

# Integrated value-creation at Aavas

How we are structured to enhance value for all our stakeholders

## OVERVIEW

In the modern world, it is no longer adequate to enhance shareholder value. The operative term increasingly used is 'stakeholder value'.

By the very nature of the term, 'stakeholder' does not merely refer to the interest group that owns shares in the Company. It refers to every single individual or sentient that is likely to be influenced by the Company's brand, product or operations. It refers to everyone and everything, living or not.

This represents an understanding of how the value sought to be created needs to be integrated across all stakeholders,

the measure by which all companies are appraised. This Integrated Value-Creation Report is being increasingly respected for its appraisal of 'hard' and 'soft' initiatives in its reporting format. The report draws on diverse strands (financial, management commentary, governance, remuneration and sustainability reporting) in explaining an organisation's ability to create, enhance and sustain value.

Interestingly, the influence of an Integrated Report enhances an understanding across diverse stakeholders (customers, employees,

shareholders, partners and communities), underlining the need for an organisation to enhance value in a sustainable manner. As a forward-looking organisation, we have published an Integrated Report as a part of our reporting discipline.

## Our sustainability framework

### Priorities

- Growing need to enhance value for all stakeholders
- Transparent disclosures in the Annual Report
- Invest in business to achieve long-term outperformance
- Focus on customer experience and employee engagement

### Strategy

- Largely finances the ownership of homes
- Finance the needs of the customers in rural and semi-urban areas with undocumented income proof
- Adopting technology and data science to improve speed and quality of our processes

### Procurement economies

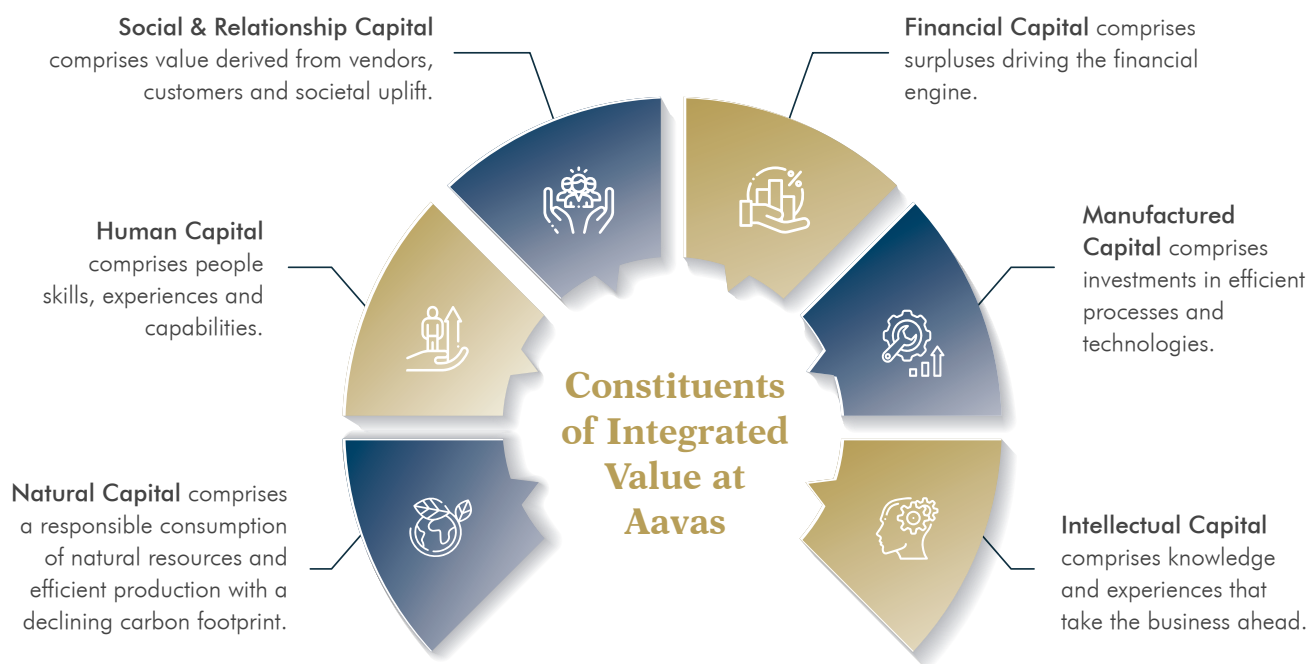
- Sources debt from large Indian and international institutions
- This debt is long-term in nature, enhancing resource stability
- The Company's cost of funds has progressively declined

### Distribution footprint

- Footprint in 13 states across India
- 65% customers were from low income group and economically weaker sections
- Presence in un-served and under-served areas

