face an Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company has given cash collateral for the securitisation transactions and do not expect any net cash outflow and hence guarantees given for securitisation transactions have not been shown as part of below table. Further, undisbursed loan amount being cancellable in nature are not disclosed as part of below mentioned maturity profile.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Maturity profile of Financial liabilities as on March 31, 2023

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	2,13,308.69	859.61	15,296.77
Over 1 year to 3 years	4,49,520.65	-	106.94
Over 3 year to 5 years	3,25,004.68	-	-
Over 5 year	2,47,998.42	-	-
<b>Total</b>	<b>12,35,832.44</b>	<b>859.61</b>	<b>15,403.71</b>

### Maturity profile of Financial liabilities as on March 31, 2022

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	1,66,766.63	368.07	12,477.73
Over 1 year to 3 years	3,49,184.60	-	95.52
Over 3 year to 5 years	2,61,885.54	-	-
Over 5 year	2,01,139.29	-	-
<b>Total</b>	<b>9,78,976.06</b>	<b>368.07</b>	<b>12,573.25</b>

### (B) Credit risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher credit impaired assets. Company address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. Company has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysed at various levels. Company has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The Company has created more than 60 templates of customer profiles through its experience over the years, with risk assessment measures for each geography in which it operates. The Company continuously seek to develop and update such profiles in order to identify and source reliable customers and improve efficiencies. The Company also conduct an analysis of the existing cash flow of customer's business to assess their repayment abilities. The Company has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 11,82,933.63 lakh and ₹ 9,35,491.68 lakh as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of Loan assets and EIS receivable.

### (C) Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by range of loan-to-value (LTV) ratio. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Loans to customers:

#### LTV wise bifurcation:

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,71,143.22	5,115.76	2,286.15	2,78,545.13
41%-60%	4,24,137.18	6,786.30	3,292.48	4,34,215.96
61%-80%	3,44,265.82	7,269.75	3,763.98	3,55,299.55
More than 80%	83,638.02	1,763.43	1,326.38	86,727.83
<b>Total</b>	<b>11,23,184.24</b>	<b>20,935.24</b>	<b>10,668.99</b>	<b>11,54,788.47</b>

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,11,206.85	6,528.24	2,288.11	2,20,023.20
41%-60%	3,21,668.80	8,721.30	2,984.65	3,33,374.75
61%-80%	2,86,556.40	8,373.58	3,146.86	2,98,076.84
More than 80%	56,278.04	3,404.72	616.33	60,299.09
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

### Customer profile

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	3,95,592.73	3,213.86	1,854.74	4,00,661.33
Self employed	4,73,007.57	10,926.77	6,201.93	4,90,136.27
<b>NON-HOUSING:</b>	-	-	-	
Salaried	76,729.64	1,330.15	441.22	78,501.01
Self employed	1,77,854.30	5,464.46	2,171.10	1,85,489.86
<b>Total</b>	<b>11,23,184.24</b>	<b>20,935.24</b>	<b>10,668.99</b>	<b>11,54,788.47</b>

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	3,09,052.63	4,189.24	1,418.27	3,14,660.14
Self employed	3,66,017.95	14,588.68	5,275.10	3,85,881.73
<b>NON-HOUSING:</b>				
Salaried	60,540.24	1,375.16	342.67	62,258.07
Self employed	1,40,099.27	6,874.76	1,999.91	1,48,973.94
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

### Loan Commitments:

#### LTV wise bifurcation:

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	12,866.86	23.18	0.53	12,890.57
41%-60%	26,480.93	78.40	12.71	26,572.04
61%-80%	11,682.87	29.48	9.01	11,721.36
More than 80%	2,699.22	11.66	6.75	2,717.63
<b>Total</b>	<b>53,729.88</b>	<b>142.72</b>	<b>29.00</b>	<b>53,901.60</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

As at March 31, 2022		(₹ in lakh)		
LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	10,298.70	31.32	-	10,330.02
41%-60%	18,997.65	47.98	-	19,045.63
61%-80%	8,892.02	32.20	-	8,924.22
More than 80%	1,875.28	26.64	-	1,901.92
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	-	<b>40,201.79</b>

### Customer profile

As at March 31, 2023		(₹ in lakh)		
Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	23,077.41	48.41	14.97	23,140.79
Self employed	30,652.47	94.31	14.03	30,760.81
<b>Total</b>	<b>53,729.88</b>	<b>142.72</b>	<b>29.00</b>	<b>53,901.60</b>

As at March 31, 2022		(₹ in lakh)		
Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	17,839.83	36.49	-	17,876.32
Self employed	22,223.82	101.65	-	22,325.47
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	-	<b>40,201.79</b>

### (D) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

### (I) Interest Rate Risk:-

The company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Due to the very nature of housing finance, the company is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the company. Interest Rate Risk arises due to:

- i) Changes in Regulatory or Market Conditions affecting the interest rates
- ii) Short term volatility
- iii) Prepayment risk translating into a reinvestment risk
- iv) Real interest rate risk.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

In short run, change in interest rate affects Company's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the company to not only quantify the interest rate risk but also to manage it proactively. The company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further company carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.

### Interest Rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(₹ in lakh)

Particulars	Basis Points	Effect on Profit before tax	
		As at March 31, 2023	As at March 31, 2022
<b>Loans</b>			
Increase in basis points	50	3,743.86	2,577.66
Decrease in basis points	-50	(3,744.86)	(2,578.60)
<b>Borrowings</b>			
Increase in basis points	50	(2,920.12)	(2,073.70)
Decrease in basis points	-50	2,920.12	2,073.70

### (II) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from bank.

### (E) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

- 44 In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the Company has not invoked or implemented resolution plan under the “Resolution Framework for COVID-19 related Stress” for any of its borrower accounts.

Disclosure pursuant to RBI Notification -RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021

(₹ in lakh)

Type of Borrower	As at March 31, 2023				
	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2022 (A)	of (A) aggregate debt that slipped into NPA during the half year ended March 31, 2023	Of (A) amount written off during the half year ended March 31, 2023	Of (A) amount paid by the borrower during the half year ended March 31, 2023*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2023
Personal Loan	10,125.08	861.10	53.98	183.20	9,026.79
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>10,125.08</b>	<b>861.10</b>	<b>53.98</b>	<b>183.20</b>	<b>9,026.79</b>

\* Amount paid by the borrower during the half year is net of additions.

Impairment loss allowance on account of Covid-19 restructuring 2.0. is ₹ 1,077.20 lakh as on March 31, 2023 (P.Y. ₹ 2,636.52 lakh)

(₹ in lakh)

Type of Borrower	As at March 31, 2022				
	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2022 (A)	of (A) aggregate debt that slipped into NPA during the half year ended September 30, 2022	Of (A) amount written off during the half year ended September 30, 2022	Of (A) amount paid by the borrower during the half year ended September 30, 2022*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2022
Personal Loan	13,610.45	2,525.03	60.01	900.33	10,125.08
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>13,610.45</b>	<b>2,525.03</b>	<b>60.01</b>	<b>900.33</b>	<b>10,125.08</b>

\* Amount paid by the borrower during the half year is net of additions.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

- 45** Disclosures required by the Reserve Bank of India /National Housing Bank as per Notification no. DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021- Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (as amended) and as per Notification no. DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022

### 45.1 Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 1 of Accounting policy to the Standalone Financial Statement for the year ended March 31, 2023.

#### Disclosure:

### 45.2 Capital (₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR (%)	46.96%	51.93%
CRAR - Tier I capital (%)	46.66%	51.25%
CRAR - Tier II capital (%)	0.30%	0.68%
Amount of subordinated debt raised as Tier- II Capital	-	1,996.50
Amount raised by issue of perpetual Debt instruments	-	-

### 45.3 Reserve Fund u/s 29C of NHB Act, 1987 (₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	26,281.55	19,131.38
Additional during the year	8,565.57	7,150.17
Appropriation during the year	-	-
<b>Closing Balance</b>	<b>34,847.12</b>	<b>26,281.55</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Special Reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961</b>		
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	2,815.72	2,027.49
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	23,465.83	17,103.89
<b>c) Total</b>	<b>26,281.55</b>	<b>19,131.38</b>
<b>Addition /Appropriation / Withdrawal during the year</b>		
<b>Add:</b>		
a) Amount transferred u/s 29C of the NHB Act, 1987	1,254.46	788.23
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	7,311.11	6,361.94

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Less:</b>		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision under section 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4,070.18	2,815.72
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	30,776.94	23,465.83
<b>c) Total</b>	<b>34,847.12</b>	<b>26,281.55</b>

### 45.4 Investments

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Value of Investment		
<b>Gross Value of Investment</b>	<b>12,572.21</b>	<b>6,751.73</b>
In India	12,572.21	6,751.73
Outside India	-	-
<b>Provision for Depreciation</b>	<b>(264.15)</b>	<b>-</b>
In India	(264.15)	-
Outside India	-	-
<b>Net Value of Investment</b>	<b>12,308.06</b>	<b>6,751.73</b>
In India	12,308.06	6,751.73
Outside India	-	-
<b>Movement of Provision held towards depreciation on Investment</b>		
<b>Opening Balance</b>	<b>-</b>	<b>-</b>
Add: Provisions made during the year	(264.15)	-
Less: Write off/Write Back Excess provision during the year	-	-
<b>Closing Balance</b>	<b>(264.15)</b>	<b>-</b>

### 45.5 Derivatives

- 1) The Company has no transactions/exposure in derivatives in the current and previous year.
- 2) The company has no unhedged foreign currency exposure on March 31, 2023 (P.Y. ₹ Nil)



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 45.6 Securitisation

#### a. Disclosure as per NHB guidelines for assignment/securitisation transactions as an originator:

(₹ in lakh)

Particulars	No. / Amount	
	As at March 31, 2023	As at March 31, 2022
1. No of SPVs sponsored by the HFC for securitisation transactions	2	2
2. Total amount of securitised assets as per books of the SPVs sponsored	6,088.60	7,545.70
3. Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I) Off-balance sheet exposures towards Credit Concentration		
First Loss	-	-
Others	-	-
(II) On-balance sheet exposures towards Credit Concentration		
First Loss (In the form of Fixed Deposits)	1,290.82	1,147.30
Series A PTCs	243.06	300.47
4. Amount of exposures to securitisation transactions other than MRR		
(I) Off-balance sheet exposures towards Credit Concentration		
a) Exposure to own securitizations		
First Loss	-	-
Others (Guarantees provided by banks on behalf of the Company*)	430.70	430.70
b) Exposure to third party securitisations		
First Loss	-	-
Others	-	-
(II) On-balance sheet exposures towards Credit Concentration		
a) Exposure to own securitisations		
First Loss	-	-
Others	-	-
b) Exposure to third party securitisations		
First Loss	-	-
Others	-	-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
<b>Liquidity Support</b>		
Number of transaction		
Outstanding Value		
<b>Post Securitisation Assets servicing</b>		
Number of transaction	2.00	2.00
Outstanding Value	6,088.60	7,545.70

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in lakh)

Particulars	No. / Amount	
	As at March 31, 2023	As at March 31, 2022
7. Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
<b>Credit enhancement facility</b>		
<b>No of Transaction</b>	2.00	2.00
a) Amount paid	-	-
b) Repayment received	-	-
c) Outstanding amount	1,721.52	1,578.00
8. Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
Asset Class- RMBS	0.92%	0.99%
9. Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
Asset Class- RMBS		
Number of additional/ Top Up Loan	12.00	9.00
Amount of additional/ Top Up Loan	77.41	39.54
10. Investor complaints		
a) Directly/Indirectly received and	-	-
b) Complaints outstanding	-	-

\* Second Loss facility

### b. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Number of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

### c. Details of Assignment transactions undertaken by Company (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Number of accounts	12,658	11,299
Aggregate value (net of provisions) of accounts assigned	95,387.07	77,837.09
Aggregate consideration	95,387.07	77,837.09
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### d. Details of non-performing financial assets purchased/sold

#### i Details of non-performing financial assets purchased:

The Company has not purchased non-performing financial assets in the current and previous year.

#### ii Details of non-performing financial assets sold:

The Company has not sold non-performing financial assets in the current and previous year.

### 45.7 Asset liability management

Maturity pattern as on March 31, 2023\*

(₹ in lakh)

Particulars	Liabilities				Assets			
	Deposits	Borrowings from banks	Market borrowings	Foreign currency Liability	Advance	Investments	Fixed Deposits*	Foreign currency Assets
1 to 7 Days	-	1,232.18	-	-	12,430.80	-	-	-
8 to 14 Days	-	-	-	-	3,966.54	-	14,800.00	-
15 Days to 30/31 Days	-	4,412.50	-	-	7,331.39	-	25,100.00	-
Over 1 month to 2 month	-	4,403.86	-	-	14,373.04	-	35,001.00	-
Over 2 month to 3 month	-	9,701.51	3,437.37	-	14,345.80	-	51,700.00	-
Over 3 month to 6 month	-	31,055.75	4,355.14	-	43,851.44	-	7,701.84	-
Over 6 month to 1 year	-	70,862.31	17,798.02	-	87,207.76	-	2.16	-
Over 1 year to 3 years	-	2,76,273.92	74,397.51	-	3,26,532.13	11,072.21	-	-
Over 3 year to 5 years	-	2,28,167.53	43,466.49	-	2,79,874.69	-	-	-
Over 5 years	-	2,05,515.35	8,989.63	-	3,64,874.88	1,235.85	-	-
<b>Total</b>	-	<b>8,31,624.91</b>	<b>1,52,444.16</b>	-	<b>11,54,788.47</b>	<b>12,308.06</b>	<b>1,34,305.00</b>	-

Maturity pattern as on March 31, 2022\*

(₹ in lakh)

Particulars	Liabilities				Assets			
	Deposits	Borrowings from banks	Market borrowings	Foreign currency Liability	Advance	Investments	Fixed Deposits*	Foreign currency Assets
1 to 7 Days	-	889.27	-	-	9,907.97	-	11,940.51	-
8 to 14 Days	-	-	-	-	3,218.97	-	12,484.00	-
15 Days to 30/31 Days	-	3,444.77	-	-	5,889.69	-	20,306.00	-
Over 1 month to 2 month	-	2,648.19	12,957.40	-	11,681.02	-	8,957.00	-
Over 2 month to 3 month	-	16,513.56	3,481.91	-	11,677.31	-	6,078.00	-
Over 3 month to 6 month	-	20,934.11	4,362.80	-	35,812.49	-	49,141.25	-
Over 6 month to 1 year	-	45,825.47	7,806.20	-	71,124.68	-	39,603.28	-
Over 1 year to 3 years	-	1,99,016.33	75,770.24	-	2,64,780.08	3,028.40	1.00	-
Over 3 year to 5 years	-	1,70,280.91	51,832.50	-	2,24,823.79	2,212.69	-	-
Over 5 years	-	1,56,768.54	24,717.54	-	2,72,857.88	1,500.00	-	-
<b>Total</b>	-	<b>6,16,321.15</b>	<b>1,80,928.59</b>	-	<b>9,11,773.88</b>	<b>6,741.09</b>	<b>1,48,511.04</b>	-

\* Fixed deposits included in cash and bank balance other than those pledged towards first loss guarantee have been disclosed in the above table as these are considered as investment of surplus funds held by the Company for the purpose of this disclosure.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 45.8 Exposure

#### a. Exposures to real estate sector

(₹ in lakh)

Particulars	No. / Amount	
	As at March 31, 2023	As at March 31, 2022
<b>(A) Direct exposure-</b>		
<b>i) Residential mortgages :</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans upto ₹ 15 lakh : ₹ 490,187.19 lakh (PY ₹ 4,12,351.92 lakh)	11,43,704.02	9,04,716.15
<b>ii) Commercial real estate :</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure would also include non-fund based (NFB) limits. (It includes CRE-RH loans of ₹ 10,869.09 Lakh (P.Y. ₹ 6,802.72 Lakhs).	11,084.45	7,057.73
<b>iii) Investments in mortgage backed securities (MBS) and other securitized exposures :</b>		
(a) Residential	-	-
(b) Commercial real estate.	Nil	Nil
<b>(B) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
<b>Total Exposures to real estate sector</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>

#### b. Exposure to Capital Market

The Company has no exposure to capital market directly or indirectly in the current and previous year.

#### c. Sectoral exposure

(₹ in lakh)

Sectors	Year ended March 31, 2023			Year ended March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
<b>1. Agriculture and Allied Activities</b>	-	-	-	-	-	-
<b>2. Industry</b>						
i. Micro and Small	82,633.42	250.85	0.30%	49,561.72	110.61	0.22%
<b>Total of Industry</b>	<b>82,633.42</b>	<b>250.85</b>	<b>0.30%</b>	<b>49,561.72</b>	<b>110.61</b>	<b>0.22%</b>
<b>3. Services</b>						
i. Commercial real estate*	13,727.50	23.27	0.17%	8,691.85	-	0.00%
<b>Total of Services</b>	<b>13,727.50</b>	<b>23.27</b>	<b>0.17%</b>	<b>8,691.85</b>	<b>-</b>	<b>0.00%</b>
<b>4. Personal Loans</b>						
i. Housing Loan (including priority sector Housing)	8,97,256.87	7,770.40	0.87%	7,06,221.99	6,483.73	0.92%
ii. Loan against property	2,20,543.45	2,624.47	1.19%	1,98,555.41	2,441.61	1.23%
<b>Total of Personal Loans (i+ii)</b>	<b>11,17,800.32</b>	<b>10,394.87</b>	<b>0.93%</b>	<b>9,04,777.40</b>	<b>8,925.34</b>	<b>0.99%</b>
<b>5. Others, if any (please specify)</b>	-	-	-	-	-	-
<b>Total</b>	<b>12,14,161.24</b>	<b>10,668.99</b>	<b>0.88%</b>	<b>9,63,030.97</b>	<b>9,035.95</b>	<b>0.94%</b>

\*It includes CRE-RH loans of ₹ 13,506.84 Lakh (P.Y. ₹ 8424.16 Lakhs)

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

**d. Details of financing of parent company products**

There is no financing of parent company products.

**e. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC**

The Company has not exceeded the Single Borrower Limit and Group Borrower Limit as prescribed by NHB during the financial year.

**f. Unsecured Advances**

The Company has unsecured advances of ₹ Nil. (P.Y. ₹ 265.53 Lakh). The Company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc as collateral security.

**g. Exposure to group companies engaged in real estate business**

The Company has no exposure to group companies engaged in real estate business in current and previous year.

### 45.9 Additional Disclosures

**a. Provisions and Contingencies**

(₹ in lakh)

Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account	Year ended March 31, 2023	Year ended March 31, 2022
1. Provisions for depreciation on investment	-	-
2. Provision made towards Income tax	10,410.18	9,122.53
3. Provision towards NPA	940.01	578.40
4. Provision for Standard Assets (with details like teaser loan , CRE , CRE-RH etc.)*	740.85	2,098.61
5. Other Provision and contingencies**	(929.41)	(973.21)
6. Provision for investments	-	-

\*Provision for Standard Assets includes CRE of ₹ 1.29 Lakh (P.Y ₹ (.41) Lakh) , CRE-RH of ₹ 11.51 Lakh (P.Y ₹ 21.19 Lakh) and Non CRE of ₹ 728.05 Lakh (P.Y ₹ 2,077.84 Lakh).

\*\*Includes reversal or additional provision taken due to COVID-19 as per COVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020.

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Standard Assets</b>				
a) Total Outstanding Amount	8,50,813.15	6,69,065.81	2,93,306.35	2,33,672.12
b) Provisions made	3,074.66	3,302.69	1,215.83	1,045.46
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	4,550.13	4,195.26	1,878.85	1,762.66
b) Provisions made	1,077.47	925.95	444.91	382.95
<b>Doubtful Assets - Category - I</b>				
a) Total Outstanding Amount	1,529.38	1,884.61	501.76	640.34
b) Provisions made	375.01	459.95	121.90	147.20
<b>Doubtful Assets - Category - II</b>				
a) Total Outstanding Amount	1,571.08	317.11	438.73	146.63
b) Provisions made	559.50	80.55	152.72	42.66
<b>Doubtful Assets - Category - III</b>				
a) Total Outstanding Amount	131.60	69.70	24.47	1.47
b) Provisions made	80.39	25.45	15.66	0.49
<b>Loss Assets</b>				
a) Total Outstanding Amount	11.16	17.05	31.81	1.12
b) Provisions made	11.16	17.05	31.81	1.12
<b>TOTAL</b>				
a) Total Outstanding Amount	8,58,606.50	6,75,549.54	2,96,181.97	2,36,224.34
b) Provisions made	5,178.19	4,811.64	1,982.83	1,619.88

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### b. Draw Down from Reserves

There has been no draw down from reserves during the year ended March 31, 2023 (P.Y. ₹ Nil)

### c. Concentration of Public Deposits, Advances, Exposures and NPAs (₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Concentration of Public Deposits</b>		
Total Deposits of twenty largest depositors	NA	NA
(%) of Deposits of twenty largest depositors to Total Deposits of the Company	NA	NA
<b>Concentration of Advances</b>		
Total Loans & Advances to twenty largest borrowers	4,171.13	4,574.45
(%) of Loans & Advances to twenty largest borrowers to Total Advances of the Company	0.36%	0.50%
<b>Concentration of all Exposures (including off-balance sheet exposure)</b>		
Total Exposures to twenty largest borrowers/Customers	4,843.17	5,342.89
(%) of Exposures to twenty largest borrowers/Customers to Total Exposures of the Company on borrowers/customers	0.29%	0.41%
<b>Concentration of NPAs</b>		
Total Exposures to top ten NPA accounts	590.63	990.92

### Sector-Wise NPAs (₹ in lakh)

Sector	% of NPAs to total Advances in that sector	
	As at March 31, 2023	As at March 31, 2022
<b>A. Housing Loans:</b>		
1 Individuals	0.90%	0.96%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%
<b>B. Non Housing Loans:</b>		
1 Individuals	0.97%	1.08%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%

\*percentage has been computed taking the amount of Housing Loans and Non Housing Loans respectively



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### d. Movement of NPAs (₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(I) Net NPAs to Net Advances (%)	0.68%	0.76%
(II) Movement of NPAs (Gross)		
a) Opening Balance	9,035.93	7,391.35
b) Additions during the year	6,347.99	5,817.93
c) Reductions during the year	(4,714.93)	(4,173.35)
d) Closing Balance	10,668.99	9,035.93
(III) Movement of Net NPAs		
a) Opening Balance	6,952.57	5,377.55
b) Additions during the year	4,499.75	4,534.74
c) Reductions during the year	(3,653.86)	(2,959.72)
d) Closing Balance	7798.46	6952.57
(IV) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	2,083.36	2,013.80
b) Provisions made during the year	1,848.24	1,283.19
c) Write-off/Write-Back of excess provisions	(1,061.07)	(1,213.63)
d) Closing Balance	2,870.53	2,083.36

### e. Overseas Assets

The Company does not have any overseas assets.

### f. Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

The Company does not have any off balance sheet Special Purpose Vehicle (SPV) which are required to be consolidated as per accounting norms.

