



“Aavas Financiers Limited 13th Annual General Meeting Through Video Conferencing”

July 19, 2023

Management:

- Mr. Sandeep Tandon, Chairperson & Independent Director
- Mr. Sachinderpalsingh Jitendrasingh Bhinder, Managing Director and CEO
- Mrs. Kalpana Iyer, Independent Director and Chairperson of the Audit Committee
- Mrs. Soumya Rajan, Independent Director and Chairperson of Nomination and Remuneration Committee
- Mr. K. R. Kamath, Nominee Director
- Mr. Vivek Vig, Nominee Director
- Mr. Nishant Sharma, Promoter Nominee Director
- Mr. Manas Tandon, Promoter Nominee Director of the company and Chairperson of Risk Management Committee.
- Mr. Kartikeya Kaji, Promoter Nominee Director and Chairperson of the CSR Committee
- Mr. Ghanshyam Rawat, President and Chief Financial Officer
- Mr. Sharad Pathak, Company Secretary and Compliance Officer

Moderator: Dear Shareholders, good afternoon and a warm welcome to all of you to the 13th Annual General Meeting of the Aavas Financiers Limited for the Financial Year 2022-23. We are delighted to gather today through video conferencing and other audio visual means to conduct the AGM of your company.

Thank you for joining us remotely and participating in this interactive session. To ensure a smooth and organized meeting, all shareholders will be on mute mode throughout the session. Please note that audio and video will only be activated for those shareholders who have pre-registered themselves as speakers and are scheduled to speak during the AGM. Your co-operation in this regard would be greatly appreciated.

Now Mr. Sharad Pathak, Company Secretary and Compliance Officer of the company would continue with the proceedings of the Annual General Meeting. Over to you sir.

Sharad Pathak: Thank you. Good Afternoon Everyone, Myself Sharad Pathak, Company Secretary and Compliance Officer of your company, welcome you all to the 13th Annual General Meeting of the company. Dear Shareholders this Meeting is being held through video conference facility in compliance of the circulars as issued by Ministry of Corporate Affairs and Securities Exchange Board of India from time to time.

Now I request all the Board Members present to kindly introduce themselves.

Sandeep Tandon: Good Afternoon everyone, I am Sandeep Tandon, Chairperson, Independent Director of the Company and Chairperson of Stakeholders Relationship Committee. I am attending this meeting from Mumbai. Thank you.

Sachinder Bhinder: Good Afternoon everyone, I am Sachinder Bhinder, Managing Director and CEO of the Company. I am attending this meeting from Jaipur. Thank you.

Kalpana Iyer: Good Afternoon everyone, I am Kalpana Iyer, Independent Director and Chairperson of Audit Committee. I am attending this meeting from Mumbai. Thank you.

Soumya Rajan: Good Afternoon everyone, I am Soumya Rajan, Independent Director and Chairperson of Nomination and Remuneration Committee. I am attending this meeting from Delhi. Thank you.

K R Kamath: Good Afternoon everyone, I am K R Kamath, Nominee Director of the company. I am attending this meeting from Bengaluru. Thank you.

Vivek Vig: Good Afternoon everyone, I am Vivek Vig, Nominee Director of the company. I am attending this meeting from Mumbai. Thank you.

Nishant Sharma: Good Afternoon everyone, I am Nishant Sharma, Promoter Nominee Director of the company. I am attending this meeting from Mumbai. Thank you.

Manas Tandon: Good Afternoon everyone, I am Manas Tandon, Promoter Nominee Director of the company and Chairperson of Risk Management Committee. I am attending this meeting from Scala in Italy. Thank you.

Kartikeya Kaji: Good Afternoon everyone, I am Kartikeya Kaji, Promoter Nominee Director and Chairperson of the CSR Committee. I am attending this meeting from Mumbai. Thank you.

Sharad Pathak: Thank you all the Directors for introduction and we also have Mr. Ghanshyam Rawat-President and Chief Financial Officer of the Company.