### Financing excellence

- Positive long-term asset-liability mismatch
- Access to ₹1,500 crore of sanctioned undrawn funds
- Annual principal and interest inflow financing debt repayment and business expansion



#### Brand and customer capital

- Recall around the word 'trust'
- Customer engagement marked by low turnaround time
- Emerged as a friend, philosopher and guide for the customers

#### Financial structure

- Un-drawn borrowing lines
- Business growth backed by strong distribution and capital adequacy ratio
- High collection efficiency

#### Ethical integrity

- Business driven by codes of conduct and ethical integrity
- Business marked by a culture of compliance
- Integrity extended to environment responsibility

#### People competence

- Enhance talent productivity
- Invest in knowledge, experience and passion
- Deepen a culture of outperformance

#### Community support

- Provide community support
- Focus on integrated development
- Engage in a sustainable way for extended impact

# How we enhanced value across our capitals in FY 21-22

## Drivers of value at Aavas

At Aavas, the interconnection of our stakeholder values has helped enhance business sustainability



**Our Customers** helped us stay in business by seeking housing finance and other loan products, generating financial resources to sustain our operations. Our focus has been on servicing a large number of customers around our preferred rate points, retaining them and serving them with our customised products as per their requirements.



**Our Employees** represented the total knowledge of growing the business across a range of functions (Sales, Underwriting, Operations, Legal, Technical, Treasury, Collection etc.). Our focus continued to be to provide an exciting workplace, generate stable employment and improve productivity.



**Our Shareholders** provided capital at the time of commencing the business. Our focus has been on generating sufficient revenues, growing RoE (Return on Equity) and, in doing so, enhancing their holdings value.



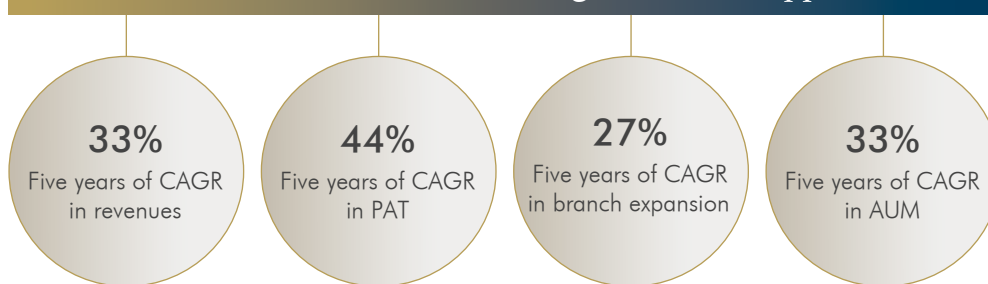
**Our Partners** provided a credible and continuous supply of goods and services. Our focus has been on maximising quality procurements at declining average costs with the objective to widen our market, strengthening our sustainability.



**Our Communities** provided the social capital (education, culture education, health, environment etc.). Our focus has been on supporting and growing communities through consistent engagement. Our focus has been on playing the role of a responsible citizen.

At Aavas, we believe that the value generated by each stakeholder ensures business sustainability and enhances our organisational value.

## The overall outcome of our Integrated Value approach



### 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 was strong enough to help catalyse business expansion and sectorial leadership.



### Outcomes as on March 31, 2022

₹17,357 crore, Cumulative loan amount disbursed  
₹11,350 crore, Assets under management  
₹2,809 crore, Net worth

### 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 and growth for our Company. We are judiciously managing our capital investments to create an asset portfolio that enhances value for our clients.



### Outcomes as on March 31, 2022

2,00,000+ Cumulative loan accounts addressed  
314 Branches in 13 States  
8 Trademarks registered against the misuse, copying or damage caused due to unauthorised use

### Human Capital

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



### Outcomes as on March 31, 2022

5,222 Permanent employees  
30.9 Average employee age (years)  
84 Overall Trust Index Score achieved in the Great Place To Work® assessment

### Social and Relationship Capital

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



### Outcomes as on March 31, 2022

1,00,000+ Youth engaged in education and holistic development  
5,000+ Rural women from 250 villages provided employability and entrepreneurship  
2,000+ 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 as on March 31, 2022

13,000+ Trees planted in the last two years  
28.12 Acres of land covered by our tree plantations  
275 Kwh Solar panels installed

### Intellectual Capital

Intellectual Capital refers to the aggregated knowledge, research, thought leadership, brand management and intellectual property utilised in supporting business activities. At Aavas, our intellectual capital consists of our strong brand, experienced professionals, cutting-edge technology and robust processes.



### Outcomes as on March 31, 2022

- 1st NBFC to list its Social Masala Bond of ₹360 crore on NSE-IFSC
- Head office certified with LEED-Silver Certification.
- Awarded the FE-EY Best Bank 2020-21 Award under the NBFC Category