### 45.10 Miscellaneous

#### a. Registration obtained from other Financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority:	CA0537
As Corporate Agent (Composite)	

#### b. Disclosure of penalties imposed by NHB or RBI and any other regulator/ supervisor/ enforcement authority

During FY 2022-23, there were no penalties imposed by NHB or RBI and any other regulator/ supervisor/ enforcement authority.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### c. Related Party Transactions

(₹ in lakh)

Related Party/ Items	Subsidiaries		Key Management Personnel		Enterprises under significant influence of the Key Management Personnel		Post Employment Benefit Plan		Total	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Investment In Equity Share	-	1,050.00	-	-	-	-	-	-	-	1,050.00
Advances (Received)/ Paid (Inter Corporate Loan)	(250.00)	250.00	-	-	-	-	-	-	(250.00)	250.00
Interest (Received)/Receivable (Inter Corporate Loan)	(35.73)	15.53	-	-	-	-	-	-	(35.73)	15.53
Issue of Equity shares	-	-	56.97	490.30	-	-	-	-	56.97	490.30
Share based Payment	-	-	147.17	17.58	-	-	-	-	147.17	17.58
Sitting fees	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	647.01	549.85	-	-	-	-	647.01	549.85
Commission	-	-	130.80	130.80	-	-	-	-	130.80	130.80
Consultancy Fees	-	-	-	-	-	-	-	-	-	-
Loan given	-	-	30.50	-	-	-	-	-	30.50	-
Loan repaid	-	-	(0.29)	-	-	-	-	-	(0.29)	-
Interest on Loan	-	-	(0.44)	-	-	-	-	-	(0.44)	-
Contribute as a Settler (CSR)	-	-	-	-	393.60	351.17	-	-	393.60	351.17
Gratuity Contribution	-	-	-	-	-	-	134.00	63.25	134.00	63.25
Others (Received)/Receivable	(130.81)	90.01	-	-	-	-	-	-	(130.81)	90.01
Others Paid	40.80	35.07	-	-	-	-	-	-	40.80	35.07
<b>Total</b>	<b>(375.74)</b>	<b>1,440.61</b>	<b>1,011.72</b>	<b>1,188.53</b>	<b>393.60</b>	<b>351.17</b>	<b>134.00</b>	<b>63.25</b>	<b>1,163.58</b>	<b>3,043.56</b>

Details of all material transactions with related parties are disclosed in Note 35.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### d. Ratings assigned by credit rating agencies and migration of ratings during the year:

During the year, CARE has upgraded long term rating to AA/Stable from AA-/ Positive and reaffirmed short term rating of A1+ to the company. ICRA has upgraded long term rating to AA/Stable from AA-/ Positive and reaffirmed short term rating of A1+ to the Company. India Ratings has reaffirmed short term credit rating of A1+ to the Company during the year.

Aavas Financiers Limited Ratings are as under :

S. No.	Name of the Rating Agency	Programme	Rating Assigned	Migration of ratings during the year
1	CARE	Long Term Banking Facilities	CARE AA/ Stable	Upgraded the rating to AA/Stable from AA-/Positive
		Long Term Instrument- Sub Debt/NCD	CARE AA/ Stable	Upgraded the rating to AA/Stable from AA-/Positive
		Non-Convertible Debentures	CARE AA/ Stable	Upgraded the rating to AA/Stable from AA-/Positive
		Commercial Paper	CARE A1+	-
2	ICRA	Non- Convertible Debenture	ICRA AA/ Stable	Upgraded the rating to AA/Stable from AA-/Positive
		Long Term Bank Lines	ICRA AA/ Stable	Upgraded the rating to AA/Stable from AA-/Positive
		Commercial Paper	ICRA A1+	-
		PTC Securitization (Prime home Loan Trust I)	ICRA AAA(SO)	-
		PTC Securitization (Prime home Loan Trust II)	ICRA AAA(SO)	Upgraded the rating to AAA (SO) from AA+ (SO)
3	INDIA RATINGS	Short Term Debts	IND A1+	

### e. Remuneration of Directors

Details of Remuneration of Directors are disclosed in Note no 35 Related party transactions.

### f. Management

Refer to the management Discussion and Analysis report for the relevant disclosures.

### g. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

### h. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

### i. Consolidated Financial Statements (CFS)

Refer to the Consolidated Financial Statements for the relevant disclosures.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 45.11 Disclosure of Complaints

#### a. Customers Complaints

(₹ in lakh)

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Complaints received by the NBFC from its customers</b>		
1	Number of complaints pending at beginning of the year	0	1
2	Number of complaints received during the year	225	294
3	Number of complaints disposed during the year	225	295
3.1	Of which, number of complaints rejected by the NBFC	NA	NA
4	Number of complaints pending at the end of the year	0	0
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	N/A	N/A
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	N/A	N/A
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	N/A	N/A
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	N/A	N/A
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	N/A	N/A

**Note:** Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

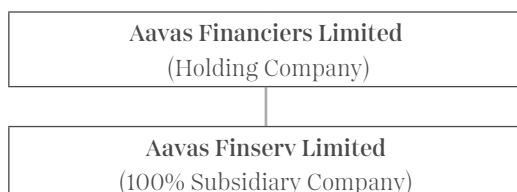
#### Top five grounds of complaints received by the NBFCs from customers

Sr. No	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
	<b>As at March 31, 2023</b>					
1	PMAY subsidy	0	41	Decreased by 19.87%	0	0
2	Deliverables	0	33	Increased by 10.93%	0	0
3	ROI Related	0	29	Increased By 4.73%	0	0
4	Disbursement related	0	20	Decreased by 1.32%	0	0
5	Levy of charges without prior notice/ excessive charges/ foreclosure charges	0	18	Increased by 3.58%	0	0
6	Others	0	84		0	0
	<b>Total</b>	<b>0</b>	<b>225</b>		<b>0</b>	<b>0</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

Sr. No	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
	<b>As at March 31, 2022</b>					
1	PMAY subsidy	0	112	Increased by 5.15%	0	0
2	Deliverables	0	30	Increased by 6.28%	0	0
3	ROI Related	0	24	Increased by 0.32%	0	0
4	Disbursement related	0	21	Increased by 1.26%	0	0
5	Levy of charges without prior notice/ excessive charges/ foreclosure charges	0	13	Decreased by 1.46%	0	0
6	Others	1	94	0	0	0
	<b>Total</b>	<b>1</b>	<b>294</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 45.12 Diagrammatic representation of group structure



### 45.13 Liquidity Risk Management Framework

#### (i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Particulars	As at March 31, 2023	As at March 31, 2022
Number of significant counter parties	19	17
Amount	9,42,259.93	7,59,697.28
Percentage of funding concentration to total deposits	N/A	N/A
Percentage of funding concentration to total liabilities*	92.92%	92.51%

\* Total liabilities excludes net worth

#### (ii) Top 20 large deposits

Particulars	As at March 31, 2023	As at March 31, 2022
Total amount of top 20 deposits	N/A	N/A
Percentage of amount of top 20 deposits to total deposits	N/A	N/A

#### (iii) Top 10 borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Total amount of top 10 borrowings	7,55,552.63	6,06,254.32
Percentage of amount of top 10 borrowings to total borrowings	76.69%	75.88%

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### (iv) Funding Concentration based on significant instrument/product (₹ in lakh)

Particulars	As at March 31, 2023	Percentage of total liabilities	As at March 31, 2022	Percentage of total liabilities
Borrowings from Banks	5,57,464.69	54.97%	3,81,883.36	46.51%
Borrowings from National Housing Bank (NHB)	2,60,287.19	25.67%	2,20,676.44	26.87%
Debt securities	92,087.53	9.08%	1,16,057.00	14.13%
External Commercial Borrowings (including Rupee Denominated Bonds)	50,943.23	5.02%	55,893.18	6.81%
Borrowings from Financial institutions	7.55	0.00%	30.68	0.00%
Subordinated liabilities	10,245.41	1.01%	10,245.10	1.25%
Securitisation	5,861.90	0.58%	7,264.33	0.88%
Borrowings from Insurance Companies	5,621.09	0.55%	6,869.39	0.84%
Cash Credit	2,742.11	0.27%	N/A	N/A

### (v) Stock ratio

Particulars	As at March 31, 2023	As at March 31, 2022
Commercial paper as a percentage of total public funds	N/A	N/A
Commercial paper as a percentage of total liabilities	N/A	N/A
Commercial paper as a percentage of total assets	N/A	N/A
Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	N/A	N/A
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	N/A	N/A
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	N/A	N/A
Other short term liabilities as a percentage of total public funds	N/A	N/A
Other short term liabilities as a percentage of total liabilities	16.60%	16.56%
Other short term liabilities as a percentage of total assets	12.55%	12.34%

### (vi) Institutional set-up for liquidity risk Management

The Company has an Asset Liability Management Committee (ALCO) to monitor asset liability mismatches to ensure that there is no imbalances or excessive concentration on the either side of the balance sheet. The company maintains a judicious mix of borrowings in the form of Term Loans, Refinance, Capital Market Instruments, Securitization, Working Capital and continues to diversify its source of borrowings with the emphasis on longer tenor borrowings. The Company has diversified mix of investors/lenders which includes Banks, National Housing Bank, Development Financial Institution, Mutual Funds, Insurance Companies etc.

The Liquidity Risk Management (LRM) of the company is governed by the LRM Policy approved by the Board. The Asset Liability Committee (ALCO) is responsible for implementing and monitoring the liquidity risk management strategy of the company in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board. Refer note no. 43 of standalone financials statement

#### 45.14 Loans against security of shares - Nil

Refer to the note no. 3(v) of Loans

#### 45.15 Loans against security of single product - gold jewellery - Nil

Refer to the note no. 3(iv) of Loans



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 45.16 Institutional set-up for liquidity risk management

Quarter on quarter Liquidity Coverage Ratio for the financial year ended March 31, 2023 :

Sr No	Particulars	As at June 30, 2022		As at September 30, 2022		As at December 31, 2022		As at March 31, 2023	
		Total Unweight- ed Value (average)	Total Weighted Value (average)	Total Unweight- ed Value (average)	Total Weighted Value (average)	Total Unweight- ed Value (average)	Total Weighted Value (average)	Total Unweight- ed Value (average)	Total Weighted Value (average)
HIGH QUALITY LIQUID ASSETS									
1	**Total High Quality Liquid Assets (HQLA)	1,09,988.08	1,09,988.08	36,612.25	36,612.25	9,588.22	9,588.22	12,322.61	12,322.61
CASH OUTFLOWS									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	1,178.76	1,355.57	335.54	385.88	1,471.06	1,691.72	294.37	338.53
4	Secured wholesale funding	17,650.25	20,297.79	9,207.06	10,588.12	10,014.20	11,516.33	14,213.90	16,345.98
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	32,769.57	37,685.00	24,705.16	28,410.94	29,458.76	33,877.58	22,936.01	26,376.41
6	Other contractual funding obligations	9,550.17	10,982.69	5,542.39	6,373.75	4,673.91	5,375.00	4,905.56	5,641.39
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	61,148.75	70,321.05	39,790.15	45,758.69	45,617.93	52,460.63	42,349.84	48,702.31
CASH INFLOWS									
9	Secured lending	-	-	-	-	-	-	-	-
10	"Inflows from fully performing exposures"	20,186.07	15,139.56	21,143.58	15,857.68	22,372.81	16,779.61	22,740.21	17,055.16
11	Other cash inflows	32,182.29	24,136.72	74,791.15	56,093.36	99,660.29	74,745.22	1,28,527.39	96,395.55
12	TOTAL CASH INFLOWS	52,368.36	39,276.28	95,934.73	71,951.04	1,22,033.10	91,524.83	1,51,267.60	1,13,450.71
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13	TOTAL HQLA		1,09,988.08		36,612.25		9,588.22		12,322.61
14	TOTAL NET CASH OUTFLOWS		31,044.78		11,439.67		13,115.16		12,175.58
15	LIQUIDITY COVERAGE RATIO (%)		354.29%		320.05%		73.11%		101.21%

\*\*Component of HQLA

Sr No	**High Quality Liquid Assets (HQLA)	As at June 30, 2022		As at September 30, 2022		As at December 31, 2022		As at March 31, 2023	
		Total Unweight- ed Value (average)	Total Weighted Value (average)	Total Unweight- ed Value (average)	Total Weighted Value (average)	Total Unweight- ed Value (average)	Total Weighted Value (average)	Total Unweight- ed Value (average)	Total Weighted Value (average)
1	Assets to be included as HQLA without any Haircut	1,09,988.08	1,09,988.08	36,612.25	36,612.25	9,588.22	9,588.22	12,322.61	12,322.61
2	Assets to be considered For HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3	Assets to be considered For HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Quarter on quarter Liquidity Coverage Ratio for the financial year ended March 31, 2022 :

Sr No	Particulars	As at December 31, 2021		As at March 31, 2022	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
HIGH QUALITY LIQUID ASSETS					
1	**Total High Quality Liquid Assets(HQLA)	1,12,635.82	1,12,635.82	1,36,595.39	1,36,595.39
CASH OUTFLOWS					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	6,140.98	7,062.13	7,254.27	8,342.41
5	Additional requirements, of which	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-
(iii)	Credit and liquidity facilities	12,392.31	14,251.16	3,500.00	4,025.00
6	Other contractual funding obligations	8,100.00	9,315.00	7,273.04	8,364.00
7	Other contingent funding obligations	-	-	-	-
8	TOTAL CASH OUTFLOWS	26,633.29	30,628.29	18,027.31	20,731.41
CASH INFLOWS					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	18,434.29	13,825.72	19,571.20	14,678.40
11	Other cash inflows	578.51	433.88	929.34	697.01
12	TOTAL CASH INFLOWS	19012.80	14,259.60	20,500.54	15,375.41
		Total Adjusted Value		Total Adjusted Value	
13	TOTAL HQLA		1,12,635.82		1,36,595.39
14	TOTAL NET CASH OUTFLOWS		16,368.69		5,356.00
15	LIQUIDITY COVERAGE RATIO (%)		688%		2550%

Sr No	**High Quality Liquid Assets (HQLA)	As at December 31, 2021		As at March 31, 2022	
		Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
1	Assets to be included as HQLA without any Haircut	1,12,635.82	1,12,635.82	1,36,595.39	1,36,595.39
2	Assets to be considered For HQLA with a minimum haircut of 15%	-	-	-	-
3	Assets to be considered For HQLA with a minimum haircut of 50%	-	-	-	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### Qualitative Disclosure of LCR

RBI had issued guidelines on liquidity risk management for NBFCs/HFCs vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 wherein RBI introduced Liquidity Coverage Ratio (LCR). The objective of the guidelines is to ensure that NBFCs/HFCs maintains a liquidity buffer in terms of LCR in addition to various process related aspects of liquidity risk management framework. LCR has to be maintained in the form sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for subsequent 30 calendar days. LCR is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. Further, RBI vide Circular No. RBI/2020-21/60 DOR. NBFC (HFC).CC. No.118/03.10.136/2020-21 dated October 22, 2020, provided non deposit taking HFCs with time extension for minimum LCR of 50% to be maintained by 1st December 2021 which is to be gradually increased to 100% by 1st December 2025. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The liquidity risk management including LCR of the Company is governed by the Liquidity Risk Management (LRM) Policy approved by the board. The Asset Liability Committee (ALCO) is responsible for managing the LCR of the Company in line with the LRM Policy. Company regularly reviews the position of inflows, outflows and the liquidity buffers and ensures maintenance of sufficient quantum of High Quality Liquid Assets.

For computation of stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, stressed cash inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%. Finally, Net Cash Outflow is arrived by deducting the stressed cash inflows from stressed cash outflow. However, total net cash outflows will be subjected to a minimum of 25% of total stressed cash outflows. The LCR is computed by dividing the stock of HQLA by its total net stressed cash outflows over next 30 days.

Cash outflow under secured wholesale funding majorly includes contractual obligations under Term loans, NHB Re-Finance, NCDs, Interest payable within next 30 days. Outflow under credit and liquidity facilities, the Company considers the expected cash outflow of the committed credit facilities contracted with the customers. Outflow under other contractual funding obligations primarily includes outflow on account of expected operating expenses and other dues. In Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds, FDs which can be liquidate within 30 days including interest receivable thereon. Company has no currency mismatch in LCR and Company is not expecting any cash outflow within next 30 days on account of derivative exposure and potential collateral requirement. For concentration of funding sources refer disclosure on the Liquidity Risk Management Framework as per note 45.13.

Tabled above the Intra-period changes as well as changes over time in the various components of the LCR, HQLA & average LCR. The Average LCR for the quarter ended March 31, 2023 was 101% which is well above present prescribed minimum requirement of 60% and the average LCR of previous periods during the year were also well above the prescribed minimum requirement of respective period.

As on 31st March 2023 most of the HQLAs of the Company are in the form of unencumbered government securities and unencumbered Cash and Bank balances and composition of unencumbered government securities in the HQLA was 88.4% for the quarter ended March 31, 2023.

### 45.17 Principal Business Criteria for HFCs

"Housing finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfils the following conditions:

- a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).
- b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals.

RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22,2020 defined the principal business criteria for HFCs. The Company meets the aforesaid principal business criteria for HFCs.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Assets*	13,13,041.48	10,78,441.60
Less: Intangible assets	(2,452.89)	(578.92)
Net total Assets	13,10,588.59	10,77,862.68
Housing Finance	8,53,428.33	6,70,738.09
Individual Housing Finance	8,42,442.38	6,63,676.13
Percentage of housing finance to total assets (netted off intangible assets)	65.12%	62.23%
Percentage of individual housing finance to total assets (netted off intangible assets)	64.28%	61.57%
Percentage of individual housing finance to housing finance	98.71%	98.95%

\*Total assets exclude net EIS Receivable

**45.18** In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments' is as follows:

(₹ in lakh)

Asset Classification as per RBI Norms	As at March 31, 2023					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions taken as IRACP Norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	11,17,508.25	2,584.01	11,14,924.24	3,305.41	(721.40)
	Stage 2	20,806.66	1,689.04	19,117.62	1,011.95	677.09
<b>Subtotal</b>		<b>11,38,314.91</b>	<b>4,273.05</b>	<b>11,34,041.86</b>	<b>4,317.36</b>	<b>(44.31)</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	6,369.90	1,508.39	4,861.51	960.03	548.37
Doubtful - up to 1 year	Stage 3	1,935.04	472.35	1,462.70	492.13	(19.78)
1 to 3 years	Stage 3	1,977.81	701.94	1,275.87	802.27	(100.33)
More than 3 years	Stage 3	134.45	85.24	49.21	134.81	(49.57)
<b>Subtotal for doubtful</b>		<b>4,047.30</b>	<b>1,259.53</b>	<b>2,787.78</b>	<b>1,429.21</b>	<b>(169.68)</b>
Loss	Stage 3	42.97	42.97	-	42.97	-
<b>Subtotal for NPA</b>		<b>10,460.17</b>	<b>2,810.89</b>	<b>7,649.29</b>	<b>2,432.21</b>	<b>378.69</b>
Other items such as loan commitments, EIS etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	87,008.48	204.30	86,804.18	-	204.30
	Stage 2	677.16	40.56	636.60	-	40.56
	Stage 3	374.54	98.89	275.64	-	98.89
<b>Subtotal</b>		<b>88,060.18</b>	<b>343.75</b>	<b>87,716.42</b>	<b>-</b>	<b>343.75</b>
<b>Total</b>	Stage 1	12,04,516.73	2,788.31	12,01,728.42	3,305.41	(517.10)
	Stage 2	21,483.82	1,729.60	19,754.22	1,011.95	717.65
	Stage 3	10,834.71	2,909.78	7,924.93	2,432.21	477.58
	<b>Total</b>	<b>12,36,835.26</b>	<b>7,427.69</b>	<b>12,29,407.57</b>	<b>6,749.57</b>	<b>678.13</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in lakh)

Asset Classification as per RBI Norms	As at March 31, 2022					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions taken as IRACP Norms	Difference between Ind AS 109 provisions and NHB norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	8,68,903.29	2,145.58	8,66,757.71	2,573.51	(427.93)
	Stage 2	26,820.51	2,177.54	24,642.97	1,559.36	618.18
<b>Subtotal</b>		<b>8,95,723.80</b>	<b>4,323.12</b>	<b>8,91,400.68</b>	<b>4,132.87</b>	<b>190.25</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	5,677.11	1,247.25	4,429.86	854.92	392.33
Doubtful - up to 1 year	Stage 3	2,444.90	586.64	1,858.26	622.65	(36.01)
1 to 3 years	Stage 3	432.22	115.35	316.87	175.18	(59.83)
More than 3 years	Stage 3	71.16	25.93	45.23	71.40	(45.47)
<b>Subtotal for doubtful</b>		<b>2,948.28</b>	<b>727.92</b>	<b>2,220.36</b>	<b>869.23</b>	<b>(141.31)</b>
Loss	Stage 3	18.17	18.17	-	18.17	-
<b>Subtotal for NPA</b>		<b>8,643.56</b>	<b>1,993.34</b>	<b>6,650.22</b>	<b>1,742.32</b>	<b>251.02</b>
Other items such as loan commitments, EIS etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	69,809.48	136.69	69,672.79	-	136.69
	Stage 2	970.64	58.62	912.02	-	58.62
	Stage 3	545.96	123.54	422.42	-	123.54
<b>Subtotal</b>		<b>71,326.08</b>	<b>318.85</b>	<b>71,007.23</b>	<b>-</b>	<b>318.85</b>
<b>Total</b>	Stage 1	9,38,712.77	2,282.27	9,36,430.50	2,573.51	(291.24)
	Stage 2	27,791.15	2,236.16	25,554.99	1,559.36	676.80
	Stage 3	9,189.52	2,116.88	7,072.64	1,742.32	374.56
	<b>Total</b>	<b>9,75,693.44</b>	<b>6,635.31</b>	<b>9,69,058.13</b>	<b>5,875.19</b>	<b>760.12</b>

### 45.19 Schedule to the Balance Sheet of an HFC

(₹ in lakh)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
<b>Liabilities side</b>				
<b>(1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:</b>				
(a) Debentures : Secured	92,087.53	-	1,16,057.00	-
: Unsecured	50,943.23	-	55,893.18	-
(other than falling within the meaning of public deposits)				-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	8,23,380.52	-	6,09,459.88	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits	NA	-	NA	-
(g) Other Loans (Cash credit, Securitization and Subordinated Liabilities)	18,849.43	-	17,509.43	-
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>				
(a) In the form of Unsecured debentures	NA	NA	NA	NA
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NA	NA	NA	NA
(c) Other public deposits	NA	NA	NA	NA

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

		(₹ in lakh)	
Assets side		As at	As at
		March 31, 2023	March 31, 2022
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>			
(a) Secured		11,54,788.47	9,11,773.88
(b) Unsecured		-	265.53
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>			
(i) Lease assets including lease rentals under sundry debtors			
(a) Financial lease		-	-
(b) Operating lease		-	-
(ii) Stock on hire including hire charges under sundry debtors			
(a) Assets on hire		-	-
(b) Repossessed Assets		-	-
(iii) Other loans counting towards asset financing activities			
(a) Loans where assets have been repossessed		-	-
(b) Loans other than (a) above		-	-
<b>(5) Break-up of Investments</b>			
Current Investments			
1. Quoted			
(i) Shares			
(a) Equity		-	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of mutual funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-
2. Unquoted			
(i) Shares			
(a) Equity		-	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of mutual funds		-	-
(iv) Government Securities		-	-
(v) Others		-	-
Long Term investments			
1. Quoted			
(i) Share			
(a) Equity		-	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of mutual funds		-	-
(iv) Government Securities		11,072.21	5,251.73
(v) Others (please specify)		-	-



## Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in lakh)

Assets side	As at March 31, 2023	As at March 31, 2022
2. Unquoted		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

### 6. Borrower group-wise classification of assets financed as in (3) and (4) above: (₹ in lakh)

As at March 31, 2023	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	30.21	-	30.21
2. Other than related parties	11,47,597.24	-	11,47,597.24
<b>Total</b>	<b>11,47,627.45</b>	<b>-</b>	<b>11,47,627.45</b>

(₹ in lakh)

As at March 31, 2022	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	265.53	265.53
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	9,05,342.36	-	9,05,342.36
<b>Total</b>	<b>9,05,342.36</b>	<b>265.53</b>	<b>9,05,607.89</b>

### 7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at March 31, 2023		As at March 31, 2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 8. Other information

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	10,668.99	9,035.93
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	7,798.45	6,952.57
(iii) Assets acquired in satisfaction of debt	1,250.36	2,339.34

### 46 Disclosures pursuant to RBI Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

(a) Details of transfer through assignment in respect of loans not in default during the year.