Ghanshyam Rawat: Good Afternoon everyone, I am Ghanshyam Rawat- President and Chief Financial Officer of the company. I am attending the meeting from Coporate Office Jaipur. Thank you.

Sharad Pathak: Thank you everyone for the introduction. Dear shareholders we also have our-Statutory Auditor, Mr. Manish Gujral, Partner and Mr. Mukul Rathi, Director of M/s Walker Chandiok and Company LLP and Secretarial Auditor of the Company and Scrutinizer of this Meeting, Mr. Shashikant Tiwari, Partner of M/s Chandrasekaran Associates.

Dear Shareholders, in terms of Articles of Association of the Company, Mr. Sandeep Tandon, Chairperson of the company will be presiding as the Chairperson of this meeting. Now I request Mr. Sandeep Tandon, Chairperson to grant permission to carry out the proceeding of the meeting.

Sandeep Tandon: Permission granted

Sharad Pathak: Thank You Sir. With the permission of Chairperson, I hereby confirm presence of requisite quorum through video conferencing to conduct the proceedings of this meeting. In accordance with the circulars issued by the Ministry of Corporate Affairs and as per Section 103 of the Companies Act, 2013, the participation of shareholders through video conferencing is being held and identified for the purpose of quorum. As the requisite quorum is present, hence, with the permission of Chairperson, I hereby call this meeting to order.

Thank you

Dear shareholders, please note that, the facility to joining this meeting through video conferencing or other audio-visual means is made available for the shareholders on a first-come-first-served basis. The Register of Directors and the Register of KMPs, the Register of Contracts and Arrangements, and Secretarial Auditor's Certificate on ESOP Schemes has been made available electronically for inspection by the shareholders.

Shareholders seeking to inspect such documents can send an e-mail to investorrelations@aavas.in. As the AGM is being held through video conferencing facility, the facility for appointment of proxies by the shareholders are not applicable. Shareholders who have registered themselves as a Speaker Shareholder till July 13, 2023 will be allowed to express their views and ask questions during Q&A Session.

I would like to inform you that the company has provided its shareholders with the facility to

cast their vote electronically, through e-voting facility provided by NSDL on all the resolutions as set out in the AGM notice. The e-voting facility was started on Friday, July 14 at 9:00 a.m. and was ended on Tuesday, July 18, at 5:00 P.M.

Further, the shareholders who have not cast their votes yet and who are participating in this meeting will have an opportunity to cast their votes during this meeting as well, through the e-voting system provided by NSDL. Shareholders can click on e-voting tab on the video conferencing screen to avail this feature.

The scrutinizer will scrutinize the votes casted through remote e-voting and to be casted at the AGM and will submit its report to the Chairperson of the company and any other person authorized by him who declare the result.

Shareholders can post their questions and queries on the Communicate section on the video conferencing page during the meeting. Shareholders are requested to keep their questions brief and specific. To avoid repetition, the answers to all the questions will be provided within seven working days from the conclusion of this meeting.

Now I will request Mr. Sandeep Tandon Sir - Chairperson of the company, to commence the proceedings of this meeting.

Sandeep Tandon:

Thank You Sharad. Dear shareholders, I warmly welcome each one of you to the 13th Annual General Meeting of your company. It is always a pleasure to connect with you all, although virtually – it is a privilege to host you today. On behalf of the Board of Directors of the company, I want to thank you for making the time to join us.

Your constant trust and fast support throughout the past decade have reassured us to conquer challenges, navigate complexities, and consistently deliver performance and enduring value, year-after-year. It is noteworthy that the company is emerging stronger under the professional management of Mr. Sachinder Bhinder, Managing Director and CEO of the company. He has extensive work experience of more than 25 years with industry leaders in banking, financial services, and insurance, in leadership roles managing profit and loss, sales and distribution, product, policy, process, risk, audit and compliance.