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Entity	NBFC (Housing Finance Company)	NBFC (Housing Finance Company)
Count of loan accounts assigned	12,658 loans	7572 loans
Amount of loan accounts assigned	₹ 1,05,986 lakh	₹ 86,486 lakh
Weighted average maturity	131 months	126 months
Weighted average holding period	14 months	16 months
Retention of beneficial economic interest (MRR)	10%	10%
Coverage of tangible security coverage	1	1
Rating wise distribution of rated loans	Unrated	Unrated

(b) The Company has not transferred or acquired, any stressed loans during the year.

(c) The Company has not acquired, any loans not in default during the year.

### 47 Loans to Directors, Senior Officers and relatives of Directors

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	275.15	453.24

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 48 Additional Regulatory Information

**48.1** There is no such immovable property whose title deeds are not held in the name of the Company in current year and previous year.

**48.2** There are no investment property as on March 31, 2023 ((P.Y. ₹ Nil)

**48.3** The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 in current year and previous year.

**48.4** The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 in current year and previous year.

**48.5** Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

**As on March 31, 2023**

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	30.21	0.00%
Related Parties (Aavas Finserv Limited)	-	0.00%

**As on March 31, 2022**

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	-	0.00%
Related Parties (Aavas Finserv Limited)	265.53	0.03%

**48.6** No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in current year and previous year.

**48.7** The Company has not taken borrowings from banks or financial institutions on the basis of security of current assets in current year and previous year.

**48.8** The Company has not been declared wilful defaulter by any bank or financial Institution or other lender in current year and previous year.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

**48.9** Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

**As on March 31, 2023**

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
HEMLATA INVESTMENT PRIVATE LIMITED	Shares held by struck off Company	363	Shareholder

**As on March 31, 2022**

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Fulkrum Financial Services Private Limited	Shares held by struck off Company	172	Shareholder
Safeguard Packaging Systems (P)Limited	Shares held by struck off Company	88	Shareholder

**48.10** No charges or satisfaction yet to be registered with ROC beyond the statutory period.

**48.11** The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

**48.12** No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

### **48.13 Utilisation of Borrowed funds and share premium**

- (a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) in current year and previous year to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (b) The Company has not received any fund in current year and previous year from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall :-
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**48.14** There are no such transaction or undisclosed income that need to be disclosed in accordance with the provision of Income Tax Act, 1961 in current year and previous year.

**48.15** The Company has not traded or invested in Crypto currency or Virtual Currency during current year and previous year.

## Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 49 Breach of covenants

The Company has complied with all the material covenants of borrowing facilities throughout the year ended 31 March 2023 and 31 March 2022.

50 There has been no divergence in asset classification and provisioning requirements as assessed by NHB during the year ended 31 March 2023 and 31 March 2022.

51 Previous year figures have been regrouped/ reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

As per our report of even date

**For Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manish Gujral**

Partner

Membership No. 105117

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sharad Pathak**

(Company Secretary and  
Compliance Officer)

FCS-9587

## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Aavas Financiers Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying consolidated financial statements of Aavas Financiers Limited ('the Holding Company') and its subsidiary, Aavas Finserv Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the subsidiary the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2023, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<b>Expected Credit Losses (ECL) on loan assets</b> At 31 March 2023, the Company reported total gross loans of ₹ 1,154,788 lakhs (2022: ₹ 911,774 lakhs) and ₹ 7,161 lakhs of expected credit loss provisions (2022: ₹ 6,432 lakhs). Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's loan assets.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to the following procedures: <ul style="list-style-type: none"> <li>• Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars / guidelines;</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Additional management overlay is estimated considering non prediction and long-term future impact.</p> <p>The Expected Credit Loss (“ECL”) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> <li>• Segmentation of loan book in buckets</li> <li>• determining the criteria for a significant increase in credit risk</li> <li>• factoring in future economic assumptions</li> <li>• techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>These parameters are derived from the Company’s internally developed statistical models with the help of management experts and other historical data.</p> <p>Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p>	<ul style="list-style-type: none"> <li>• Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2023) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;</li> <li>• Tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2023 by reconciling it with the balance as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system. We tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage;</li> <li>• Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions;</li> <li>• Tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis. For exposure determined to be individually impaired, we tested samples of loans and advances and examined management’s estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations;</li> <li>• Performed an overall assessment of the ECL provision levels at each stage, including management’s assessment and provision on account of the Company’s portfolio, risk profile, credit risk management practices as well as the macroeconomic environment;</li> <li>• Ensured compliance with RBI Master Circular on ‘Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances’ (‘IRACP’) read with RBI circular on ‘Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications’ dated 12 November 2021, in relation to identification, upgradation and provisioning of non-performing assets (NPAs); and</li> <li>• Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Information Technology (“IT”) Systems and Controls for the financial reporting process</b>	
<p>The Company is highly dependent on its Information Technology (“IT”) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the financial statements.</p> <p>The Company’s accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, EIR computation, impairment on loans, computation of daily DPD, assignment of loans amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Our areas of audit focus included user access management, changes to the IT environment and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems.</p> <p>Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the ‘IT Systems and Controls for the financial reporting process’ as a key audit matter for current year audit.</p>	<p>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company’s IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.</li> <li>• Tested the design and operating effectiveness of the Company’s IT controls over the IT applications as identified above;</li> <li>• On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: <ul style="list-style-type: none"> <li>a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments</li> <li>b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties</li> <li>c. Other areas that were assessed under the IT control environment included batch processing and interfaces.</li> </ul> </li> <li>• Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy.</li> <li>• Where deficiencies were identified, tested compensating controls or performed alternative procedures.</li> </ul>

### Information other than the Consolidated Financial Statements and Auditor’s Report thereon

6. The Holding Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Director’s report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge

obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company’s Board of Directors. The Holding Company’s Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position,

consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we

exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

15. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 1,238 lakhs and net assets of ₹ 1,236 lakhs as at 31 March 2023, total revenues of ₹ 66 lakhs and net cash outflows amounting to ₹ 453 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary are based solely on the report of the other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditor.

### Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15 on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year

in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditor as mentioned in paragraph 14 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, whose financial statements have been audited under the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;
  - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
  - e) On the basis of the written representations received from the directors of the Holding Company, and its subsidiary company and taken on record by the Board of Directors of the Holding Company and its subsidiary company and the report of the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2023 from being appointed as a director in terms of section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company covered under the Act, and the operating effectiveness of such

controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and

- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary whose financial statements have been audited under the Act:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 36 to the consolidated financial statements;
  - ii. The Holding Company, its subsidiary company, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, covered under the Act, during the year ended 31 March 2023.;
  - iv. a. The respective managements of the Holding Company and its subsidiary company whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary that, to the best of their knowledge and belief, as disclosed in note 46.13 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
  - b. The respective managements of the Holding Company and its subsidiary company, whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary, that, to the best of their knowledge and belief, as disclosed in the note 46.13 to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary company, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company, shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c. Based on such audit procedures performed by us, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditor to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
  - v. The Holding Company, its subsidiary company have not declared or paid any dividend during the year ended 31 March 2023.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**

Partner

Place: Mumbai

Date: 03 May 2023

Membership No.: 105117

UDIN: 23105117BGRNMF1347



## ANNEXURE A

### Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Aavas Financiers Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter(s) paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are



being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023 based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matter**

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹1238 lakhs and net assets of ₹1236 lakhs as at 31 March 2023, total revenues of ₹66 lakhs and net cash inflows amounting to ₹453 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company has been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**Manish Gujral**

Partner

Place: Mumbai

Date: 03 May 2023

Membership No.: 105117

UDIN: 23105117BGRNMF1347

## Consolidated Balance Sheet as at March 31, 2023

(₹ in lakh)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	17,764.77	4,781.06
Bank balance other than cash and cash equivalents	2	1,21,518.64	1,49,791.98
Loans	3	11,47,627.45	9,05,342.36
Investments	4	11,072.19	5,251.73
Other financial assets	5	30,286.45	25,911.24
<b>Total financial assets</b>		<b>13,28,269.50</b>	<b>10,91,078.37</b>
<b>Non-financial assets</b>			
Current tax assets (net)		305.10	568.74
Property, plant and equipment	6(a)	3,158.63	2,694.50
Capital work-in-progress	6(b)	-	-
Intangible assets under development	6(c)	2,036.69	209.98
Other intangible assets	6(d)	416.20	368.94
Right-of-use assets	7	4,261.91	3,552.85
Other non-financial assets	8	1,262.52	935.35
<b>Total non-financial assets</b>		<b>11,441.05</b>	<b>8,330.36</b>
Assets held for sale	9	1,250.36	2,339.34
<b>Total assets</b>		<b>13,40,960.91</b>	<b>11,01,748.07</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables	10		
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		3.64	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		857.46	370.30
Debt securities	11	1,42,451.90	1,70,946.09
Borrowings (other than debt securities)	12	8,31,624.91	6,16,321.15
Subordinated liabilities	13	9,992.26	9,982.50
Lease liabilities	14	4,658.79	3,948.24
Other financial liabilities	15	16,595.36	14,243.01
<b>Total financial liabilities</b>		<b>10,06,184.32</b>	<b>8,15,811.29</b>
<b>Non-financial liabilities</b>			
Provisions	16	660.18	406.70
Deferred tax liabilities (net)	17	4,925.35	3,457.53
Other non-financial liabilities	18	2,225.06	1,429.52
<b>Total non-financial liabilities</b>		<b>7,810.59</b>	<b>5,293.75</b>
<b>Total liabilities</b>		<b>10,13,994.91</b>	<b>8,21,105.04</b>
<b>Equity</b>			
Equity share capital	19	7,905.69	7,893.65
Other equity	20	3,19,060.31	2,72,749.38
<b>Total equity</b>		<b>3,26,966.00</b>	<b>2,80,643.03</b>
<b>Total liabilities and equity</b>		<b>13,40,960.91</b>	<b>11,01,748.07</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

Date: May 03, 2023

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

**Sharad Pathak**

(Company Secretary and  
Compliance Officer)

FCS-9587

## Consolidated Statement of profit and loss for the year ended March 31, 2023

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	21	1,38,864.72	1,12,886.13
Fees and commission income	22	5,867.64	4,623.19
Gain on derecognition of financial instruments under amortised cost category		15,182.36	12,403.56
Net gain on fair value changes	23	961.67	531.99
<b>Total revenue from operations</b>		<b>1,60,876.39</b>	<b>1,30,444.87</b>
Other income	24	184.39	119.91
<b>Total income</b>		<b>1,61,060.78</b>	<b>1,30,564.78</b>
<b>Expenses</b>			
Finance costs	25	59,104.75	47,750.34
Fees and commission expense	26	756.47	571.23
Impairment on financial instruments	27	1,242.24	2,260.52
Employee benefits expense	28	30,158.58	23,428.89
Depreciation, amortization and impairment	6&7	2,872.05	2,376.02
Other expenses	29	12,084.30	8,908.85
<b>Total expenses</b>		<b>1,06,218.39</b>	<b>85,295.85</b>
<b>Profit before tax</b>		<b>54,842.39</b>	<b>45,268.93</b>
Tax expense:	17		
Current tax		10,410.18	9,122.53
Deferred tax		1,467.83	628.34
<b>Profit after tax for the year</b>		<b>42,964.38</b>	<b>35,518.06</b>
<b>Other comprehensive income</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability	28	113.34	94.73
Income tax effect	17	(28.52)	(23.84)
<b>b) Items that will be reclassified to profit or loss</b>		-	-
<b>Other comprehensive income, net of income tax</b>		<b>84.82</b>	<b>70.89</b>
<b>Total comprehensive income for the year</b>		<b>43,049.20</b>	<b>35,588.95</b>
<b>Earnings per equity share</b>	<b>30</b>		
Basic (₹)		54.38	45.10
Diluted (₹)		54.26	44.81
Nominal value per share (₹)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

**For and on behalf of the Board of Directors of  
AAVAS FINANCIERS LIMITED**

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sharad Pathak**

(Company Secretary and  
Compliance Officer)

FCS-9587

## Consolidated Statement of Changes in Equity for the year ended March 31, 2023

### a. Equity Share Capital

(₹ in lakh)

Particulars	Amount
Balance as at March 31, 2021	7,850.46
Changes in equity share capital during the year	43.19
Balance as at March 31, 2022	7,893.65
Changes in equity share capital during the year	12.04
Balance as at March 31, 2023	7,905.69

### b. Other Equity

(₹ in lakh)

Particulars	Share application money pending allotment	Reserves and surplus				Total
		Securities premium	Share based payments reserve	Special Reserve	Retained earnings	
Balance as at March 31, 2021	0.48	1,33,403.29	1,808.00	19,131.35	77,887.45	2,32,230.57
Profit for the year (A)	-	-	-	-	35,518.06	35,518.06
Other comprehensive income for the year (B)	-	-	-	-	70.89	70.89
Total comprehensive income for the year (A+B)	-	-	-	-	35,588.95	35,588.95
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act, 1961	-	-	-	7,150.20	(7,150.20)	-
Any other change :						
Application money received / (adjusted) during the year	40.11	-	-	-	-	40.11
Issue of share capital	-	963.84	-	-	-	963.84
Utilisation of securities premium	-	-	-	-	-	-
Share based payments	-	-	1,784.61	-	-	1,784.61
Share options exercised during the year	-	520.08	(520.08)	-	2,141.30	2,141.30
Balance as at March 31, 2022	40.59	1,34,887.21	3,072.53	26,281.55	1,08,467.50	2,72,749.38
Profit for the year (C)	-	-	-	-	42,964.38	42,964.38
Other comprehensive income for the year (D)	-	-	-	-	84.82	84.82
Total comprehensive income for the year (C+D)	-	-	-	-	43,049.20	43,049.20
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act, 1961	-	-	-	8,565.57	(8,565.57)	-
Any other change:						
Application money received / (adjusted) during the year	(33.91)	-	-	-	-	(33.91)
Issue of share capital	-	775.60	-	-	-	775.60
Share based payments	-	-	1,641.69	-	-	1,641.69
Share options exercised during the year	-	300.40	(300.40)	-	878.35	878.35
Balance as at March 31, 2023	6.68	1,35,963.21	4,413.82	34,847.12	1,43,829.48	3,19,060.31

Refer note no.1 of Summary of significant Accounting policies

As per our report of even date

For Walker Chandio &amp; Co LLP

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

For and on behalf of the Board of Directors of

AAVAS FINANCIERS LIMITED

Manish Gujral

Partner

Membership No. 105117

Manas Tandon

(Non-executive Promoter Nominee Director)

DIN-05254602

Sachinderpal Singh

Jitendrasingh Bhinder

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

Ghanshyam Rawat

(President and Chief Financial Officer)

Sharad Pathak

(Company Secretary and Compliance Officer)

FCS-9587

## Consolidated Cash flow statement for the year ended March 31, 2023

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities:</b>			
Net profit before tax as per statement of profit and loss		54,842.39	45,268.93
Adjustments for			
Depreciation and amortisation of PPE and right of use assets	6 & 7	2,872.05	2,376.02
Interest on lease liabilities		383.52	318.86
Net gain on derecognition on assigned loans		(4,427.36)	(4,501.10)
Impairment on financial instruments	27	1,242.24	2,260.52
Provision for employee benefits		320.58	137.16
Share based payments	28	1,641.69	1,784.61
<b>Operating profit before working capital changes</b>		<b>56,875.11</b>	<b>47,645.00</b>
<b>Changes in working capital</b>			
(Increase)/Decrease in loans		(2,43,505.46)	(1,55,044.04)
(Increase)/Decrease in financial and other assets		1,107.99	(71.60)
Increase/(Decrease) in financial and other liabilities		3,368.94	1,441.51
<b>Total of changes in working capital</b>		<b>(2,39,028.53)</b>	<b>(1,53,674.13)</b>
Direct taxes paid/refund received		(9,296.65)	(7,481.75)
<b>Net cash flow from/(used) in operating activities (A)</b>		<b>(1,91,450.07)</b>	<b>(1,13,510.88)</b>
<b>B. Cash flow from investing activities:</b>			
Inflow (outflow) on account of:			
Investment in Government securities		(5,820.48)	(5,251.73)
Investment in fixed deposits		28,273.34	(39,484.86)
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	6	(3,895.17)	(1,559.64)
Proceeds from sale of Property, plant and equipment		50.50	35.58
<b>Net cash flow from/(used) in investing activities (B)</b>		<b>18,608.19</b>	<b>(46,260.65)</b>
<b>C. Cash flow from financing activities:</b>			
Issue of equity shares (including share premium)		753.75	1,047.13
Share / debenture issue expenses		-	(265.68)
Proceeds from borrowings		3,81,135.47	3,61,165.66
Repayment of borrowings		(1,94,316.14)	(1,98,192.53)
Repayment of lease liabilities (Including Interest)		(1,747.49)	(1,411.80)
<b>Net Cash flow generated from/(used) financing activities (C)</b>		<b>1,85,825.59</b>	<b>1,62,342.78</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>12,983.71</b>	<b>2,571.25</b>
Cash and cash equivalents as at the beginning of the year		4,781.06	2,209.81
<b>Cash and cash equivalents at the end of the year</b>	2	<b>17,764.77</b>	<b>4,781.06</b>

## Standalone Cash flow statement for the year ended March 31, 2023

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Components of cash and cash equivalents</b>			
Cash on hand		290.55	264.01
Balance in franking machine*		0.95	0.95
Balance with banks			
In current accounts		215.97	406.60
In cash credit		2,157.30	2,809.50
In deposit account		15,100.00	1,300.00
<b>Total cash and cash equivalents</b>	<b>2</b>	<b>17,764.77</b>	<b>4,781.06</b>
<b>Operational Cash Flow from Interest</b>			
Interest Received		1,35,574.90	1,11,893.87
Interest Paid		(54,807.53)	(43,177.05)
Summary of significant accounting policies	<b>1</b>		

\* The Group can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

### Note:-

1. Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
2. Refer note no. 12(g) for changes in liabilities arising from financing activities.

As per our report of even date

**For Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manish Gujral**

Partner

Membership No. 105117

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sharad Pathak**

(Company Secretary and  
Compliance Officer)

FCS-9587



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### A. Corporate Information

AAVAS FINANCIERS LIMITED ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a housing finance company with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance. The Company is a public limited company and its shares are listed on BSE Limited and National Stock Exchange of India Limited.

AAVAS FINSERV LIMITED ("the subsidiary") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company has been incorporated during the year on November 30, 2017 to carry on the business of financing by way of lending/hire-purchase and to provide on lease, sub-lease or on hire, including but not limited to, all type of vehicles, automobiles, industrial plant and machinery, office equipment, movable and immovable assets, building, real estate, household and domestic appliances and equipment, furniture, fixtures, finishing items and all type of machinery, etc. The Company has neither obtained Certificate of Registration from Reserve Bank of India nor has commenced any business activity during the year ending March 31, 2023.

### B. Basis of preparation of financial statements

#### a) Basis of preparation

The consolidated financial statements relates to Aavas Financiers Limited ("the Company") and its subsidiary Company i.e. Aavas Finserv Limited (hereinafter collectively referred to as the 'Group').

The financial statements are prepared and presented on going concern basis and the relevant provisions of the Companies Act, 2013 and the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank ('NHB') to the extent applicable.

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act (as amended from time to time). The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The consolidated financial statements are presented in Indian Rupee (INR) and all values are rounded to the nearest lakh, unless otherwise indicated.

The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on May 03, 2023

#### Presentation of financial statements

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

#### b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for foreign currency borrowings denominated in INR that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

### C. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

2023 including controlled structured entities. The Company consolidates a subsidiary when it controls it. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including :

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company member's financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Company (profits or losses resulting from intracompany transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intracompany losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intracompany transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Company's accounting policies. All intracompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 1 Summary of significant accounting policies

### 1.1 Use of estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

#### 1.1.1 Business Model Assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how Group's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Group considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Based on this assessment and future business plans of the Group, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ('the 'SPPI criterion')."

#### 1.1.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 1.1.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at fair value through P&L (FVTPL), requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's Expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's model, which assigns Probability of Default (PD)s
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime expected credit loss (LTECL) basis

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposure at default (EAD)s and Loss given default (LGD)s
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

### 1.1.4 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### 1.1.5 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 1.1.6 Leases

With effect from 1 April 2019, the Group has applied Ind AS 116 'Leases' for all lease contracts covered by the Ind AS. The Group has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

#### Measurement of Lease Liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payment discounted using the Group's incremental cost of borrowing rate. Subsequently, the lease liability is

- (i) Increased by interest on lease liability and
- (ii) Reduce by lease payment made

#### Measurement of Right-of-Use asset

At the time of initial recognition, the Group measures 'Right-of-Use assets' as present value of all lease payment discounted using the Group's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'. Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period.

## 1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

## 1.3 Revenue recognition

### 1.3.1 Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the contractual life of the financial instrument to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

### 1.3.2 Other charges and other interest

1.3.2.1 Overdue interest in respect of loans is recognized upon realisation.

1.3.2.2 Other ancillary charges are recognized upon realisation.

### 1.3.3 Commission on Insurance Policies

Commission on insurance policies sold is recognised on accrual basis when the Group under its agency code sells the insurance policies.

### 1.3.4 Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

## 1.4 Foreign currency

The Group's financial statements are presented in Indian Rupee (INR) which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Group at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

## 1.5 Property, plant and equipment (PPE) and Intangible assets

### PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

## 1.6 Depreciation and amortization

### Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

have been worked out by applying written down value method. The Group has used the following useful lives to provide depreciation on its PPE.

PPE	Useful Life (In Years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All PPE individually costing ₹ 5,000/- or less are fully depreciated in the year of installation/purchase.

### Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group estimates the useful life of an intangible asset will not exceed four years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds four years, the Group amortizes the intangible asset over the best estimate of its useful life.

### 1.7 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### 1.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 1.9 Contingent liabilities and assets

The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 1.10 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Other Long term benefits wherein the Group's liability is ascertainable and is payable over a period more than a year is charged to the Profit & loss account on proportionate basis.

### 1.11 Taxes

Tax expense comprises current and deferred tax.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 1.12 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.13 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### 1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1.14.1 Financial Assets

##### 1.14.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

### 1.14.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### 1.14.1.3 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

### 1.14.1.4 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### 1.14.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### 1.14.1.6 Business Model Test

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The Group considers all relevant information available when making the business model assessment. The Group takes into account all relevant evidence available such as:- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel; The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model.

### 1.14.1.7 Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### 1.14.2 Financial Liabilities

#### 1.14.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### 1.14.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 1.14.2.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### 1.14.3 Derivative financial instruments

The Group holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

#### **Financial assets or financial liabilities, at fair value through profit or loss**

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Statement of Profit and Loss.

### 1.14.4 Reclassification of financial assets and liabilities

The Group doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

### 1.14.5 De-recognition of financial assets and liabilities

#### **1.14.5.1 Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Group also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Group has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### 1.14.5.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

## 1.15 Impairment of financial assets

### 1.15.1 Overview of the ECL principles

The Group is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and Excess Interest Spread (EIS) receivable, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 3(a)(3)(v).

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 3(a)(1).

The Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition. This is further explained in Note 3(a)(3)(v).

Based on the above process, the Group categorized its loans into Stage 1, Stage 2, Stage 3, as described below:



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**Stage 1:** When loans are first recognised, the group recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired (as outlined in Note 3(a)(3)(i)). The group records an allowance for the LTECL.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced.

### 1.15.2 The calculation of ECL

The Group calculates ECL on loans and EIS Receivable based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

**Loan commitments:** When estimating ECL for undisbursed loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments, the ECL is recognised within Provisions. Provisions for ECL for undisbursed loan commitments are assessed as set out in Note 3(a)(2).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD** - The Exposure at Default is an exposure at a default date. The EAD is further explained in Note 3(a)(3)(iii).
- **LGD** - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3(a)(3)(iv).

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECL. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

**Stage 3:** For loans considered credit-impaired (as defined in Note 3(a)(3)(i)), the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### 1.15.3 Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Property Price Index, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

### 1.15.4 Collateral repossession

To mitigate the credit risk on financial assets, the Group seeks to possess collateral, wherever required as per the powers conferred on the HFC under SARFAESI act. In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but generally engages external or internal agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. The residential properties under legal repossession are not continued under loans and advances and are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date. With effect from April 01, 2022, the Group has discontinued the treatment of accounting and disclosing such cases as asset held for sale (AFS) and such cases continue to be included as part of the loan portfolio (EAD) as at the balance sheet date. Considering the impracticability involved in verifying the cases under SARFESI till March 31, 2022, the change is effected prospectively by the Group in these financials statement.

### 1.15.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of profit and loss account.

## 1.16 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

### 1.17 Dividend

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

### 1.18 New Technical Pronouncement

Ministry of Corporate Affairs ('MCA') notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1** - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

**Ind AS 8** - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' to help entities distinguish changes in accounting policies from changes in accounting estimates.

**Ind AS 12** - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The effective date for adoption of these amendments is annual periods beginning on or after April 1, 2023.

## 2. Cash and bank balances

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Cash on hand (refer note 2(a))	291.50	264.96
Balance with banks		
In Current accounts	215.97	406.60
In Cash credit accounts	2,157.30	2,809.50
In Deposits with original maturity of less than three months	15,100.00	1,300.00
	<b>17,764.77</b>	<b>4,781.06</b>
<b>Bank balances other than above (refer note 2(b))</b>		
Deposit with original maturity of more than 3 months less than 12 months	1,20,326.82	1,24,714.08
Deposit with original maturity of more than 12 months	1,191.82	25,077.90
	<b>1,21,518.64</b>	<b>1,49,791.98</b>
<b>Total</b>	<b>1,39,283.41</b>	<b>1,54,573.04</b>

2(a) Cash on hand includes of ₹ 0.95 lakh (P.Y. ₹ 0.95 lakh) balance of franking machine.

2(b) Other bank balance in deposit accounts include deposits under lien aggregating to ₹ 1,290.82 lakh (P.Y. ₹ 1,280.94 lakh) towards the first loss guarantee provided by the group under the securitization agreements.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 3. Loans

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At amortised cost</b>		
Loan assets	11,54,788.47	9,11,773.88
<b>Total Gross</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>
Less: Impairment loss allowance	(7,161.02)	(6,431.52)
<b>Total Net</b>	<b>11,47,627.45</b>	<b>9,05,342.36</b>
Secured by tangible assets (Property including land and building)	11,54,788.47	9,11,773.88
<b>Total Gross</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>
Less: Impairment loss allowance	(7,161.02)	(6,431.52)
<b>Total Net</b>	<b>11,47,627.45</b>	<b>9,05,342.36</b>
<b>Loans in India</b>		
Public Sector	-	-
Others	11,54,788.47	9,11,773.88
<b>Total Gross</b>	<b>11,54,788.47</b>	<b>9,11,773.88</b>
Less: Impairment loss allowance	(7,161.02)	(6,431.52)
<b>Total Net</b>	<b>11,47,627.45</b>	<b>9,05,342.36</b>

- i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.
- ii) Loans granted by the group are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of ₹ 22,634.53 lakh at March 31, 2023 (P.Y. ₹ 23,368.23 lakh)
- iii) Loans sanctioned but undisbursed amount is ₹ 59,372.75 lakh as on March 31, 2023 (P.Y. ₹ 40,201.79 lakh)
- iv) The Group is not granting any loans against gold jewellery as collateral.
- v) The Group is not granting any loans against security of shares as collateral.
- vi) The Group has assigned a pool of certain loans amounting to ₹ 1,05,955.78 lakh (P.Y. ₹ 86,485.66 lakh) by way of a direct assignment transaction during the year. These loan assets have been de-recognised from the loan portfolio of the Group as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Group continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Group pays to assignee, on a monthly basis, the pro-rata collection amounts.
- vii) The Group has granted certain loans to staff secured by equitable mortgage/registered mortgage of the property amounting to ₹ 4,094.01 lakh as on March 31, 2023 (P.Y. ₹ 2,112.98 lakh).
- viii) Loan assets include two loans (P.Y. one loan), which became doubtful due to fraudulent misrepresentation by the borrowers where amount involved was ₹ 42.97 lakh (P.Y. ₹ 18.17 lakh) and same has been provided for.
- ix) Refer to note 1.15.4, Loan assets includes cases admitted under SARFESI aggregating ₹ 3,138.43 with effect from April 01, 2022.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 3(a)(i) Grouping financial assets measured on a collective basis

As explained in note 1.15, the Group calculates ECL on collective basis on following asset classes:

- Housing-Salaried lending
- Housing-Self Employed lending
- Non Housing-Salaried lending
- Non Housing-Self Employed lending

The Group categorized these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans such as product type and customer type.

An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows: (₹ in lakh)

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	8,75,710.09	27,027.84	9,035.95	9,11,773.88	7,27,801.05	22,094.14	7,391.36	7,57,286.55
New assets originated	4,85,506.22	-	-	4,85,506.22	3,53,434.42	-	-	3,53,434.42
Assets derecognised or repaid	(2,35,799.73)	(4,348.68)	(1,910.67)	(2,42,059.08)	(1,92,729.54)	(3,382.83)	(2,469.44)	(1,98,581.81)
Transfers from Stage 1	(9,536.49)	6,572.09	2,964.40	-	(20,368.72)	16,278.88	4,089.84	-
Transfers from Stage 2	5,589.24	(9,163.60)	3,574.36	-	6,190.76	(8,065.00)	1,874.24	-
Transfers from Stage 3	1,714.91	847.59	(2,562.50)	-	1,382.12	102.65	(1,484.77)	-
Amounts written off	-	-	(432.55)	(432.55)	-	-	(365.28)	(365.28)
Gross carrying amount closing balance	11,23,184.24	20,935.24	10,668.99	11,54,788.47	8,75,710.09	27,027.84	9,035.95	9,11,773.88

Reconciliation of ECL balance is given below:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	2,168.07	2,180.09	2,083.36	6,431.52	2,098.75	845.37	2,013.80	4,957.92
ECL remeasurements due to changes in EAD/Credit Risk/Assumptions (Net)	440.87	(148.22)	436.85	729.50	82.42	1,392.36	57.43	1,532.21
Transfers from Stage 1	(32.06)	22.15	9.91	-	(95.28)	69.81	25.47	-
Transfers from Stage 2	15.02	(409.82)	394.80	-	46.26	(131.20)	84.94	-
Transfers from Stage 3	4.50	49.89	(54.39)	-	35.92	3.75	(39.67)	-
Amounts written off	-	-	-	-	-	-	(58.61)	(58.61)
ECL closing balance	2,596.40	1,694.09	2,870.53	7,161.02	2,168.07	2,180.09	2,083.36	6,431.52

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 3(a)(2) Loan commitments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is, as follows:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	40,063.65	138.14	-	40,201.79	31,787.62	241.81	159.77	32,189.20
New assets originated	48,215.88	-	-	48,215.88	34,563.27	-	-	34,563.27
Assets disbursed or cancelled	(34,394.40)	(121.67)	-	(34,516.07)	(26,233.56)	(160.65)	(156.47)	(26,550.68)
Transfers from Stage 1	(156.22)	129.62	26.60	-	(103.26)	103.26	-	-
Transfers from Stage 2	0.97	(3.37)	2.40	-	46.28	(46.28)	-	-
Transfers from Stage 3	-	-	-	-	3.30	-	(3.30)	-
Gross carrying amount closing balance	53,729.88	142.72	29.00	53,901.60	40,063.65	138.14	-	40,201.79

Reconciliation of ECL balance is given below:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	74.54	8.17	-	82.71	58.22	2.53	34.28	95.03
ECL Remeasurements due to changes in EAD/Credit Risk/Assumptions (Net)	49.32	(5.61)	6.72	50.43	16.44	5.51	(34.27)	(12.32)
Transfers from Stage 1	(0.22)	0.20	0.02	-	(0.23)	0.23	-	-
Transfers from Stage 2	0.00	(0.13)	0.13	-	0.10	(0.10)	-	-
Transfers from Stage 3	-	-	-	-	0.01	-	(0.01)	-
ECL closing balance	123.64	2.63	6.87	133.14	74.54	8.17	-	82.71

### 3(a)(3) Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

#### 3(a)(3)(i) Definition of default

The Group considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due (DPD) on its contractual payments on any day irrespective of reporting cycle. Group upgrade stage 3 cases only if entire arrears of interest and principal are paid by the borrower i.e. DPD becomes zero. The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognized and is still in the portfolio.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 3(a)(3)(ii) The Company's process for managing risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers, investments in debt securities and derivatives that are an asset position. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

### 3(a)(3)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

### 3(a)(3)(iv) Loss given default

The Group segments its retail lending products into smaller homogeneous portfolios (housing and non housing), based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

### 3(a)(3)(v) Significant increase in credit risk

The Group continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

During the previous year RBI issued resolution framework 2.0 dated May 05, 2021 accordance with that group has offered moratorium on payment of all installment and/or interest as applicable to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

When estimating ECL on a collective basis for a group of similar assets, the group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

### 3(a)(3)(vi) Risk assessment model

The Group has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

### 3(a)(4) Collateral

The Group holds collateral to mitigate credit risk associated with financial assets. The main types of collateral are registered / equitable mortgage property. The collateral presented relates to instruments that are measured at amortised cost.

The Group did not hold any financial instrument for which no loss allowance is recognised because of collateral at March 31, 2023. There was no change in the Group's collateral policy or collateral quality during the year.

Refer note 44(C) for risk concentration based on Loan to value(LTV).

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 4 Investments

(₹ in lakh)

Particulars	At fair Value					Others	Total
	Amortised Cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss	Subtotal		
<b>As at March 31, 2023</b>							
Government securities	11,072.19				-	-	11,072.19
<b>Total Gross (A)</b>	<b>11,072.19</b>	-	-	-	-	-	<b>11,072.19</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	11,072.19	-	-	-	-	-	11,072.19
<b>Total (B)</b>	<b>11,072.19</b>	-	-	-	-	-	<b>11,072.19</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) - (C)</b>	<b>11,072.19</b>	-	-	-	-	-	<b>11,072.19</b>
<b>As at March 31, 2022</b>							
Government securities	5,251.73	-	-	-	-	-	5,251.73
<b>Total Gross (A)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	5,251.73	-	-	-	-	-	5,251.73
<b>Total (B)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) - (C)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>

### 5 Other financial assets

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued on bank deposits	1,784.24	1,935.03
Security deposit	490.59	379.49
EIS receivable (Refer note 5(a))	28,145.16	23,717.80
<b>Total Gross</b>	<b>30,419.99</b>	<b>26,032.32</b>
Less: Impairment loss allowance (on EIS receivable assets)	(133.54)	(121.08)
<b>Total Net</b>	<b>30,286.45</b>	<b>25,911.24</b>

**5(a)** Under Ind AS, with respect to assignment deals, Group has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of profit and loss for the year, which has been computed by discounting EIS to present value.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 6(a) Property, plant and equipment

(₹ in lakh)

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
<b>Cost</b>							
At March 31, 2021	1,041.53	1,715.44	1,754.86	667.84	754.02	4.95	5,938.64
Purchase	-	535.10	275.70	197.97	161.20	-	1,169.97
Disposals	-	(29.15)	(21.27)	(86.53)	(16.98)	-	(153.93)
At March 31, 2022	1,041.53	2,221.39	2,009.29	779.28	898.24	4.95	6,954.68
Purchase	-	688.47	469.20	304.89	289.94	-	1,752.50
Disposals	-	(13.90)	(11.96)	(153.22)	(16.28)	-	(195.36)
As at March 31, 2023	1,041.53	2,895.96	2,466.53	930.95	1,171.90	4.95	8,511.82
<b>Depreciation</b>							
At March 31, 2021	193.62	1,304.76	1,052.08	320.46	560.64	-	3,431.56
Charge for the year	41.29	362.67	267.72	139.45	135.85	-	946.98
Disposals	-	(27.69)	(18.93)	(57.24)	(14.50)	-	(118.36)
At March 31, 2022	234.91	1,639.74	1,300.87	402.67	681.99	-	4,260.18
Charge for the year	39.28	542.46	323.15	161.26	171.72	-	1,237.87
Disposals	-	(13.20)	(11.52)	(105.04)	(15.10)	-	(144.86)
As at March 31, 2023	274.19	2,169.00	1,612.50	458.89	838.61	-	5,353.19
<b>Net Block</b>							
At March 31, 2022	806.62	581.65	708.42	376.61	216.25	4.95	2,694.50
At March 31, 2023	767.34	726.96	854.03	472.06	333.29	4.95	3,158.63

### 6(b) Capital work-in-progress

(₹ in lakh)

	PPE	Total
<b>Gross block</b>		
At March 31, 2021	-	-
Capitalised during the year	-	-
Purchase	-	-
At March 31, 2022	-	-
Capitalised during the year	-	-
Purchase	-	-
As at March 31, 2023	-	-

### 6(c) Intangible assets under development

(₹ in lakh)

	Software	Total
<b>Gross block</b>		
At March 31, 2021	40.54	40.54
Capitalised during the year	58.42	58.42
Addition During the year	227.86	227.86
At March 31, 2022	209.98	209.98
Capitalised during the year	0.72	0.72
Addition During the year	1,827.43	1,827.43
As at March 31, 2023	2,036.69	2,036.69

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 6(d) Other Intangible assets

(₹ in lakh)

	Software/ Other intangible assets	Total
<b>Gross block</b>		
At March 31, 2021	940.62	940.62
Purchase	220.22	220.22
Disposals	-	-
At March 31, 2022	1,160.84	1,160.84
Purchase	315.98	315.98
Disposals	-	-
As at March 31, 2023	1,476.82	1,476.82
<b>Amortization</b>		
At March 31, 2021	595.06	595.06
Charge for the year	196.84	196.84
At March 31, 2022	791.90	791.90
Charge for the year	268.72	268.72
As at March 31, 2023	1,060.62	1,060.62
<b>Net block</b>		
At March 31, 2022	368.94	368.94
As at March 31, 2023	416.20	416.20

### 6.1 Capital-Work-in Progress (CWIP)

- (a) CWIP aging schedule- there is no balance of Capital-Work-in-Progress(CWIP) available as on March 31, 2023 and March 31, 2022
- (b) No such case of capital-work-in progress in which completion is overdue or has exceeded its cost compared to its original plan in the group

### 6.2 Intangible assets under development

- (a) Intangible assets under development aging schedule

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 2023					
Projects in progress	1,827.43	209.26	-	-	2,036.69
Projects temporarily suspended	-	-	-	-	-
As at March 2022					
Projects in progress	209.98	-	-	-	209.98
Projects temporarily suspended	-	-	-	-	-

- (b) No such case of intangible assets under development in which completion is overdue or has exceeded its cost compared to its original plan in the group.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 7 Right-of-use assets

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Value of Right of Use Asset	6,725.52	4,914.17
Addition	2,106.48	1,815.96
Disposal	(31.95)	(4.61)
<b>Gross Carrying Value</b>	<b>8,800.05</b>	<b>6,725.52</b>
<b>Depreciation</b>		
Opening accumulated depreciation	3,172.67	1,940.47
Depreciation for the year	1,365.47	1,232.20
<b>Closing Accumulated Depreciation</b>	<b>4,538.14</b>	<b>3,172.67</b>
<b>Net Carrying value</b>	<b>4,261.91</b>	<b>3,552.85</b>

### 8 Other non-financial assets

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	496.08	361.10
Advance to staff	192.52	178.75
Advance to vendors	287.73	258.03
Other recoverable	286.19	137.47
<b>Total</b>	<b>1,262.52</b>	<b>935.35</b>

### 9 Assets held for sale

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Asset obtained by taking possession of collateral (Refer Note 9(a) & Note 1.15.4)	1,791.15	2,921.06
<b>Total Gross</b>	<b>1,791.15</b>	<b>2,921.06</b>
Less: Impairment loss allowance*	(540.79)	(581.72)
<b>Total Net</b>	<b>1,250.36</b>	<b>2,339.34</b>

\*The Company has accounted additional provision basis its past experience on realization and time value of money

#### 9(a) Assets obtained by taking possession of collateral

The Group obtained the following assets by taking possession of collateral held as security against loans and advances and held at the year end. The Group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

Particulars	As at March 31, 2023	As at March 31, 2022
Residential properties	1,791.15	2,921.06
<b>Total assets obtained by taking possession of collateral</b>	<b>1,791.15</b>	<b>2,921.06</b>

### 10 Payables

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Trade Payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	3.64	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	857.46	370.30
<b>Total</b>	<b>861.10</b>	<b>370.30</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 10 (a) Trade Payables Ageing Schedule:

Particulars	Outstanding for following periods from due date of payment						(₹ in lakh)
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023							
(i) MSME	-	3.64	-	-	-	-	3.64
(ii) Others	761.40	-	76.97	12.50	6.59	-	857.46
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

### 10 (a) Trade Payables Ageing Schedule:

Particulars	Outstanding for following periods from due date of payment						(₹ in lakh)
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022							
(i) MSME	-	-	-	-	-	-	-
(ii) Others	290.08	-	72.34	7.88	-	-	370.30
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

**10 (b)** There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises for the year ended March 31, 2023



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 11 Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Secured*		
Debt securities (Refer note 11(a))	91,699.17	1,15,263.52
Unsecured		
Debt securities (Refer note 11(a))	50,752.73	55,682.57
<b>Total</b>	<b>1,42,451.90</b>	<b>1,70,946.09</b>
Debt securities in India	91,699.17	1,15,263.52
Debt securities outside India	50,752.73	55,682.57
<b>Total</b>	<b>1,42,451.90</b>	<b>1,70,946.09</b>

\*Exclusive charge on specified loan assets/ receivables and in case of debenture issued vide ISIN INF216P07167 additional first pari passu charge created on Company's Immovable property in favour of security Trustee as stated in the respective Debenture Trust Deed.

### 11(a). Detail of Redeemable Non-Convertible Debentures

ISIN No.	Date of allotment	Date of redemption	Current Nominal value per debenture	Total number of debentures	Current rate of interest	Face value	As at March 31, 2023	As at March 31, 2022	Secured/ Unsecured	Terms of redemption
INF216P07134	18-Jul-17	18-May-22	10	1,300	8.43%*	13,000	-	12,994.27	Secured	Redeemed at par during the year
INF216P07167	16-Sep-19	15-Sep-24	100	345	8.39%*	34,500	34,365.85	34,283.81	Secured	Redeemable at par
XSI923066390	20-Dec-18	20-Dec-25	75	200	8.93%**	15,000	14,958.86	19,929.00	Unsecured	Redeemable at par
INF216P07209	31-Dec-20	31-Dec-25	5.50	1,000	8.63%**	5,500	5,496.86	7,494.41	Secured	Redeemable at par
INF216P07217	26-Nov-21	26-Nov-26	10	990	8.15%	9,900	9,893.78	9,892.33	Secured	Redeemable at par
INF216P07225	25-Mar-22	25-Mar-27	8	1,000	8.50%**	8,000	7,994.19	9,991.22	Secured	Redeemable at par
INF216P07175	30-Mar-20	30-Mar-28	7.69	4,444	8.65%*	34,174	33,948.48	40,607.48	Secured	Redeemable at par
XS2449330336	10-Mar-22	10-Mar-29	100	360	6.75%**	36,000	35,793.88	35,753.57	Unsecured	Redeemable at par
						<b>Total</b>	<b>1,42,451.90</b>	<b>1,70,946.09</b>		

\*ROI p.a (payable half yearly)

\*\*ROI p.a (payable quarterly)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Terms of repayment of debentures outstanding as at March 31, 2023

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Quarterly											
Above 3 years	8%-10%	8	3,939.72	15	7,476.77	4	1,993.81	-	-	27	13,410.30
Half yearly	6%-8%	-	-	2	8,972.13	4	17,944.26	2	8,972.13	8	35,888.52
Above 3 years	8%-10%	4	11,658.55	8	23,600.53	4	13,631.50	-	-	16	48,890.58
Bullet end											
Above 3 years	8%-10%	-	-	1	34,393.16	3	9,869.34	-	-	4	44,262.50
<b>Total</b>		<b>12</b>	<b>15,598.27</b>	<b>26</b>	<b>74,442.59</b>	<b>15</b>	<b>43,438.91</b>	<b>2</b>	<b>8,972.13</b>	<b>55</b>	<b>1,42,451.90</b>

### Terms of repayment of debentures outstanding as at March 31, 2022

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Quarterly											
Above 3 years	6%-8%	8	3,969.64	16	7,957.70	11	5,470.92	-	-	35	17,398.26
Half yearly	6%-8%	-	-	-	-	4	17,904.82	4	17,904.82	8	35,809.64
Above 3 years	8%-10%	4	11,747.10	8	23,548.66	6	18,575.10	2	6,800.77	20	60,671.63
Bullet end	6%-8%	-	-	-	-	3	9,847.65	-	-	3	9,847.65
Above 3 years	8%-10%	1	12,901.35	1	34,317.56	-	-	-	-	2	47,218.91
<b>Total</b>		<b>13</b>	<b>28,618.09</b>	<b>25</b>	<b>65,823.92</b>	<b>24</b>	<b>51,798.49</b>	<b>6</b>	<b>24,705.59</b>	<b>68</b>	<b>1,70,946.09</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 12 Borrowings (other than debt securities)

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At amortised cost</b>		
<b>Secured</b>		
<b>Term loans (refer note 12(I))</b>		
From National Housing Bank (NHB) (Refer note 12(a))	2,60,287.19	2,20,676.44
From banks (Refer note 12(b))	5,57,105.10	3,81,480.45
From financial institutions (Refer note 12(c))	7.52	30.54
From insurance companies (Refer note 12(d))	5,621.09	6,869.39
<b>Others</b>		
Cash credit (refer note 12(e))	2,742.11	-
Others (refer note 12(f))	5,861.90	7,264.33
<b>Total</b>	<b>8,31,624.91</b>	<b>6,16,321.15</b>
Borrowings in India	8,31,624.91	6,16,321.15
Borrowings outside India	-	-
<b>Total</b>	<b>8,31,624.91</b>	<b>6,16,321.15</b>

- 12(a) Secured term loans from National Housing Bank (NHB) carry rate of interest in the range of 2.80% to 8.50% p.a. The loans are having tenure of 3 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Group.
- 12(b) Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 6.80% to 9.15% p.a. The loans are having tenure of 5 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Group. Secured term loan from banks include auto loans of ₹ 370.43 lakh (P.Y. ₹ 279.11 lakh) carrying rate of interest in the range of 7.35% to 10.10% p.a. which are secured by hypothecation of Group's vehicles.
- 12(c) Loans from financial institutions include auto loans of ₹ 7.52 lakh (P.Y. ₹ 30.54 lakh) carrying rate of interest at the rate of 8.75% p.a. which are secured by hypothecation of Group's vehicles.
- 12(d) Secured term loan from Insurance Company carry rate of interest of 9.10% p.a. The loan is having tenure of 8 years from the date of disbursement and is repayable in half yearly instalments. The Loan is secured by hypothecation (exclusive charge) of the loans given by the Group.
- 12(e) Cash credit borrowings from bank are secured against hypothecation of loans given by the Group, are repayable on demand and carry interest rates ranging from 8.30% to 10.20%.
- 12(f) Other borrowings includes associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS.
- 12(g) Changes in liabilities arising from financing activities

Particulars	As at March 31, 2022	Cash flows	Other*	As at March 31, 2023
Debt securities	1,70,946.09	(28,836.92)	342.73	1,42,451.90
Borrowings	6,16,321.15	2,16,756.23	(1,452.47)	8,31,624.91
Subordinate liabilities	9,982.50	(0.00)	9.76	9,992.26
<b>Total</b>	<b>7,97,249.74</b>	<b>1,87,919.31</b>	<b>(1,099.98)</b>	<b>9,84,069.07</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 12 Borrowings (other than debt securities) (contd....) (₹ in lakh)

Particulars	As at March 31, 2021	Cash flows	Other*	As at March 31, 2022
Debt securities	1,46,466.15	24,481.53	(1.59)	1,70,946.09
Borrowings	4,78,102.49	1,40,007.46	(1,788.80)	6,16,321.15
Subordinate liabilities	9,973.65	0.00	8.85	9,982.50
<b>Total</b>	<b>6,34,542.29</b>	<b>1,64,488.99</b>	<b>(1,781.54)</b>	<b>7,97,249.74</b>

\*Other column includes amortisation of transaction cost.