Our Board comprises esteemed individuals of utmost respect and standing, whose collective expertise provides a distinctive and visionary business direction. With a firm commitment to upholding the highest governance standards, the Board is well-equipped to propel the company's growth journey forward. Their guidance and strategic acumen have been instrumental in fostering our phenomenal growth.

The company's Annual Report for the Financial Year ended March 31st, 2023, along with the Director's report and Audited Annual Accounts have been circulated to you and I seek your permission to take it as read.

In our pursuit of sustained growth, we understand the importance of proactive investment. By pioneering a digital platform to enhance scalability and deliver superior customer experiences, we aim to capture markets swiftly and retain customers for the long term, staying ahead of our

industry peers.

Since our inception, Aavas has prioritized the affordable housing sector, adopting a visionary and sustainable approach. Over the past decade, we have experienced remarkable growth and transformation. With a strong foundation in governance, culture, processes, sustainability, and nurturing future leaders, we have positioned ourselves as a thriving organization.

Under Aavas 3.0, we will continue to recruit subject matter experts, ensuring the right individuals are in the right roles. We are committed to implementing structured succession plans, reinforcing our risk management framework and setting the stage for continued success.

With the introduction of Aavas 3.0, we envision sustainable growth through nationwide expansion, steady financial progress, cost optimization, strengthened lender confidence and technology-driven convenience for superior customer service.

As we mark a decade of launching, observing, and reinforcing our practices and processes, we stand ready to scale them for wider benefit, enhancing value for all stakeholders. With optimism, I present this overview to our shareholders, confident in our ability to achieve greater heights together.

Now I would request Mr. Sachinder Bhinder, MD and CEO to present the performance of the company for the financial year 2022-23.

Sachinder Bhinder:

Thank you, Sandeep. Ladies and gentlemen, esteemed shareholders,

I warmly welcome you all to the 13th Annual General Meeting of Aavas Financiers Limited. As we gather here today, it is important to reflect on the core-essence that has propelled us this far our passion to enrich lives, by enabling low and middle-income individuals in unserved and underserved markets to realize their dreams of owning a home. Our slogan Sapne Aapke, Saath Hamaara remains the cornerstone of our existence.

Our journey.

Aavas embarked on its journey in 2011. Our mission was clear: to empower low- and middle-income individuals by providing accessible home loans and transforming underserved markets.

This marked the beginning of Aavas 1.0, where we tested and validated 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. During this time, we perfected our business model and laid the foundation for scalable growth.

Today, we stand at the threshold of an exciting new chapter, Aavas 3.0.

Our vision is clear, our aspirations boundless, to emerge as India's largest and most trusted affordable housing finance company. We aim to harness the power of people, technology, and data analytics to achieve our ambitious decadal goal of attaining 1 lakh crore Assets Under Management.

Our growth is not solely defined by numbers; it is deeply rooted in our values. Throughout our journey, integrity, transparency, employee well-being, and customer-centricity have guided our every decision. By prioritizing a positive employee experience, we at Aavas are fostering a culture of excellence that attracts and nurtures top talent, drives innovation and cultivates a sense of loyalty, commitment, and motivation among employees, leading to increased productivity and improved business outcomes.

In our pursuit of a digital future, collaborated with renowned technology and consulting firms such as Deloitte, Salesforce, Oracle and MuleSoft, which have fortified our technological capabilities and enabling us to create seamless customer journeys across online and assisted channels.

Embracing data and analytics throughout the customer life cycle, from sourcing to credit underwriting, and collections, has energized our operations. Our firm commitment to delivering exceptional customer experiences and ensuring customer delight remains the keystone of our day-to-day operations.

Our key achievements during the year under review comprised the following,

- we were privileged to be recognized as one of the Economic Times Best BFSI Brands in 2023.
- Aavas has been at the forefront, leading the way with our Green Housing program, which aims to integrate environmentally friendly construction practices into the main stream infrastructure of India.
- Our commitment to sustainability is exemplified by pioneering the development of 120 self-built EDGE certified green homes, accredited by Sintali, an environmental verification company based in London.
- Aavas Financiers 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.