12(h) The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

### 12(i) Terms of repayment of borrowings outstanding as at March 31, 2023 (₹ in lakh)

Particulars	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Monthly repayment schedule</b>												
Above 3 years	100	13,291.99	144	22,156.65	114	15,548.81	21	1,602.30	-	-	379	52,599.75
	474	20,239.98	694	41,419.70	419	37,919.58	194	45,344.90	-	-	1,781	1,44,924.16
<b>Quarterly repayment schedule</b>												
Above 3 years	168	40.27	203	53.60	1	0.25	-	-	-	-	372	94.12
	49	14,876.39	128	39,550.88	124	37,827.03	34	9,891.16	-	-	335	1,02,145.46
	31	5,275.37	76	12,631.45	30	4,726.98	24	3,736.99	-	-	161	26,370.79
	172	29,701.30	362	71,200.69	313	61,755.28	273	58,821.02	-	-	1,120	2,21,478.29
	119	33,355.96	305	84,785.89	224	67,066.32	260	74,971.54	36	9,608.76	944	2,69,788.47
	2	1,248.03	4	2,498.19	3	1,873.64	-	-	-	-	9	5,619.86
<b>Half yearly repayment schedule - Above 3 years</b>												
<b>Total</b>	<b>1,145</b>	<b>1,18,029.29</b>	<b>1,916</b>	<b>2,74,297.05</b>	<b>1,228</b>	<b>2,26,717.89</b>	<b>806</b>	<b>1,94,367.91</b>	<b>36</b>	<b>9,608.76</b>	<b>5,101</b>	<b>8,23,020.90</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 5,861.90 lakh (Due within 1 year ₹ 896.71 lakh and due more than 1 year ₹ 5,416.34 lakh)

### Terms of repayment of borrowings outstanding as at March 31, 2022 (₹ in lakh)

Particulars	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
Original maturity of loan	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Monthly repayment schedule - Above 3 years</b>												
	608	21,352.68	969	43,663.94	350	38,292.71	325	45,824.09	-	-	2,252	1,49,133.42
	123	999.27	72	1,118.98	-	-	-	-	-	-	195	2,118.25
<b>Quarterly repayment schedule</b>												
Above 3 years	46	11,777.77	112	30,428.83	112	30,428.83	84	20,645.44	-	-	354	93,280.87
	42	16,520.56	96	15,473.35	70	10,131.85	86	11,003.45	-	-	294	53,129.21
	203	37,198.64	527	1,02,597.54	418	83,973.96	400	75,753.39	39	2,946.65	1,587	3,04,470.18
	3	10.15	8	27.09	6	20.12	-	-	-	-	17	57.36
	2	1,247.89	4	2,497.62	4	2,497.62	1	624.40	-	-	11	6,867.53
<b>Half yearly repayment schedule - Above 3 years</b>												
<b>Total</b>	<b>1,027</b>	<b>89,106.96</b>	<b>1,788</b>	<b>1,95,807.35</b>	<b>960</b>	<b>1,67,345.09</b>	<b>896</b>	<b>1,53,850.77</b>	<b>39</b>	<b>2,946.65</b>	<b>4,710</b>	<b>6,09,056.82</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 7,264.33 lakh (Due within 1 year ₹ 5,491.9 lakh and due more than 1 year ₹ 6,715.14 lakh)

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 13 Subordinated Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised cost		
Debentures (Refer note 13(a))	9,992.26	9,982.50
<b>Total</b>	<b>9,992.26</b>	<b>9,982.50</b>
Subordinated liabilities in India	9,992.26	9,982.50
Subordinated liabilities Outside India	-	-
<b>Total</b>	<b>9,992.26</b>	<b>9,982.50</b>

## 13(a). Detail of Subordinated Liabilities

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of interest	Face value	As at March 31, 2023	As at March 31, 2022	Secured/ Unsecured	Terms of redemption
INE216P08017	22-Dec-17	22-Dec-23	10	1,000	9.24%	10,000	9,992.26	9,982.50	Unsecured	Redeemable at par

## Terms of repayment of Subordinated liabilities outstanding as at March 31, 2023

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total	
Original maturity of loan		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
At the end of tenure	8%-10%	1	9,992.26	-	-	1	9,992.26
Above 3 years							

## Terms of repayment of Subordinated liabilities outstanding as at March 31, 2022

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total	
Original maturity of loan		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
At the end of tenure	8%-10%	-	(9.76)	1	9,992.26	1	9,982.50
Above 3 years							

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 14 Lease liabilities

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities	4,658.79	3,948.24
<b>Total</b>	<b>4,658.79</b>	<b>3,948.24</b>

Disclosures as required by Ind AS 116 'Leases' are stated below

#### Movement of Lease Liability

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Balance	3,948.24	3,229.82
Add: Addition during the year	2,067.37	1,810.81
Interest on lease liability	390.67	319.41
Less: Lease rental payment	(1,747.49)	(1,411.80)
<b>Closing Balance</b>	<b>4,658.79</b>	<b>3,948.24</b>

The following is the breakup of current and non-current portion of lease liability as on March 31, 2023

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Current	1,295.79	1,102.45
Non-current	3,363.00	2,845.79
<b>Total lease liability</b>	<b>4,658.79</b>	<b>3,948.24</b>

### 15 Other financial liabilities

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due		
From non convertible debentures	388.36	793.48
From unsecured non convertible debentures	443.66	473.21
From bank- term Loan	359.60	402.92
From financial institution- term Loan	0.03	0.14
Due to assignees towards collections in derecognised assets	5,392.66	5,095.69
Employee benefits payable	2,538.04	1,973.64
Others	7,473.01	5,503.93
<b>Total</b>	<b>16,595.36</b>	<b>14,243.01</b>

### 16 Provisions

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Leave availment	324.51	251.73
Gratuity	202.53	72.26
ECL on undisbursed loan commitment	133.14	82.71
<b>Total</b>	<b>660.18</b>	<b>406.70</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 17. Tax Expenses

The major components of income tax expense for the Year ended March 31, 2023

(₹ in lakh)		
<b>Profit or loss section</b>		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Current income tax:</b>		
Current income tax charge	10,410.18	9,122.53
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,467.83	628.34
<b>Income tax expense reported in the statement of profit or loss</b>	<b>11,878.01</b>	<b>9,750.87</b>

### OCI

Deferred tax related to items recognised in OCI during the year:

(₹ in lakh)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net loss/(gain) on re-measurements of defined benefit plans	28.52	23.84
<b>Income tax charged to OCI</b>	<b>28.52</b>	<b>23.84</b>

### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023:

Particulars	As at March 31, 2023	As at March 31, 2022
Accounting profit before tax from continuing operations	54,842.39	45,268.93
Profit/(loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>54,842.39</b>	<b>45,268.93</b>
Tax at statutory Income Tax rate of 25.17% (P.Y. 25.17%)	13,802.73	11,393.29
Expenses Disallowed in Income tax Act	295.26	254.34
Other permanent difference	(387.14)	(297.59)
Expenses disallowed u/s 43B of Income tax Act	18.32	9.44
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	(1,837.96)	(1,601.17)
Incremental deferred tax liabilities /(assets) on account of Financial assets and other items	(13.20)	(7.44)
Tax at effective Income Tax rate (a)	11,878.01	9,750.87
Tax on Other comprehensive income (b)	28.52	23.84
<b>Total tax expenses at effective tax rate (a+b)</b>	<b>11,906.53</b>	<b>9,774.71</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Deferred Tax liabilities / (assets) (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Deferred tax liability</b>		
Unamortized Borrowings cost	336.58	412.70
Upfront EIS income	7,083.57	5,969.29
<b>Gross deferred tax liability</b>	<b>7,420.15</b>	<b>6,381.99</b>
<b>Deferred tax asset</b>		
Expected credit loss (ECL)	(1,266.87)	(1,275.85)
Unamortized Processing fee	(548.44)	(1,032.11)
Fair Valuation of SARFAESI assets	(64.69)	(102.46)
Provision for gratuity and Leave availment	(75.18)	(63.36)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(439.73)	(351.17)
Other adjustments	(99.89)	(99.51)
<b>Gross deferred tax asset</b>	<b>(2,494.80)</b>	<b>(2,924.46)</b>
<b>Net deferred tax liability</b>	<b>4,925.35</b>	<b>3,457.53</b>

### Deferred tax charged to statement of profit and loss account (₹ in lakh)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	Profit and Loss	OCI	Profit and Loss	OCI
Unamortized Borrowings cost	(76.12)	-	20.38	-
Upfront EIS income	1,114.28	-	1,132.84	-
Expected credit loss (ECL)	8.98	-	(369.85)	-
Unamortized Processing fee	483.67	-	(3.17)	-
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(88.56)	-	(103.80)	-
Other adjustments	25.58	28.52	(48.05)	23.84
<b>Deferred tax charged to statement of profit and loss account</b>	<b>1,467.83</b>	<b>28.52</b>	<b>628.35</b>	<b>23.84</b>

The proportionate amount of business income from housing loan segment for Special Reserve u/s 29C of the NHB Act read with section 36 (1) (viii) of Income Tax Act, 1961 has been computed by giving weightage of housing loan for more than 60 months to total loan assets of the Group. The total housing loan for more than 60 months for the year under consideration is ₹ 8,31,620.29 lakh (PY ₹ 6,53,700.01 lakh).

### 18 Other Non-financial Liabilities (₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	359.98	299.29
Provision for expenses	1,583.10	1,002.71
GST payable	64.24	65.94
Others	217.74	61.58
<b>Total</b>	<b>2,225.06</b>	<b>1,429.52</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 19 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorized share Capital</b>		
85,000,000 (P.Y. 85,000,000) Equity Shares of ₹ 10/- each	8,500.00	8,500.00
	<b>8,500.00</b>	<b>8,500.00</b>
<b>Issued, Subscribed &amp; Paid up capital</b>		
<u>Issued and Subscribed Capital</u>		
79,056,874 (P.Y. 78,936,451) Equity Shares of ₹ 10/- each	7,905.69	7,893.65
<u>Called-Up and Paid Up Capital</u>		
Fully Paid-Up		
79,056,874 (P.Y. 78,936,451) Equity Shares of ₹ 10/- each	7,905.69	7,893.65
<b>Total</b>	<b>7,905.69</b>	<b>7,893.65</b>

19(a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ In lakh	No. of shares	₹ In lakh
Equity Share at the beginning of year	7,89,36,451	7,893.65	7,85,04,551	7,850.46
Add:				
<b>Equity Share Allotted during year</b>				
Shares issued under ESOP	1,20,423	12.04	4,31,900	43.19
<b>Equity share at the end of year</b>	<b>7,90,56,874</b>	<b>7,905.69</b>	<b>7,89,36,451</b>	<b>7,893.65</b>

19(b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding
<b>Lake District Holdings Limited</b>	1,81,86,219	23.00%	1,81,86,219	23.04%
18,186,219 Equity Shares of ₹ 10/- each fully paid				
<b>Partners Group ESCL Limited</b>	88,68,091	11.22%	88,68,091	11.23%
8,868,091 Equity Shares of ₹ 10/- each fully paid				
<b>Smallcap World Fund, Inc</b>	63,18,330	7.99%	61,68,830	7.81%
6,318,330 Equity Shares of ₹ 10/- each fully paid				
<b>Total</b>	<b>3,33,72,640</b>	<b>42.21%</b>	<b>3,32,23,140</b>	<b>42.09%</b>

As per records of the group, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

19(c) Rights, preferences and restrictions attached to shares

**Equity shares:**

The Group has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 19(d) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-	-

19(e) For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 32

### 19(f) Shareholding of Promoters

#### Shares held by promoters at the end of March 31, 2023

Promoter name	No. of shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.00%	0.00%
Partners Group ESCL Limited	88,68,091	11.22%	0.00%
Partners Group Private Equity Master Fund LLC	38,91,752	4.92%	0.00%
<b>Total</b>	<b>3,09,46,062</b>	<b>39.14%</b>	

#### Shares held by promoters at the end of March 31, 2022

Promoter name	No. of shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.04%	-21.41%
Partners Group ESCL Limited	88,68,091	11.23%	-21.10%
Partners Group Private Equity Master Fund LLC	38,91,752	4.93%	-21.10%
<b>Total</b>	<b>3,09,46,062</b>	<b>39.20%</b>	

## 20 Other equity

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Securities premium (refer note 20(a))	1,35,963.21	1,34,887.21
Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act, 1961 (refer note 20(a))	34,847.12	26,281.55
Share Based Payments Reserve (refer note 20(a))	4,413.82	3,072.53
Retained earnings	1,43,829.48	1,08,467.50
Share Application money received	6.68	40.59
<b>Total</b>	<b>3,19,060.31</b>	<b>2,72,749.38</b>

### 20(a) Nature and purpose of reserve

#### Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

#### Special reserve

Section 29C (i) of the National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Group under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. During the year ended March 31, 2023, The

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Group has transferred an amount of ₹ 7,311.11 lakh (P.Y. ₹ 6,361.94 lakh) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987 and also transferred an amount of ₹ 1,254.46 lakh (P.Y. ₹ 788.23 lakh) to the Reserve in terms of Section 29C of the National Housing Bank (“NHB”) Act, 1987.

### Share Based Payments Reserve

This Reserve relates to stock options granted by the Group to employees under various ESOP Schemes. This Reserve is transferred to Securities Premium Account on exercise of vested options.

### 21. Interest income

(₹ in lakh)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss
Interest on loans (Refer note 21(a))	-	1,29,684.13	-	-	1,06,452.48	-
Interest on deposits with banks	-	8,725.55	-	-	6,195.62	-
Interest on deposits with corporates	-	-	-	-	145.39	-
Interest on Inter corporates loan	-	20.20	-	-	-	-
Interest on government securities	-	434.84	-	-	92.64	-
<b>Total</b>	<b>-</b>	<b>1,38,864.72</b>	<b>-</b>	<b>-</b>	<b>1,12,886.13</b>	<b>-</b>

21(a) Loan origination income included in interest income on loan is disclosed net of the direct incremental costs of ₹ 7,768.07 lakh for year ended March 31, 2023 (P.Y. ₹ 4,150.73 lakh) associated with the origination of the underlying loans.

### 22 Fees and commission Income

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Insurance commission	754.02	476.75
Other fee income	5,113.62	4,146.44
<b>Total</b>	<b>5,867.64</b>	<b>4,623.19</b>

### 23 Net gain on fair value changes

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Net gain on financial instruments at fair value through profit and loss		
i) On trading portfolio		
Investments	961.67	531.99
b) Others		
Derivatives	-	-
<b>Total Net gain on fair value changes</b>	<b>961.67</b>	<b>531.99</b>
<b>Fair value changes</b>		
Realised	961.67	531.99
Unrealised- MTM gain	-	-
<b>Total Net gain on fair value changes</b>	<b>961.67</b>	<b>531.99</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 24 Other income

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net gain on derecognition of property, plant and equipment	28.37	1.68
Other income	156.02	118.23
<b>Total</b>	<b>184.39</b>	<b>119.91</b>

### 25 Finance Costs

(₹ in lakh)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost
Interest on borrowings, debt securities and subordinated liabilities	-	58,245.92	-	46,867.27
Interest on securitised pool	-	468.15	-	563.67
Interest on lease liability	-	390.68	-	319.40
<b>Total</b>	<b>-</b>	<b>59,104.75</b>	<b>-</b>	<b>47,750.34</b>

### 26 Fees and commission expense

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Resource mobilisation expenses	322.95	281.05
Bank charges and commission	188.70	151.28
Brokerage commission	244.82	138.90
<b>Total</b>	<b>756.47</b>	<b>571.23</b>

### 27 Impairment on financial instruments

(₹ in lakh)

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost
Loan assets	-	751.46	-	1,763.17
Write offs	-	432.55	-	306.67
Assets acquired under SARFAESI	-	58.23	-	190.68
<b>Total</b>	<b>-</b>	<b>1,242.24</b>	<b>-</b>	<b>2,260.52</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 28 Employee Benefits Expenses

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages	26,513.31	20,093.33
Contribution to provident and other funds	1,357.28	1,131.71
Share Based Payments to employees	1,641.69	1,784.61
Staff welfare expenses	646.30	419.24
<b>Total</b>	<b>30,158.58</b>	<b>23,428.89</b>

#### Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

#### Statement of profit and loss

##### Net employee benefit expense recognized in the employee cost

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	379.52	260.49
Interest cost	4.83	3.65
Expected return on plan assets	-	-
Net remeasurement (gain) / loss recognized in the year	-	-
<b>Net expense</b>	<b>384.35</b>	<b>264.14</b>

##### Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial loss/(gain) due to change in financial assumptions	(54.02)	(42.73)
Actuarial loss/ (gain) due to experience adjustments	(80.80)	(70.11)
Return on plan assets excluding amounts included in interest income	21.48	18.11
<b>Remeasurement (gain) / loss arising during the year</b>	<b>(113.34)</b>	<b>(94.73)</b>

##### Actual Return on plan asset

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on plan asset	48.17	39.93
Actuarial gain/(loss)	(21.48)	(18.11)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Balance Sheet

#### Net defined benefit liability

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of defined benefit obligation	928.09	758.08
Fair value of plan assets	(725.56)	(690.02)
<b>Plan liability</b>	<b>202.53</b>	<b>68.06</b>

#### Changes in the present value of the defined benefit obligation are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening defined benefit obligation	758.09	659.25
Current service cost	379.52	260.49
Interest cost	53.00	43.59
Benefits paid during the year	(127.70)	(92.40)
Remeasurement (gain)/loss on obligation	(134.82)	(112.84)
<b>Closing defined benefit obligation</b>	<b>928.09</b>	<b>758.09</b>

#### Changes in the present value of the plan assets are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Fair value of plan asset at the beginning	690.02	604.95
Interest Income on Plan Asset	48.17	39.93
Expected return on plan asset	-	-
Contribution made	134.00	64.84
Benefit paid during the year	(125.15)	(1.59)
Actuarial Gain/(Loss) on plan assets	(21.48)	(18.11)
<b>Fair value of plan asset at the the end of the year</b>	<b>725.56</b>	<b>690.02</b>

#### The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	7.50%	7.10%
Salary escalation rate	6.00%	6.00%
Employee turnover	age 30 = 5%	age 30 = 5%
	age 31-40 = 3%	age 31-40 = 3%
	age 41-50 = 2%	age 41-50 = 2%
	age 51 & above=1%	age 51 & above=1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Experience adjustment for the reported years are as below:

Particulars	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined benefit obligation	928.09	758.09	659.25	517.23	293.96
Plan assets	(725.56)	(690.02)	(604.95)	-	-
Net Liability (Asset)	202.53	68.07	54.30	517.23	293.96
Experience adjustments on plan liabilities (Gain)/ Loss	(80.80)	(70.12)	(91.54)	6.97	(35.07)
Experience adjustments on plan assets	-	-	-	-	-

### Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below: (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Effect of 1% change in assumed discount rate		
- 1% increase	810.42	657.49
- 1% decrease	1,071.85	881.59
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,060.83	875.87
- 1% decrease	811.78	659.69

The sensitivity analysis have been determined based on reasonably possible changes of the respective 'assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

### Funding Arrangement and Policy

The contribution by the Group to fund the liabilities of the plan has to be invested. The trustees of the 'plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax 'rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the 'fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

Maturity Analysis of the Benefit Payments: From the Fund (₹ in lakh)

Projected benefits payable in future years from the date of reporting	Year ended March 31, 2023
1st Following Year	29.45
2nd Following Year	31.09
3rd Following Year	37.04
4th Following Year	36.86
5th Following Year	70.38
Sum of Years 6 to 10	260.84

### Other Benefits

The Group has provided for compensatory leaves which can be availed and not encashed as per policy of the Group as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 29 Other expenses

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Advertisement and publicity	1,085.29	663.53
AMC charges	245.84	182.81
Auditor's remuneration (note 29(a))	79.36	79.83
Collection and legal recovery expenses	542.59	278.99
Communication costs	639.88	493.38
CSR expenses (refer note 39)	740.13	601.29
Directors' fees and commission	130.80	130.80
Donation	0.50	44.00
Electricity and water	416.93	299.24
General office expenses	423.48	275.39
IT and analytics expenses	715.83	523.43
Legal and professional charges	999.95	744.29
Manpower management cost	3,464.04	3,109.44
Postage and courier expenses	275.87	235.08
Printing and stationery	152.12	102.49
Rent, rates and taxes expenses	135.77	75.28
Repairs and maintenance	583.48	347.70
Travelling and conveyance	1,452.44	721.88
<b>Total</b>	<b>12,084.30</b>	<b>8,908.85</b>

### 29(a) Auditor's remuneration

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	66.28	66.75
Tax audit fees	3.27	3.27
Other services	9.81	9.81
	<b>79.36</b>	<b>79.83</b>

### 30 Earning per share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Following reflects the profit and share data used in EPS computations:		
<b>Basic</b>		
Weighted average number of equity shares for computation of Basic EPS (in lakh)	790.02	787.52
Net profit for calculation of basic EPS (in lakh)	42,964.38	35,518.06
<b>Basic earning per share (In ₹)</b>	<b>54.38</b>	<b>45.10</b>
<b>Diluted</b>		
Weighted average number of equity shares for computation of Diluted EPS (in lakh)	791.78	792.57
Net profit for calculation of Diluted EPS (in lakh)	42,964.38	35,518.06
<b>Diluted earning per share (In ₹)</b>	<b>54.26</b>	<b>44.81</b>
<b>Nominal value of equity shares (In ₹)</b>	<b>10.00</b>	<b>10.00</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 31. Maturity analysis of assets and liabilities

The following tables set forth, for the periods indicated, the assets and liabilities line items expected to be recovered or settled within and after twelve months after factoring prepayment assumptions.

(₹ in lakh)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	17,764.77	-	17,764.77	4,781.06	-	4,781.06
Bank balance other than cash and cash equivalents	1,21,518.64	-	1,21,518.64	1,49,790.98	1.00	1,49,791.98
Loans	1,83,506.77	9,64,120.68	11,47,627.45	1,49,312.09	7,56,030.27	9,05,342.36
Investments	-	11,072.19	11,072.19	-	5,251.73	5,251.73
Other financial assets	14,763.45	15,523.00	30,286.45	12,680.84	13,230.40	25,911.24
<b>Non-financial assets</b>						
Current tax assets (net)	305.10	-	305.10	568.74	-	568.74
Property, plant and equipment	-	3,158.63	3,158.63	-	2,694.50	2,694.50
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	2,036.69	2,036.69	-	209.98	209.98
Other intangible assets	-	416.20	416.20	-	368.94	368.94
Right-of-use assets	-	4,261.91	4,261.91	-	3,552.85	3,552.85
Other non-financial assets	1,182.32	80.20	1,262.52	849.36	85.99	935.35
<b>Assets held for sale</b>	1,250.36	-	1,250.36	2,339.34	-	2,339.34
<b>Total Assets</b>	<b>3,40,291.41</b>	<b>10,00,669.50</b>	<b>13,40,960.91</b>	<b>3,20,322.41</b>	<b>7,81,425.67</b>	<b>11,01,748.07</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	3.64	-	3.64	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	857.46	-	857.46	370.30	-	370.30
Debt securities	15,598.27	1,26,853.63	1,42,451.90	28,618.09	1,42,328.00	1,70,946.09
Borrowings (other than debt securities)	1,21,668.11	7,09,956.80	8,31,624.91	90,255.35	5,26,065.80	6,16,321.15
Subordinated liabilities	9,992.26	(0.00)	9,992.26	(9.76)	9,992.26	9,982.50
Lease liabilities	1,295.79	3,363.00	4,658.79	1,102.45	2,845.79	3,948.24
Other financial liabilities	16,488.44	106.92	16,595.36	14,147.49	95.52	14,243.01
<b>Non-financial liabilities</b>						
Provisions	244.78	415.40	660.18	99.68	307.02	406.70
Deferred tax liabilities (net)	-	4,925.35	4,925.35	-	3,457.53	3,457.53
Other non-financial liabilities	2,225.06	-	2,225.06	1,429.52	-	1,429.52
<b>Total Liabilities</b>	<b>1,68,373.81</b>	<b>8,45,621.10</b>	<b>10,13,994.91</b>	<b>1,36,013.12</b>	<b>6,85,091.92</b>	<b>8,21,105.04</b>
<b>Net Assets</b>	<b>1,71,917.60</b>	<b>1,55,048.40</b>	<b>3,26,966.00</b>	<b>1,84,309.29</b>	<b>96,333.74</b>	<b>2,80,643.03</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 32. Stock options

I The Group has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the Year ended March 31, 2023 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Directors 2016 (ESOP 2016 III)	Equity stock option plan for Employees 2019 (ESOP 2019)	Equity stock option plan for Employees 2020 (ESOP 2020)	Equity stock option plan for Employees 2021 (ESOP 2021)	Equity stock option plan for Employees 2022 (ESOP 2022)	Equity stock option plan for Employees 2016 (ESOP 2016)
No. of options approved*	12,87,901		7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000
Date of grant	23 Feb-17	24-Jan-18	23 Feb-17	03-Oct-19	13-Jul-21	18-Aug-21	22-Aug-22	30-Mar-23
No. of options granted	9,80,418	4,24,687	7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000
Exercise price per option (in ₹)	215.25	328	215.25	1580.20	2887.05	2477.15	2241.25	1606.40
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")							
A) Fixed Vesting year is as follows on following dates :-								
1st vesting "12 months from the date of grant"	98,012	42,469	71,908	30,000	30,000	30,000	85,000	12,500
2nd vesting "On expiry of four months from the 1st vesting date"	98,012	NA	71,908	NA	NA	NA	NA	NA
2nd vesting "On expiry of one year from the 1st vesting date"	NA	42,469	NA	30,000	30,000	30,000	85,000	12,500
3rd vesting "On expiry of one year from the 2nd vesting date"	98,012	42,469	Refer note A	30,000	30,000	30,000	85,000	12,500
4th vesting "On expiry of one year from the 3rd vesting date"	98,012	42,469	-	30,000	30,000	30,000	85,000	12,500
5th vesting "On expiry of one year from the 4th vesting date"	98,011	42,469	-	30,000	30,000	30,000	85,000	12,500
B) Conditional Vesting	Linked with conditions over the next five years as stipulated in respective stock option plan							
	Linked with conditions over the next five years as stipulated in respective stock option plan		Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note A)	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan
Exercise year	Four years from the date of each vesting							

\*After adjusting subsequent cancellations, if any



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Note:

- A. During year ended March 31, 2019, pursuant to the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.
- B. During year ended March 31, 2023, pursuant to the Board/Nomination and Remuneration Committee approval dated August 22, 2022, options granted for employees 2022-ESOP 2022 plan.
- C. During year ended March 31, 2023, pursuant to the Board/Nomination and Remuneration Committee approval dated March 30, 2023, options granted for employees 2016-ESOP 2016 plan.

### II Computation of fair value of options granted during the year ended March 31, 2023

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP 2022	ESOP 2016
Share price on the date of grant	2241.25	1606.40
Exercise price	2241.25	1606.40
Expected volatility (%)	25.98%	28.92%
Life of the options granted (years)		
First Vesting	1 years	1 years
Second Vesting	2 years	2 years
Third Vesting	3 years	3 years
Forth Vesting	4 years	4 years
Fifth Vesting	5 years	5 years
Risk-free interest rate (%)	7.26%	7.25%
Expected dividend rate (%)	0%	0%
Fair value of the option	Tranche 1 - 335.368	Tranche 1 - 240.331
	Tranche 2 - 511.929	Tranche 2 - 366.301
	Tranche 3 - 656.553	Tranche 3 - 469.830
	Tranche 4 - 782.368	Tranche 4 - 559.913
	Tranche 5 - 894.494	Tranche 5 - 640.417

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### III Reconciliation of options

(₹ in lakh)

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016
<b>Year ended March 31, 2023</b>								
Options outstanding at April 1, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000	-	-
Granted during the year	-	-	-	-	-	-	8,50,000	1,25,000
Forfeited during the year	-	-	-	-	-	-	-	-
Exercised during the year	10,473	50,460	24,943	34,547	-	-	-	-
Expired / lapsed during the year	-	7,033	-	85,758	58,806	44,313	2,36,300	-
Outstanding at March 31, 2023	22,685	67,962	20,000	1,79,695	2,41,194	2,55,687	6,13,700	1,25,000
Exercisable at March 31, 2023	22,685	67,962	20,000	93,135	48,794	49,687	-	-
Weighted average remaining contractual life (in years)	0.05	0.75	0.06	3.15	5.26	5.38	6.40	7.00
Weighted average share price at the time of exercise*	2,269.33	1,984.79	2,112.09	2,126.14	-	-	-	-

(₹ in lakh)

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016
<b>Year ended March 31, 2022</b>								
Options outstanding at April 1, 2021	1,93,462	2,24,049	2,69,656	3,00,000	-	-	-	-
Granted during the year	-	-	-	-	3,00,000	3,00,000	-	-
Forfeited during the year	-	-	-	-	-	-	-	-
Exercised during the year	1,38,570	68,617	2,24,713	-	-	-	-	-
Expired / lapsed during the year	21,734	29,977	-	-	-	-	-	-
Outstanding at March 31, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000	-	-
Exercisable at March 31, 2022	33,158	83,970	44,943	1,20,000	-	-	-	-
Weighted average remaining contractual life (in years)	0.09	1.45	0.20	4.47	6.29	6.39	-	-
Weighted average share price at the time of exercise*	2,451.95	2,466.42	2,409.75	-	-	-	-	-

\* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 33 Segment information

The Group has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting'. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

- 34** The Company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business as a housing finance company without accepting public deposits by National Housing Bank on August 04, 2011 and got a revised Certificate of Registration (02.0104.13) after conversion of Company from a private limited company to a public limited company on February 08, 2013. Further, the name of our company was changed to AAVAS FINANCIERS LIMITED, pursuant to a Shareholders resolution passed at the EOGM held on February 23, 2017. A fresh certificate of incorporation consequent to such change of name was issued on March 29, 2017 by the Registrar of companies, Jaipur and subsequently the revised certificate of Registration (No.04.0151.17) was issued on April 19, 2017 by National Housing Bank.

### 35. Related party

- a. Names of related parties identified in accordance with Ind AS -24 "Related Party Disclosures"

**1. Entities where control exists:**

**Shareholders having Substantial interest**

Lake District Holdings Limited

**2. Directors and Key Management Personnel**

Mr. Sandeep Tandon	Chairperson and Independent Director
Mr. Sushil Kumar Agarwal	Managing Director (Resigned from the post of Managing Director w.e.f. May 03, 2023)
Mrs. Kalpana Iyer	Independent Director
Mrs. Soumya Rajan	Independent Director
Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director
Mr. Vivek Vig	Non-Executive Nominee Director
Mr. Nishant Sharma	Non-executive Promoter Nominee Director
Mr. Manas Tandon	Non-executive Promoter Nominee Director
Mr. Kartikeya Dhruv Kaji	Non-executive Promoter Nominee Director
Mr. Ghanshyam Rawat	President & Chief Financial Officer (Designated/appointed as president w.e.f. February 02, 2023)
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director & Chief Executive Officer (Appointed as CEO w.e.f. February 02, 2023. Further Board at its meeting held on May 03, 2023 has appointed Mr. Sachinder Bhinder as Managing Director & CEO)
Mr. Ashutosh Atre	President & Chief Risk Officer (Designated/appointed as KMP w.e.f. February 02, 2023)
Mr. Sharad Pathak	Company Secretary & Compliance Officer

**3. Post Employment Benefit Plan**

Aavas Gratuity Trust

**4. Enterprises under significant influence of the Key Management Personnel**

Aavas foundation

**5. Relatives of Key Managerial Personnel**

None

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

(₹ in lakh)

Name of related party	Nature of transactions	March 31, 2023			March 31, 2022		
		Amount received	Amount paid	Receivable	Amount received	Amount paid	Receivable
Mr. Sandeep Tandon	Commission	-	26.16	-	-	26.16	-
Mr. Sushil Kumar Agarwal	Remuneration	-	334.79	-	-	309.65	-
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Share based Payment	-	1.09	-	-	-	-
	Remuneration	-	19.65	-	-	-	-
Mr. Ashutosh Atre	Share based Payment	-	26.42	-	-	-	-
	Remuneration	-	20.17	-	-	-	-
Mrs. Kalpana Iyer	Commission	-	26.16	-	-	26.16	-
Mrs. Soumya Rajan	Commission	-	26.16	-	-	26.16	-
Mr. Ramachandra Kasargod Kamath	Issue of Equity shares	53.69	-	-	-	-	-
	Share based Payment	-	-	-	-	2.73	-
	Commission	-	26.16	-	-	26.16	-
Mr. Vivek Vig	Issue of Equity shares	-	-	-	483.69	-	-
	Share based Payment	-	-	-	-	13.66	-
	Commission	-	26.16	-	-	26.16	-
Mr. Ghanshyam Rawat	Share based Payment	-	101.11	-	-	-	-
	Remuneration	-	239.57	-	-	215.84	-
Mr. Sharad pathak	Issue of Equity shares	3.28	-	-	6.60	-	-
	Remuneration	-	32.83	-	-	24.36	-
	Loan given	-	30.50	-	-	-	-
	Loan repaid	0.29	-	30.21	-	-	-
	Interest on Loan	0.44	-	-	-	-	-
	Share based Payment	-	18.56	-	-	1.18	-
Aavas Foundation	Contribute as a Settler (CSR)	-	393.60	-	-	351.17	-
Aavas Gratuity Trust	Gratuity Contribution	-	134.00	-	-	63.25	-

### Note :

1. All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.
2. Consolidated Remuneration is paid to Non-Executive Directors as profit linked commission instead of paying Sitting fees and Commission separately.
3. The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.
4. Issue of equity shares includes Share premium amount.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**36** The group's pending litigations comprise of claims against the group primarily by the customers. The group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the group as at March 31, 2023

### 37 Commitments and contingencies

a Capital and other commitments:

(₹ in lakh)

Particulars	As at March 31, 2023		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	222.47	83.25	139.22
Other intangible assets	3,501.75	2,036.69	1,465.06

Particulars	As at March 31, 2022		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	105.08	61.79	43.29
Other intangible assets	1,196.19	207.29	988.90

Refer note 3(iii) for undisbursed commitment relating to loans.

b There are no Contingent Liabilities as on March 31, 2023 and March 31, 2022.

### 38 Expenditure in foreign currency

(₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest paid*	3,995.25	1,781.10
Other expenses**	799.29	453.65

\*Interest expenses does not includes provision for interest on Rupee Denominated Bond (RDB) issued on March 10, 2022 payable to CDC Group amounting to ₹190.50 lakh (PY ₹ 185.62 lakh).

\*\*Other expenses does not includes provision for royalty payable to Intralinks Inc. amounting to ₹ 10.00 lakh (PY ₹ 21.64 lakh).

### 39 CSR expenses

Operating expenses include ₹740.13 lakh for the year ended March 31, 2023 (P.Y. ₹ 601.29 lakh) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross amount (including deficit of previous year) required to be spent by the group during the year is ₹ 788.56 lakh. (P.Y. ₹ 601.29 lakh).

The Board of Directors of the group has approved an amount of CSR of ₹ 740.13 lakh.

a. The details of amount spent during the respective year towards CSR are as under:

(₹ in lakh)

Name of related party	March 31, 2023			March 31, 2022		
	Amount Spent*	Yet to be paid	Total	Amount Spent	Yet to be paid	Total
Construction/acquisition of any asset	Nil	Nil	Nil	Nil	Nil	Nil
On purposes other than above	821.17	0.00	821.17	552.86	48.43	601.29

\*Amount spent includes unspent amount of ₹ 48.43 lakhs as on March 31, 2022 and excess spent amount of ₹ 32.61 during the year March 31, 2023.

b. Amount of shortfall at the end of year

The group has an unspent amount of ₹ 48.43 lakh as on March 31, 2022, which was transferred to CSR unspent bank account within thirty days. The aforesaid amount of ₹ 48.43 lakh has been spent in year ended March 31, 2023.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### c. Unspent amount as per Section 135 (5) of the Companies Act, 2013 (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance	48.43	-
Amount required to be spent during the year	740.13	601.29
Amount spent during the year	788.56	552.86
Closing Balance - unspent amount	-	48.43

### d. Excess spent amount as per Companies Act, 2013 (₹ in lakh)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance - Excess Spent	-	-
Amount required to be spent during the year	740.13	-
Amount spent during the year	772.74	-
Closing Balance - Excess Spent	(32.61)	-

### e. The details of amount spent during the respective year towards CSR are as under: (₹ in lakh)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In CSR Unspent Bank A/C		From Company's Bank A/C	From CSR Unspent Bank A/C	From Company's Bank A/C	From CSR Unspent Bank A/C
-	48.43	740.13	772.74	48.43	32.61	-

During the year ended March 31, 2023, the Group has spent excess amount of CSR amounting to ₹ 32.61 lakh. The said pre-spent shall be carried forward in next financial year in accordance with the provisions of Company Act, 2013.

### f. Reason of shortfall at the end of year

No such short fall is during the FY 2022-23

### g. Nature of CSR activities are disclosed in CSR Report

### h. Details of related party transactions

The Group has paid ₹ 393.60 lakh for CSR expenditure to Aavas Foundation, public trust registered under section 12A and 80G of Income Tax Act 1961, established by the Group singly for the purpose of CSR

## 40 Fair value measurement

### 40(a) Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 40(b) Fair Value of financial instruments which are not measured at Fair Value

The carrying amounts and fair value of the Group's financial instruments are reasonable approximations of fair values at financial statement level.

#### Valuation methodologies of financial instruments not measured at fair value

##### Loans

Most of the loans are repriced frequently, with interest rate of loans reflecting current market pricing. Hence carrying value of loans is deemed to be equivalent of fair value.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Borrowings

The Group's most of the borrowings are at floating rate which approximates the fair value.

Debt securities and subordinate liabilities are fixed rate borrowings and fair value of these fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans and carrying value approximates the fair value for fixed rate borrowing at financial statement level.

### Short Term and Other Financial Assets and Liabilities

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Assets held for sale

Real estate properties are valued based on a well progressed sale process with price quotes.

## 41 Transfer of financial assets

### Transfers of financial assets that are not derecognised in their entirety

#### Securitisation:

The Group uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in lakh)

Loans and advances measured at amortised cost	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortised cost	6,088.60	7,545.70
Carrying amount of associated liabilities	(5,845.53)	(7,245.23)

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

#### Assignment Deal:

During the year ended March 31, 2023, the Group has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Group's balance sheet.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Group business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition.

(₹ in lakh)

Loans and advances measured at amortised cost	Year ended March 31, 2023	Year ended March 31, 2022
Carrying amount of derecognised financial assets	1,05,955.78	86,485.66
Gain from derecognition	15,182.36	12,403.56

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### 42 Statutory Company information

(₹ in lakh)

Name of the entity in the Group	As at March 31, 2023		For the year ended March 31, 2023					
	Net Assets, i.e., total assets minus total liabilities		Share in profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount
Parent								
Aavas Financiers Limited		3,26,966.00		43,007.21		(179.33)		42,827.88
Less: Inter Company elimination		(1,235.87)		-		-		-
<b>Net of Elimination</b>	<b>99.62%</b>	<b>3,25,730.13</b>	<b>100.10%</b>	<b>43,007.21</b>	<b>-211.43%</b>	<b>(179.33)</b>	<b>99.49%</b>	<b>42,827.88</b>
Subsidiary								
Indian								
Aavas Finserv Limited	0.38%	1,235.87	-0.10%	(42.83)	311.43%	264.15	0.51%	221.32
<b>Total</b>	<b>100.00%</b>	<b>3,26,966.00</b>	<b>100.00%</b>	<b>42,964.38</b>	<b>100.00%</b>	<b>84.82</b>	<b>100.00%</b>	<b>43,049.20</b>

Name of the entity in the Group	As at March 31, 2022		For the year ended March 31, 2022					
	Net Assets, i.e., total assets minus total liabilities		Share in profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount
Parent								
Aavas Financiers Limited		2,80,864.34		35,679.92		70.89		35,750.81
Less: Inter Company elimination		(1,500.00)		-		-		-
<b>Net of Elimination</b>	<b>99.54%</b>	<b>2,79,364.34</b>	<b>100.46%</b>	<b>35,679.92</b>	<b>100.00%</b>	<b>70.89</b>	<b>100.45%</b>	<b>35,750.81</b>
Subsidiary								
Indian								
Aavas Finserv Limited	0.46%	1,278.69	-0.46%	(161.86)	0.00%	-	-0.45%	(161.86)
<b>Total</b>	<b>100.00%</b>	<b>2,80,643.03</b>	<b>100.00%</b>	<b>35,518.06</b>	<b>100.00%</b>	<b>70.89</b>	<b>100.00%</b>	<b>35,588.95</b>

### 43 Capital management:

For the purpose of the group's capital management, capital includes issued equity capital, Securities premium and all other equity reserves attributable to the equity holders of the group net of intangible assets. The primary objective of the group's capital management is safety and security of share capital and maximize the shareholder value.

The Group manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is total debt divided by net worth. The Group's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Master Direction – Non-Banking Financial Group – Housing Finance Group (Reserve Bank) Directions, 2021 currently permits HFCs to borrow up to 12 times of their net owned funds ("NOF"). The Group includes with in debt, its all interest bearing loans and borrowings.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Debt to net worth ratio		(₹ in lakh)
Particulars	As at March 31, 2023	As at March 31, 2022
Debts	9,85,260.71	7,98,919.49
Net worth	3,24,513.11	2,80,064.10
<b>Debt to Net worth (in times)</b>	<b>3.04</b>	<b>2.85</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

### 44 Financial risk management objectives and policies

The Group's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Group's operations. At the other hand Group's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Group is exposed to various risks that are related to lending business and operating environment. The Principal Objective in Group's risk management processes is to measure and monitor the various risks that Group is subject to and to follow policies and procedures to address such risks. Group's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. Group gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Group face in businesses are liquidity risk, credit risk, interest rate risk.

#### (A) Liquidity risk

Liquidity Risk refers to the risk that the Group can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business resultantly may face an Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Group assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Group manages liquidity risk by maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has given cash collateral for the securitisation transactions and do not expect any net cash outflow and hence guarantees given for securitisation transactions have not been shown as part of below table. Further, undisbursed loan amount being cancellable in nature are not disclosed as part of below mentioned maturity profile.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities.

Maturity profile of Financial liabilities as on March 31, 2023				(₹ in lakh)
Particulars	Borrowings	Payables	Other Financial liabilities	
1 Day to 1 year	2,13,308.69	861.10	15,296.79	
Over 1 year to 3 years	4,49,520.65	-	106.92	
Over 3 year to 5 years	3,25,004.68	-	-	
Over 5 year	2,47,998.42	-	-	
<b>Total</b>	<b>12,35,832.44</b>	<b>861.10</b>	<b>15,403.71</b>	

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Maturity profile of Financial liabilities as on March 31, 2022

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	1,66,766.63	370.30	12,477.73
Over 1 year to 3 years	3,49,184.60	-	95.52
Over 3 year to 5 years	2,61,885.54	-	-
Over 5 year	2,01,139.29	-	-
<b>Total</b>	<b>9,78,976.06</b>	<b>370.30</b>	<b>12,573.25</b>

### (B) Credit risk

Credit Risk arises from the risk of loss that may occur from the default of Group's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher credit impaired assets. Group address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. Group has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysed at various levels. Group has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The Group has created more than 60 templates of customer profiles through its experience over the years, with risk assessment measures for each geography in which it operates. The Group continuously seek to develop and update such profiles in order to identify and source reliable customers and improve efficiencies. The Group also conduct an analysis of the existing cash flow of customer's business to assess their repayment abilities. The Group has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 11,82,933.63 lakh and ₹ 9,35,491.68 lakh as of March 31, 2023 and March 31, 2022 respectively, being the total of the carrying amount of Loan assets and EIS receivable.

### (C) Analysis of risk concentration

The Group's concentrations of risk are managed based on Loan to value (LTV) segregation as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by range of loan-to-value (LTV) ratio. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

### Loans to customers:

### LTV wise bifurcation:

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,71,143.22	5,115.76	2,286.15	2,78,545.13
41%-60%	4,24,137.18	6,786.30	3,292.48	4,34,215.96
61%-80%	3,44,265.82	7,269.75	3,763.98	3,55,299.55
More than 80%	83,638.02	1,763.43	1,326.38	86,727.83
<b>Total</b>	<b>11,23,184.24</b>	<b>20,935.24</b>	<b>10,668.99</b>	<b>11,54,788.47</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,11,206.85	6,528.24	2,288.11	2,20,023.20
41%-60%	3,21,668.80	8,721.30	2,984.65	3,33,374.75
61%-80%	2,86,556.40	8,373.58	3,146.86	2,98,076.84
More than 80%	56,278.04	3,404.72	616.33	60,299.09
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

### Customer profile

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	3,95,592.73	3,213.86	1,854.74	4,00,661.33
Self employed	4,73,007.57	10,926.77	6,201.93	4,90,136.27
<b>NON-HOUSING:</b>	-	-	-	-
Salaried	76,729.64	1,330.15	441.22	78,501.01
Self employed	1,77,854.30	5,464.46	2,171.10	1,85,489.86
<b>Total</b>	<b>11,23,184.24</b>	<b>20,935.24</b>	<b>10,668.99</b>	<b>11,54,788.47</b>

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	3,09,052.63	4,189.24	1,418.27	3,14,660.14
Self employed	3,66,017.95	14,588.68	5,275.10	3,85,881.73
<b>NON-HOUSING:</b>				
Salaried	60,540.24	1,375.16	342.67	62,258.07
Self employed	1,40,099.27	6,874.76	1,999.91	1,48,973.94
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

### Loan Commitments:

#### LTV wise bifurcation:

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	12,866.86	23.18	0.53	12,890.57
41%-60%	26,480.93	78.40	12.71	26,572.04
61%-80%	11,682.87	29.48	9.01	11,721.36
More than 80%	2,699.22	11.66	6.75	2,717.63
<b>Total</b>	<b>53,729.88</b>	<b>142.72</b>	<b>29.00</b>	<b>53,901.60</b>

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	10,298.70	31.32	-	10,330.02
41%-60%	18,997.65	47.98	-	19,045.63
61%-80%	8,892.02	32.20	-	8,924.22
More than 80%	1,875.28	26.64	-	1,901.92
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Customer profile

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	23,077.41	48.41	14.97	23,140.79
Self employed	30,652.47	94.31	14.03	30,760.81
<b>Total</b>	<b>53,729.88</b>	<b>142.72</b>	<b>29.00</b>	<b>53,901.60</b>

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	17,839.83	36.49	-	17,876.32
Self employed	22,223.82	101.65	-	22,325.47
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>

### (D) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of interest rate risk.

#### (I) Interest Rate Risk:-

The Group is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Group seek to optimize borrowing profile between short-term and long-term loans. The Group adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Due to the very nature of housing finance, the Group is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the Group. Interest Rate Risk arises due to:

- Changes in Regulatory or Market Conditions affecting the interest rates
- Short term volatility
- Prepayment risk translating into a reinvestment risk
- Real interest rate risk.

In short run, change in interest rate affects Group's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the Group to not only quantify the interest rate risk but also to manage it proactively. The Group mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further Group carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

### Interest Rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss:

(₹ in lakh)

Particulars	Basis Points	Effect on Profit before tax	
		As at March 31, 2023	As at March 31, 2022
<b>Loans</b>			
Increase in basis points	50	3,743.86	2,577.66
Decrease in basis points	-50	(3,744.86)	(2,578.60)
<b>Borrowings</b>			
Increase in basis points	50	(2,920.12)	(2,073.70)
Decrease in basis points	-50	2,920.12	2,073.70

### (II) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from bank.

### (E) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Group recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

### 45 Loans to Directors, Senior Officers and relatives of Directors

(₹ in lakh)

Particulars	As at March 31, 2023	As at March 31, 2022
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	275.15	453.24

### 46 Additional Regulatory Information

**46.1** There is no such immovable property whose title deeds are not held in the name of the group in current year and previous year.

**46.2** There are no investment property as on March 31, 2023 ((P.Y. ₹ Nil)

**46.3** The group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 in current year and previous year.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**46.4** The group has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 in current year and previous year.

**46.5** Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

### As on March 31, 2023

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	30.21	0.00%
Related Parties (Aavas Finserv Limited)	-	0.00%

### As on March 31, 2022

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	-	0.00%
Related Parties (Aavas Finserv Limited)	265.53	0.03%

**46.6** No proceeding has been initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in current year and previous year.

**46.7** The group has not taken borrowings from banks or financial institutions on the basis of security of current assets in current year and previous year.

**46.8** The group has not been declared wilful defaulter by any bank or financial Institution or other lender in current year and previous year.

**46.9** Transactions with groups struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

### As on March 31, 2023

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Hemlata Investment Private Limited	Shares held by struck off Company	363	Shareholder

### As on March 31, 2022

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Fulkrum Financial Services Private Limited	Shares held by struck off Company	172	Shareholder
Safeguard Packaging Systems (P)Limited	Shares held by struck off Company	88	Shareholder

## Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**46.10** No charges or satisfaction yet to be registered with ROC beyond the statutory period.

**46.11** The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**46.12** No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

### **46.13 Utilisation of Borrowed funds and share premium**

- (a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) in current year and previous year to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (b) The Group has not received any fund in current year and previous year from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall :-
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**46.14** There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Income Tax Act, 1961 in current year and previous year.

**46.15** The Group has not traded or invested in Crypto currency or Virtual Currency during current year and previous year.

**47** Previous year figures have been regrouped/ reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

As per our report of even date

**For Walker Chandiok & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manish Gujral**

Partner

Membership No. 105117

**Manas Tandon**

(Non-executive Promoter Nominee Director)

DIN-05254602

**Sachinderpal Singh**

**Jitendrasingh Bhinder**

(Managing Director and CEO)

DIN-08697657

Place: Mumbai

Date: May 03, 2023

**Ghanshyam Rawat**

(President and Chief Financial Officer)

**Sharad Pathak**

(Company Secretary and Compliance Officer)

FCS-9587



# AGM Notice



## AAVAS FINANCIERS LIMITED

CIN: L65922RJ2011PLC034297

Registered and Corporate Office: 201-202, 2nd Floor, Southend Square,

Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India

Tel: +91 141-4659239

E-mail: investorrelations@aavas.in | Website: www.aavas.in

## NOTICE

### Notice to Members,

NOTICE is hereby given that the **13<sup>th</sup> Annual General Meeting** ("AGM") of the Members of Aavas Financiers Limited ("the Company") will be held on Wednesday, July 19, 2023 at 03:30 P.M., Indian Standard Time ("IST") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility to transact the following businesses:

#### ORDINARY BUSINESSES:

##### 1. To consider and adopt:

- (a) the audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the reports of the Board of Directors and Auditors thereon; and
- (b) the audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the report of the Auditors thereon.

##### 2. To appoint a Director in place of Mr. Vivek Vig, (DIN: 01117418), who retires by rotation and being eligible, offers himself for re-appointment.

##### 3. To appoint a Director in place of Mr. Kartikeya Dhruv Kaji, (DIN: 07641723), who retires by rotation and being eligible, offers himself for re-appointment.

##### 4. To consider and approve the remuneration of Statutory Auditors of the Company for the Financial Year 2023-24.

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOVLED THAT** in accordance with the provisions of Section 142 of the Companies Act, 2013 and the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including Housing Finance Companies) dated April 27, 2021 issued by the

Reserve Bank of India ("RBI") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and with reference to the resolution passed by the Members via Postal Ballot for appointment of Statutory Auditors and fixing their remuneration thereon dated December 02, 2021 and as recommended by the Audit Committee and Board of Directors of the Company, M/s Walker Chandio & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013), who were appointed as Statutory Auditor of the Company for a period of three consecutive years (until the conclusion of the 14th AGM of the Company to be held in the calendar year 2024) be paid the remuneration of ₹ 75,00,000/- (Rupees seventy five lakh only) for conducting statutory audit, limited review and consolidation of accounts for the Financial Year 2023-24 payable in one or more instalments and for their remaining tenure thereafter till the same is revised."

#### SPECIAL BUSINESSES:

##### 5. To approve the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Director of the Company.

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013, and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and relevant regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions") as may

be amended from time to time (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and in accordance with the provisions of the Articles of Association of the Company, and on the recommendation of Nomination and Remuneration Committee and the Board, Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) who was appointed as an Additional (Executive) Director of the Company w.e.f. May 03, 2023 and being eligible offers himself for appointment and in respect of whom the Company has received a notice in writing from a member pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation.

**RESOLVED FURTHER THAT** all the Directors and Company Secretary of the Company, be and are hereby severally authorized to do all acts, deeds, matters and things and execute all documents and give such directions as may be required, necessary, expedient or desirable in connection with or incidental thereto, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and necessary, filing of the requisite forms and documents for and on behalf of the Company in connection therewith with any person, statutory and/or governmental authority.”

**6. To approve the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Managing Director of the Company.**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 2 (54), 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time and the Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “SEBI LODR Regulations”) and the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“RBI Master Directions”) as may be amended from time to time (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation made

by Nomination and Remuneration Committee (NRC) and approved by the Board of Directors, Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) who was appointed as an Additional (Executive) Director in the capacity of a Managing Director of the Company w.e.f. May 03, 2023 be and is hereby appointed as Managing Director, not liable to retire by rotation to hold office for a period of 5 (five) years w.e.f May 03, 2023 till May 02, 2028 on the terms and conditions including remuneration as set out in the explanatory statement under Section 102 of the Act annexed with the Notice.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and/or remuneration of Mr. Bhinder, based on the recommendation of the Nomination and Remuneration Committee subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act 2013, RBI Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 and other applicable provisions (if any) of the Act and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

**RESOLVED FURTHER THAT** all the Directors and Company Secretary of the Company, be and are hereby severally authorized to do all acts, deeds, matters and things and execute all documents and give such directions as may be required, necessary, expedient or desirable in connection with or incidental thereto, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and necessary, filing of the requisite forms and documents for and on behalf of the Company in connection therewith with any person, statutory and/or governmental authority.”

**7. To approve alteration in the Articles of Association of the Company.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder as may be applicable (including any statutory modification(s), change or re-enactment(s) thereof for the time being in force), Regulation 23 (6) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities)



Regulations, 2021 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the necessary approval(s), permissions, consents and sanctions required, if any from the statutory authority and all other applicable laws and regulations if any, consent of the Members of the Company be and is hereby accorded to alter the Articles of Association of the Company to amend the existing clause 16.11 (a) and to add clause 16.11 (d) as per below:

Clause No.	Existing Clause	Proposed Clause
16.11 (a)	The Board shall comprise up to 9 (Nine) Directors	The Board shall comprise up to 9 (Nine) Directors excluding the Nominee Director(s) appointed by debenture trustee (s), if any as per clause 16.11 (d) of Articles of Association.
16.11 (d)	-	The Board of Directors of Company shall appoint the person nominated by the debenture trustee(s) in terms of clause (e) of sub regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board of Directors.  The Nominee Director appointed as such shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** all the Directors and the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the alteration of the Articles of Association and further to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.”

**8. To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.**

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of all the earlier resolution(s) passed in this regard and pursuant to the

provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the applicable directions/ guidelines issued by the Reserve Bank of India (“RBI”) or National Housing Bank (“NHB”) and the relevant provisions of the Articles of Association of the Company and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “the Board” which term shall be deemed to include any Committee of the Board constituted / to be constituted / reconstituted by the Board to exercise its powers including the powers conferred by this resolution) for borrowing from time to time as they may think fit, any sum or sums of money not exceeding ₹ 23,000/- crore (Rupees twenty three thousand crore only) (including the money already borrowed by the Company) in Indian Rupees or in any equivalent thereof in foreign currency(ies) on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of charge by way of creating interest, or lien or mortgage or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the Company’s assets and effects or properties including stock in trade (receivables), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, and securities premium provided that the total borrowing limit shall be within the limits prescribed under the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“RBI Master Directions”).

**RESOLVED FURTHER THAT** the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money not exceeding ₹ 23,000/- crore (Rupees twenty three thousand crore only) in Indian Rupees or equivalent thereof in any foreign currency(ies) in aggregate (including the monies already borrowed

by the Company) on such terms and conditions as the Board may deem fit, by way of loans, or in any other form whatsoever, or issue of Bonds and/ or Non-Convertible Debentures or other Securities to or avail Term Loans, Cash Credit facilities or other facilities in form of debt in the nature of Debentures, Commercial Papers and the like from Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether Securities holder of the Company or not.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board and the Company Secretary of the Company be and are hereby severally authorized to arrange or finalize the terms and conditions of all such borrowings, from time to time, viz. terms as to interest, repayment, security or otherwise as it may deem fit and to sign and execute all such documents, agreements and writings and do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable.”

**9. To approve creation of charges on assets of the Company under Section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in supersession of all the earlier resolution(s) passed in this regard and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the directions/ guidelines issued by the Reserve Bank of India (“RBI”) or National Housing Bank (“NHB”) and relevant provisions of the Articles of Association of the Company, and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board, constituted / to be constituted / reconstituted to exercise its powers including the powers conferred by this resolution) to create charge by way of mortgage (s)

and / or hypothecate and / or lien or otherwise on any of movable and / or immovable properties / assets of the Company including receivables in the form of book debts, wherever situated both present and future or on whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s), on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit, to or in favour of any bank(s) or Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or body(ies) corporate or person(s), whether Securities holders of the Company or not, to secure the borrowing facility availed by way of issue of security or term loan or otherwise together with interest, cost, charges and expenses thereon for amount not exceeding ₹ 23,000/- crore (Rupees twenty three thousand crore only) at any point of time (including the money already borrowed by the Company and in excess of the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, and securities premium).

**RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank exclusive/prior/ pari-passu/subsequent with/to the hypothecation/ mortgages/lien and/or charges already created or to be created by the Company as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution”.

**10. To approve issuance of Non-Convertible Debentures, in one or more tranches / issuances on Private Placement Basis.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder, Guidelines on Private Placement of Non-Convertible Debentures (NCDs) prescribed under the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

(“RBI Master Directions”), Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI operational circular for issue and listing of Non-Convertible Securities dated August 10, 2021 (as amended from time to time) and other applicable RBI and SEBI Regulations and guidelines (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of Articles of Association of the Company and subject to applicable laws, rules and regulations and guidelines, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board, constituted / to be constituted / reconstituted including the powers conferred by this resolution) for making offers and / or invitations and / or issue, in one or more tranches, Non-Convertible Debentures (NCDs), whether secured or unsecured and / or listed or unlisted including but not limited to subordinate debentures, bonds, and/or other debt securities as per section 2(30) of the Act on private placement basis, during the period of 1 (one) year from the date of passing of the Special Resolution by the Members in this Annual General Meeting, for amount not exceeding ₹ 8,500/- crore (Rupees eight thousand five hundred crore only) on such terms and conditions and at such times at par or at such premium, as may be decided by the Board to such person(s), including to one or more Company(ies), body(ies) corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/provident funds and individuals, as the case may be or such other person(s) as the Board may decide so, for onward lending business of the Company and general corporate purposes and on the following terms:

- (i) The Board shall have the sole discretion to deal with the unsubscribed portion of the Debenture Issue on such terms and conditions as it may deem fit.
- (ii) The Company shall issue the NCDs for deployment of funds for creation of its own assets and not to facilitate the resource requests of or utilisation by group entities/parent Company/ associates of the Company.

**RESOLVED FURTHER THAT** the aggregate amount of funds to be raised by issue of NCDs, subordinate debentures, bonds, and/or other debt securities etc. shall not exceed the overall borrowing limits of the Company, as approved or may be approved by the Members of Company from time to time.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company, be and are hereby severally authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution”.

**By order of the Board of Directors  
For Aavas Financiers Limited**

**Sharad Pathak**

Date: June 20, 2023

Place: Jaipur

Company Secretary and

Compliance Officer

Membership No.: FCS- 9587

**Registered and Corporate Office:**

201-202, 2nd Floor, Southend Square,

Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India

CIN: L65922RJ2011PLCOD34297

Tel: +91 141-4659239

E-mail: investorrelations@aavas.in | Website: www.aavas.in

## NOTES:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning Special Businesses under Item Nos. 5 to 10 of the accompanying Notice, is annexed hereto. The Board of Directors have considered that the Special businesses under Item Nos. 5 to 10, being considered unavoidable, be transacted at the 13<sup>th</sup> AGM of the Company.
2. In view of General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 20/2021 21/2021, 02/2022 and 10/2022 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, December 08, 2021, December 14, 2021, May 05, 2022 and December 28, 2022 respectively (Collectively referred as "**MCA Circulars**"), issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (Collectively referred as "**SEBI Circulars**") issued by the Securities and Exchange Board of India (SEBI) (MCA Circulars and SEBI Circulars are hereinafter collectively referred to as "**the Circulars**") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"), the Notice of the 13<sup>th</sup> AGM along with the Annual Report for the Financial Year 2022-23 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The 13<sup>th</sup> AGM of the Company is being conducted through VC/OAVM facility, which does not require physical presence of Members at a common venue. The deemed venue for the 13<sup>th</sup> AGM shall be the Registered Office of the Company. Since the AGM will be held through VC/OAVM Facility, the Route Map, proxy form and attendance slip are not annexed to this Notice.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
4. This is to inform that as physical presence of Members has been dispensed with for attending the Meeting through VC/OAVM Facility, therefore there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 13<sup>th</sup> AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the 13<sup>th</sup> AGM through VC/OAVM Facility and participate there at and cast their votes through e-voting.
5. Attendance of the Members participating in the 13<sup>th</sup> AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In compliance with the Circulars, the Annual Report 2022-23, the Notice of the 13<sup>th</sup> AGM, and instructions for e-voting are being sent through electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participant(s).
7. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI LODR Regulations and the circulars, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the 13<sup>th</sup> AGM. For this purpose, the Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-voting system as well as voting on the date of the 13<sup>th</sup> AGM will be provided by NSDL.
8. The manner of voting remotely by Members including the Members who have not registered their E-mail addresses is provided in the instructions for e-voting section which forms the part of this Notice.
9. Members may please note that the Notice and Annual Report of the 13<sup>th</sup> AGM will also be available on the website of the Company at [www.aavas.in](http://www.aavas.in), websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and also on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the certificate from Secretarial Auditors of the Company pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection by the Members during the 13<sup>th</sup> AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM and during the AGM. Members seeking to inspect such documents can send an e-mail to [investorrelations@aavas.in](mailto:investorrelations@aavas.in).
11. The Board of Directors of the Company ("the Board") has appointed Mr. Rupesh Agarwal (Membership No. A16302, COP No. 5673), failing him, Mr. Shashikant Tiwari (Membership No. F11919, COP No. 13050), Practicing Company Secretaries and Partners of M/s Chandrasekaran Associates as the Scrutinizer, for conducting the voting process in a fair & transparent manner.
12. The Scrutinizer shall after the conclusion of e-voting at the 13<sup>th</sup> AGM shall make a Scrutinizer's Report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairperson or a person authorized by him, within 2 working days or 3 days, whichever is earlier, from the conclusion of the 13<sup>th</sup> AGM, who shall then countersign and declare the result of the voting forthwith.
13. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.aavas.in](http://www.aavas.in) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of Results by the Chairperson or a person authorized by him. The results shall also be displayed on the notice board at the registered office of the Company and shall be immediately forwarded to the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited.
14. Details as required in sub-regulation (3) of Regulation 36 of the SEBI LODR Regulations and Secretarial Standard on General Meeting ("SS-2") of ICSI, in respect of the Directors seeking appointment/ re-appointment at the 13<sup>th</sup> AGM, forms integral part of the Notice of the 13<sup>th</sup> AGM as Annexure. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.
15. As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiatives and register your e-mail address to receive all communication and documents including Annual Reports from time to time in electronic form to the e-mail address provided by you. Members may send such communication to their respective Depository Participants (DPs) as per the procedure given later in the Notes.
16. Members can avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail this facility may contact their respective DPs for recording their Nomination.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are, therefore, requested to submit their PAN details to their DPs with whom they are maintaining their demat accounts.
18. Members are requested to intimate changes, if any, pertaining to their name, postal address, E-mail address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs.
19. Members are requested to contact Link Intime India Private Limited (share transfer agent of the Company) in case of any change of address or queries relating to their shares at the information given below-
 

**Link Intime India Private Limited**  
 C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West),  
 Mumbai 400083 Maharashtra, India  
 Tel: +91 22 4918 6200,  
 : +91 22 49186195  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
 Email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
20. Members desirous of obtaining any information / clarification relating to the accounts are requested to submit their query in writing to the Company well in advance so as to enable the Management to keep the information ready.
21. Members who would like to express their views/ask questions as a speaker during the Meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio

number, E-mail ID, mobile number at investorrelations@aavas.in till Thursday, July 13, 2023. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the Meeting. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.

22. Instructions for Members for Remote e-Voting and joining the 13<sup>th</sup> AGM are as under:-

- a. The remote e-voting period will commence on Friday, July 14, 2023 (9:00 A.M. IST) and end on Tuesday, July 18, 2023 (5:00 P.M. IST). During this period, Members of the Company, holding shares as on the cut-off date i.e. as on Wednesday, July 12, 2023, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date.
- b. A person who is not a Member as on the cut-off date should treat this Notice of 13<sup>th</sup> AGM for information purpose only.
- c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 13<sup>th</sup> AGM by E-mail and holds shares as on the cut-off date i.e. on Wednesday, July 12, 2023, may obtain the User ID and password by sending a request to E-mail address evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing user ID and password for casting his/her vote. In the case of forgot password, the same can be reset by using “Forgot User Details/Password?” or “Physical User Reset Password” option available on www.evoting.nsdl.com.
- d. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- e. Institutional Investors (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned

copy (PDF/JPG Format) of its Board or governing body resolution/ authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by E-mail through its registered E-mail address to shashikant@cacsindia.com / rupesh@cacsindia.com with a copy marked to evoting@nsdl.co.in.

- f. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
- g. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or send a request at evoting@nsdl.co.in or contact to Ms. Prajakta Pawle, Officer or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated e-mail IDs: evoting@nsdl.co.in or PrajaktaP@nsdl.com or pallavid@nsdl.com or at telephone nos.: +91-22-24994360 or +91-22-48867000 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company’s E-mail address investorrelations@aavas.in.
- h. The details of the process and manner for remote e-voting are explained herein:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.



**Step 1: Log-in to NSDL e-Voting system :****A. How to Log-in to NSDL e-Voting website?**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email id in their demat accounts in order to access e-Voting facility.

- Login method for Individual Shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>
	<ol style="list-style-type: none"> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <p>  <b>App Store</b>  <b>Google Play</b> </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B. Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the

email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

- a) Click on “Forgot User Details/Password?”(If you are holding shares in your demat account

with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

### **How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [shashikant@cacsindia.com](mailto:shashikant@cacsindia.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or contact to Ms. Prajakta Pawle, Officer or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, at the designated e-mail IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [PrajaktaP@nsdl.com](mailto:PrajaktaP@nsdl.com) or [pallavid@nsdl.com](mailto:pallavid@nsdl.com) or at telephone nos.: +91-22-24994360 or +91-22-48867000 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's e-mail address [investorrelations@aavas.in](mailto:investorrelations@aavas.in).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email id for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@aavas.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorrelations@aavas.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**23. The instructions for Members for e-voting on the day of the 13<sup>th</sup> AGM are as under:-**

- a. The procedure for e-voting on the day of the 13<sup>th</sup> AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM Facility and have not casted their vote on the Resolutions through

remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

- c. Members who have voted through Remote e-voting will be eligible to attend the 13<sup>th</sup> AGM. However, they will not be eligible to vote at the AGM again.
- d. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**24. Instructions for members for attending the AGM through VC/OAVM are as under:**

- a. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- b. Members are encouraged to join the Meeting through Laptops for better experience.
- c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (investorrelations@aavas.in). The same will be replied by the company suitably.

## EXPLANATORY STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI REGULATIONS

The following statements sets out all material facts relating to the Special Business mentioned under Resolution Nos. 5 to 10 of this Notice. Explanation to Ordinary Business mentioned under Resolution No. 4 has been provided on a voluntary basis.

### ITEM NO. 4

The Members of the Company vide resolution passed by way of postal ballot dated December 02, 2021 approved the appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013), as Statutory Auditors of the Company for a period of 3 (three) consecutive years to hold office until the conclusion of the 14th Annual General Meeting of the Company (to be held in the calendar year 2024), subject to them continuing to fulfill the applicable eligibility norms. The Members had approved payment of fees amounting to ₹ 63,00,000/- (Rupees sixty three lakh only) towards statutory audit, limited review and consolidation of accounts for the Financial Year 2022-23 excluding certification fees, applicable taxes, reimbursements and other outlays.

It is now proposed to fix the remuneration payable to the Statutory Auditors of the Company amounting to ₹ 75,00,000/- (Rupees seventy five lakh only) towards statutory audit, limited review and consolidation of accounts excluding certification fees, applicable taxes, reimbursements and other outlays for the Financial Year 2023-24 and for their remaining tenure thereafter till the same is revised.

The Audit Committee and the Board of Directors of the Company unanimously recommends the payment of remuneration to M/s Walker Chandiok & Co LLP being the Statutory Auditors of the Company as set out at Item No. 4 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice.

### ITEM NO. 5 & 6

Mr. Sachinderpalsingh Jitendrasingh Bhinder was appointed as the Chief Executive Officer (CEO) of the Company by the Board of Directors of the Company for a period of 5 (five) years with effect from February 02, 2023.

Based on the recommendations of the Nomination & Remuneration Committee, the Board of Directors of the Company have appointed Mr. Bhinder as an Additional

(Executive) Director and also designated him as Managing Director (MD) of the Company (in addition to his current position as the CEO), with effect from May 03, 2023 subject to the approval of the Members.

Mr. Bhinder aged 50 is B.E. Chemical, MBA and MRICS (Member of Royal Institute of Chartered Surveyors) by qualifications. Mr. Bhinder has over 25 years of experience with leadership roles in P & L Management, Business Development, Partnerships, Strategic Alliances, Compliance & Governance with Kotak Mahindra Bank, ICICI Lombard GIC, Standard Chartered and HDFC Limited.

Prior to Aavas, Mr. Bhinder was with Kotak Mahindra Bank Limited, serving as Executive Vice President, where he set up, built, and scaled the Mortgage Book upto ~INR 40,000 Crores AUM across 130 Locations Pan India. He also set up and managed the Mortgage and Retail Asset Cross Sell Business for Kotak Mahindra Bank which included Working Capital (Micro and MSME), Unsecured Business Loans, Personal Loans, Rural Housing, LAS & Credit Cards.

Mr. Bhinder satisfies all the conditions set out in Part-I of Schedule V and the fit and proper criteria prescribed under Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, for being eligible for his appointment as MD of the Company and has given his consent to act as MD of the Company. He is not disqualified from being appointed as a Director in terms of Section 164 of the Act, and other applicable law in force, and is not debarred from holding the office of Director of the Company by virtue of any order of the Ministry of Corporate Affairs, Securities and Exchange Board of India or any other court or tribunal under applicable law.

The terms and conditions relating to the appointment and terms of remuneration of Mr. Bhinder as Managing Director are as follows:

#### 1. Period of Appointment:

For a period of 5 (five) years commencing from May 03, 2023 till May 02, 2028.

#### 2. Fixed Remuneration:

Mr. Bhinder, from May 03, 2023, shall be entitled to a fixed remuneration up to a maximum of ₹ 1,90,00,000/- (Rupees one crore ninety lakh only) per annum ("Fixed Remuneration"), in accordance with Section 197 of the Act read with Schedule V to the Act, RBI Guidelines



on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 and other applicable provisions (if any) of the Act, and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

The Board shall have the authority to grant such increments to Mr. Bhinder and/or revise the Salary and/or the components thereof, from time to time during the term of his employment, subject to recommendation of the NRC, up to an amount not exceeding ₹ 2,50,00,000/- (Rupees two crore fifty lakh only) per annum, provided such increments and/or revision is carried out in accordance with provisions of Section 197, 198 of the Act read with Schedule V to the Act, and other applicable provisions (if any) of the Act and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

For the purpose of this clause, the term “Salary” shall mean and include: (i) basic salary payable to Mr. Bhinder; (ii) Company’s contribution to provident fund as per the provisions of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952; and (iii) Company’s contribution to gratuity fund as per provisions of the Payment of Gratuity Act, 1972.

### 3. Perquisites and Allowances

- (a) Mr. Bhinder shall, in addition to the Fixed Remuneration, be eligible for perquisites and allowances as per the policies of the Company amended from time to time including but not limited to reimbursements against residential accommodation, driver’s salary, and other allied ancillary expenses, (“Perquisites”) provided such perquisites and allowances does not exceed the overall ceiling prescribed under Section 197 of the Act read with Schedule V to the Act, RBI Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 and other applicable provisions (if any) of the Act and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (“Perquisites Ceiling”).
- (b) In addition to the Perquisites, Mr. Bhinder shall also be entitled to the following benefits, which shall not be included while computing the aforementioned Perquisites Ceiling:

- i. Contribution to provident fund, superannuation or annuity fund which are not taxable under the provisions of the Income Tax Act, 1961;
- ii. Gratuity payable which shall not exceed half of one month’s basic salary of the Director for each completed year of service as per the rules and policies of the Company;
- iii. Leave and leave encashment as per the rules of the Company; and
- iv. Any insurance premium paid by the Company for and on behalf of Mr. Bhinder, in accordance with Section 197 of the Act.

### 4. Performance Linked Bonus

- (a) In addition to Total Fixed Remuneration, Mr. Bhinder shall also be entitled to performance linked bonus of such amount as may be recommended by the NRC and approved by the Board for each Financial Year or part thereof, within the overall limits as specified under Section 197 of the Act read with Schedule V to the Act, RBI Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs dated April 29, 2022 and other applicable provisions (if any) of the Act and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), after taking into consideration various criteria, including the performance of Mr. Bhinder and the performance of the Company (“Performance Linked Bonus”).
- (b) The total Performance Linked Bonus for a Financial Year shall not exceed 100% (one hundred percent) of the Total Fixed Remuneration of such Financial Year.
- (c) For the purpose of this clause, the term “Total Fixed Remuneration” shall mean the aggregate of and shall include, during a Financial Year: (a) all fixed components (including Salary) of Mr. Bhinder’s remuneration; and (b) value of all allowances and perquisites payable by the Company to Mr. Bhinder as per Company’s policy in force from time to time. It is hereby clarified that the Total Fixed Remuneration shall not include Performance Linked Bonus.

### 5. Other Terms and Conditions

- (a) Mr. Bhinder shall discharge his duties, assigned to him from time to time or vested upon him by the Articles of Association of the Company, the Board and/or

under the Act, in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

- (b) Mr. Bhinder may be granted stock options by the NRC as per the Employee Stock Option Schemes ("ESOP Schemes") of the Company.
- (c) Mr. Bhinder shall not be liable to retire by rotation as per the provisions of the Act.
- (d) If, in any financial year, the Company has no profits or its profits are inadequate, then the remuneration and other benefits payable to Mr. Bhinder shall be paid by the Company in accordance with the provisions of section II of part II of Schedule V of the Act and other applicable provisions (if any) of the Act and the rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).
- (e) Mr. Bhinder shall be entitled to receive reimbursements against residential accommodation, driver's salary, and other allied ancillary expenses from the Company and reimbursement for expenses which are genuinely and actually incurred by him in efficient discharge of his duties and which are wholly, necessarily and exclusively incurred for or in connection with the business and affairs of the Company.

As per Section 161 of the Companies Act, 2013, the appointment of Additional Director is valid up to next Annual General Meeting and as per Section 196 of the Companies Act, 2013, the appointment of Managing Director including terms and conditions of his appointment shall be subject to approval by a resolution at the next general meeting of the Company. Further, in terms of the SEBI LODR Regulations, the Company is required to obtain approval of members for such appointment at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Hence, the resolutions set out at Item No. 5 & 6 of this Notice are proposed to the members for their approval.

Members may note that in this regard, the Company has received a notice from a member of the Company under Section 160 of the Companies Act, 2013,

stating its intention to propose the candidature of Mr. Bhinder for the office of Director of the Company. Accordingly, the approval of the Members is sought for the appointment of Mr. Bhinder as a Managing Director to hold office for a period of 5 (five) years commencing from May 03, 2023 till May 02, 2028.

The Brief profile in terms of the SEBI LODR Regulations and the Secretarial Standard on the General Meetings ("SS-2") has been provided in Annexure attached to this notice.

The agreement between the Company and Mr. Bhinder is available for inspection by the Members during the AGM in terms of Section 190 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Bhinder being appointee and his relatives, are concerned or interested, financially or otherwise in the resolutions set out at Item No. 5 & 6 of the accompanying Notice.

The Board considers it in the interest of the Company to appoint Mr. Bhinder as a Director and MD of the Company and accordingly recommends the Ordinary Resolutions set out at Item No. 5 & 6 of the Notice for approval by the Members.

#### ITEM NO. 7

As per the amendment in SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021, by way of SEBI Circular dated February 02, 2023 and as per regulation 23 (6) of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company shall ensure that its Articles of Association allow its Board of Directors to appoint the person nominated by the Debenture Trustee(s) in terms of clause (e) of sub regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board.

Further, the Companies, whose debt securities are listed as on the date of publication of the aforesaid circular, shall amend their Articles of Association to comply with above mentioned provision, on or before September 30, 2023.

The Debenture Trustee, individually or collectively shall have a right but not an obligation to appoint from time to time any person or persons as a Nominee Director or Nominee Directors on the Board of the Company in the event of:

(i) two consecutive defaults in payment of interest to the debenture holders; or (ii) default in creation of security for debentures; or (iii) default in redemption of debentures. With respect to above mentioned provisions, the Board has considered and approved the amendment in Articles of Association (“AOA”) of the Company through resolution passed by circulation on June 17, 2023, subject to the approval of Members of the Company.

Therefore, it is proposed to amend the existing clause 16.11 (a) and to add clause 16.11 (d) as per below:

Clause No.	Existing Clause	Proposed Clause
16.11 (a)	The Board shall comprise up to 9 (Nine) Directors	The Board shall comprise up to 9(Nine) Directors excluding the Nominee Director(s) appointed by debenture trustee (s), if any as per clause 16.11 (d) of Articles of Association.
16.11 (d)	-	The Board of Directors of Company shall appoint the person nominated by the debenture trustee(s) in terms of clause (e) of sub regulation (1) of regulation 15 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as a Director on its Board of Directors.  The Nominee Director appointed as such shall not be liable to retire by rotation.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the accompanying Notice.

The Board recommends the passing of the resolution set out at Item No. 7 for approval of Members by way of a Special Resolution.

#### ITEM NO. 8 & 9

The Board of Directors of the Company (“Board”) envisages requirements of increased funds in future. As per the provisions of Section 180(1)(c) of the Companies Act, 2013 (“Act”), the Board can borrow money subject to the condition that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed the aggregate, for the

time being, of the paid-up share capital and free reserves, that is to say, reserves not set apart for any specific purpose and securities premium unless the Members have authorized the Board to borrow the monies up to some higher limits.

Further as per Paragraph 27.2 of Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI Master Directions) no Housing Finance Company can have its total Borrowing limit in aggregate, in excess of 12 times of its Net Owned Fund (NOF).

The Members of the Company at the 12<sup>th</sup> AGM held on July 21, 2022, approved and authorized Board of Directors to borrow from time to time, such amounts as they may deem necessary for the purpose of business of the Company, not exceeding ₹17,000/- crore (Rupees seventeen thousand crore only) over and above the paid-up share capital and free reserves of the Company and in terms of provisions of Section 180(1)(a) of the Companies Act, 2013 to mortgage and/or create a charge on any of the movable and/or immovable properties and/or the whole or any part of undertaking(s) of the Company to secure its borrowings up to the limits of Section 180(1)(c) of the Act.

Taking into account the increased fund requirements, the Company would be required to borrow funds from time to time by way of loans or in any other form whatsoever including but not limited to issue of bonds, debentures or other securities. Hence now, it is proposed to empower and authorize the Board to borrow money from any Bank(s), Financial Institutions (FIs), Mutual Funds(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person/s or entity/ies etc., in excess of paid up share capital and free reserves and securities premium of the Company from the existing limit of ₹ 17,000/- crore (Rupees seventeen thousand crore only) to an amount not exceeding ₹ 23,000/- crore (Rupees twenty three thousand crore only) (including the money already borrowed by the Company) for the lending business purpose and general corporate purpose, provided that the total borrowing limit shall always be within the limits as prescribed under the RBI Master Directions.

The resolution as set out at Item No. 8 of the Notice is placed for your approval by way of Special Resolution of the aforesaid limits of borrowing by the Board up to an amount not exceeding ₹ 23,000/- crore (Rupees twenty three thousand crore only) or equivalent thereof in any foreign currency (ies) (including the money already borrowed by the Company).

The said borrowings by way of loan or issue of securities may be required to be secured by way of charge through lien / hypothecation / mortgage over all or any part of the movable

and / or immovable properties of the Company and as per the provisions of Section 180 (1) (a) of the Act, the mortgage or charge on all or any part of the movable and /or immovable properties of the Company, may be deemed as disposal of the whole, or substantially the whole, of the undertaking of the Company and hence the approval of the Members of the Company is required by way of an Special Resolution as set out at Item No. 9 of the Notice.

As per Section 180(1)(a) and 180(1)(c) and other applicable provisions of the Act, approval of the Members is being sought by way of passing Special Resolution. Hence, the Board recommends passing of the enabling Special Resolutions set out at Item No. 8 and 9 of the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 8 and 9 of the accompanying Notice.

#### ITEM NO. 10

Your Company has been issuing debentures, which may be referred to as one of the option for raising money from time to time, for onward lending business of the Company and general corporate purposes, on terms and conditions as are appropriate and in the best interest of the Company and in due compliance with the applicable provisions of the Companies Act, 2013 ("the Act"), SEBI (Issue and Listing of Non-Convertible Securities) Regulation 2021, SEBI Operational circular dated August 10, 2021 as amended from time to time, Debt Listing Agreement and Guidelines as issued by Reserve Bank of India, National Housing Bank etc.

The Members of the Company at the 12<sup>th</sup> AGM held on July 21, 2022, approved the issuance of listed or unlisted, secured/unsecured redeemable Non-convertible Debentures on a private placement basis in terms of applicable rules and regulations for an amount not exceeding ₹ 6,000/- crore (Rupees six thousand crore only) during a period of 1 (one) year from the date of the said AGM.

Accordingly, the Company, subject to the approval of Members, proposes to issue Non-Convertible Debentures (including bonds, and/or other debt securities as per Section 2(30) of the Act to various person(s) on private placement basis, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any and as may be finalized by the Board and/or Committee of the Board. The amount to be raised by way of issue of listed or unlisted, secured/unsecured redeemable Non-convertible Debentures

on a private placement basis however shall not exceed ₹ 8,500/- crore (Rupees eight thousand five hundred crore only) in aggregate, in one or more series/ tranches on private placement basis. The aforesaid borrowings are within overall borrowing limits authorized by the Members, from time to time. It may be noted that as per Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any modification(s) or re-enactment(s) thereof for the time being in force) read with Section 42 of the Act, allows a company to pass a Special Resolution once in a year for all the offer or invitation for Non-Convertible Debentures to be made during the year through a private placement basis in one or more tranches.

Therefore, approval of the Members is accordingly sought in connection with the aforesaid issue of debentures/bonds from time to time and they are requested to enable and authorize the Board (including any Committee of the Board) to issue Non-Convertible Debentures on private placement basis upto ₹ 8,500/- crore (Rupees eight thousand five hundred crore only) as stipulated above, in one or more tranches, during the period of 1 (one) year from the date of passing of the Resolution set out at Item No. 10 of this Notice, within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Board accordingly recommends the Special Resolution as set out at Item No. 10 of the Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 10 of the accompanying Notice.

**By order of the Board of Directors  
For Aavas Financiers Limited**

**Sharad Pathak**

Date: June 20, 2023

Place: Jaipur

Company Secretary and

Compliance Officer

Membership No.: FCS- 9587

#### Registered and Corporate Office:

201-202, 2nd Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India  
CIN: L65922RJ2011PLC0D34297

Tel: +91 141-4659239

E-mail: investorrelations@aavas.in | Website: www.aavas.in

## ANNEXURE

Details of Directors seeking appointment/re-appointment vide this Notice, pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standards on General Meetings issued by Institute of Company Secretaries of India (ICSI):

Name of Director	Mr. Sachinderpalsingh Jitendrasingh Bhinder	Mr. Vivek Vig	Mr. Kartikeya Dhruv Kaji
DIN	08697657	01117418	07641723
Age (in years)	50	60	40
Qualification	B.E. Chemical, MBA and MRICS (Member of Royal Institute of Chartered Surveyors).	Post-graduate diploma in Management from Indian Institute of Management, Bangalore.	MBA from The Wharton School of the University of Pennsylvania, and a Bachelor of Arts in Economics from Dartmouth College.
Brief Resume and Experience	<p>Mr. Bhinder has over 25 years of experience with leadership roles in P &amp; L Management, Business Development, Partnerships, Strategic Alliances, Compliance &amp; Governance with Kotak Mahindra Bank, ICICI Lombard GIC, Standard Chartered and HDFC Limited.</p> <p>Prior to Aavas, Mr. Bhinder was with Kotak Mahindra Bank Limited, serving as Executive Vice President, where he set up, built, and scaled the Mortgage Book upto ~INR 40,000 Crores AUM across 130 Locations Pan India. He also set up and managed the Mortgage and Retail Asset Cross Sell Business for Kotak Mahindra Bank which included Working Capital (Micro and MSME), Unsecured Business Loans, Personal Loans, Rural Housing, LAS &amp; Credit Cards.</p>	<p>Mr. Vig is a Nominee Director appointed on the Board of Aavas by Partners Group ESCL and Partners Group Master Fund. Mr. Vig has over 32 years of experience and has previously served as the Managing Director and Chief Executive Officer of Destimoney Enterprises Limited. Further, he was previously associated with the Centurion Bank of Punjab (which was subsequently merged with HDFC Bank) as its Country Head – Retail Bank and also acted as a Director on the Board of PNB Housing Finance Limited. In the past, he was associated with Citibank N.A., India, where he held various positions across the consumer bank.</p>	<p>Mr. Kaji is a Promoter Nominee Director appointed on the Board of Aavas by Lake District Holdings Limited and Kedaara Capital AIF. He is the Managing Director at Kedaara Capital, a leading India focused private equity firm, where he leads the financial services investing practice. Mr. Kaji has over 10 years of investment experience, encompassing the full lifecycle of private equity across geographies and sectors. Prior to Kedaara, Mr. Kaji was at the Mumbai office of the global investment firm Temasek Holdings, where he focused on public and private market investments across sectors. Previously, he worked as investment banker in New York, first at Merrill Lynch &amp; Co. and then at leading boutique firm Perella Weinberg Partners. He is a member of the Mumbai chapter of the Entrepreneurs' Organisation (EO).</p>
Nature of expertise in specific functional areas	Banking, Financial Services, Insurance, P & L Management, Business Development, Partnerships, Strategic Alliances, Compliance & Governance.	Accounting and Finance, Risk Management.	Investment Banking, Finance and Risk Management
Relationships with Directors, Manager and other Key Managerial Personnel inter-se	None	None	None



Name of Director	Mr. Sachinderpalsingh Jitendrasingh Bhinder	Mr. Vivek Vig	Mr. Kartikeya Dhruv Kaji
Directorships held in other Public Limited Companies and Listed Companies	None	a. Centrum Housing Finance Limited	a. Caspian Financial Services Limited b. Spandana Sphoorty Financial Limited c. Criss Financial Limited d. Care Health Insurance Limited
Membership / Chairmanship of Statutory Committees of Board of other Companies excluding Directorship in Private and Section 8 Companies	None	None	a. Spandana Sphoorty Financial Limited Member, Audit Committee Member, Nomination and Remuneration Committee Member, Stakeholders Relationship Committee Member, Risk Management Committee
Equity listed Companies from which he/she resigned in the past three years	None	None	None
No. of Equity shares held in the Company including beneficial ownerships (As on March 31, 2023)	Nil	4,49,257	Nil
Key terms and conditions of appointment/re-appointment	As per the resolution set out at Item No. 5 & 6 read with the explanatory statement thereto.	Re-appointment as Non-Executive Nominee Director liable to retire by rotation.	Re-appointment as Non Executive Promoter Nominee Director liable to retire by rotation.
Remuneration proposed to be paid	Remuneration as mentioned in the explanatory statement of Item No. 5 & 6 of this notice.	Profit related commission as approved by the Members from time to time	Nil
Remuneration last drawn	₹19.61/- lakh in the capacity of CEO of the Company	₹24/- lakh	Nil
Date of first appointment on Board.	May 03, 2023	July 14, 2016	July 27, 2017
Number of meetings of the Board attended during the Financial Year 2022-23	NA	4 of 4	4 of 4





## **AAVAS FINANCIERS LIMITED**

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