Now I would like to highlight the key financial performance of your Company as on 31st March 2023. The company has been consistent in delivering its operating metrics with

- total number of live accounts has reached 1.87 lakh representing a 24% year-on-year growth.
- We added 32 new branches over the past 12 months, taking the total network to 346 branches.
- Our permanent employee count is at 6034.
- Our Assets Under Management registered an impressive growth of 25% Y-o-Y to Rs.14,167 crores.
- Our disbursements surged by 39% Y-o-Y to Rs. 5,025 crores.
- Product-wise break-up: home loans 70%, other mortgage loans – 30%.
- Occupation-wise break-up: salaried 40%, self-employed 60%.

On the borrowing overall borrowing mix as on 31st March 2023 is 45% from term loans, 22% from assignment/securitization, 21% from NHB & 12% from debt capital markets. Average borrowing cost of 7.6% against an average portfolio yield of 13.1% resulted in spread of 5.5%.

Asset quality and provisioning

- in terms of asset quality, we experienced a further decline in our Net Stage 3 Non-Performing Assets from 0.77% in the previous year to an impressive 0.68%.
- 1 day past due stood at 3.30%,
- Gross Stage 3 stood at 0.92 percentage. Gross Stage 3 of 0.92 percentage includes 0.11 percentage of up to 90 DPD assets which have been categorized as GNPA following RBI's notification dated 12th November 2021.
- Total ECL provisioning including that for COVID-19 impact as well as resolution Framework 2.0 stood at Rs.716.1 million.

On profitability

- our PAT increased by 21 percentage Y-o-Y to Rs.430 crores for FY 22-23.
- ROA was 3.51 percentage and ROE was 14.09 percentage as of March 31, 2023.
- As on 31st March 2023, we are well capitalized with a Net worth of Rs. 3,270 crores.
- Our book value per share stood at Rs.414.

Aavas 3.0 brings with it a renewed focus and energy into our organization. It enables us to create a roadmap for the next decade. I am confident that with Aavas 3.0, we will continue to deliver sustainable growth, profitability and value creation for all our stakeholders.

Looking ahead

India stands on the cliff of a transformative growth or that will span decades. The International Monetary Fund has identified India as a bright spot in the world economy. As per RBIs, Economic activity remains resilient, and has projected real GDP growth forecast for FY 23-24 at 6.5 percentage.

The creation of the India stack, Aadhaar, Jan Dhan, Unified Payments Interface, OCEN (Open Credit Enablement Network) and ONDC (Open Network for Digital Commerce) is helping India get closer to delivering on the three cornerstones of the modern economy that is Identification, Financial Inclusion and mobile plus internet connectivity.

Within the Indian industry sectors, housing emerges as a pivotal sector, given its significant potential fuelled by low mortgage penetration and an immense need across diverse geographies and income segments. The sector is poised to benefit from favourable factors, including a young and growing population, rapid urbanization, rising disposable incomes, robust infrastructure development, and financial sector reforms.

The government's proactive measures towards achieving Housing for All will provide the necessary momentum to turn the affordable housing dream into a tangible reality. It is forecasted

that India's INR 26 trillion home loan market will double by FY28, reflecting the immense growth potential in the sector.

I am confident that by improving productivity, increased contribution through new branches and new business verticals acting as growth engines and leveraging power of technology and data analytics, we can support our growth and make our operations more efficient. This will ultimately benefit our shareholders with improved returns.

In conclusion, I express my deepest gratitude to all our stakeholders, regulators, employees, customers whose constant faith and support have been the wind beneath our wings. Together we shall forge a new era in affordable housing finance, empowering countless lives and reshaping India's socio economic landscape.

Thank you so much for your time. Back to you, Sandeep.

Sandeep Tandon:

Thank you Sachinder. Dear shareholders, the notice of AGM is already circulated through electronic mode. The Statutory Auditors' Report on Financial Statements and Secretarial Audit Report which are also circulated, are unqualified in the nature. Therefore, with the permission of shareholders, the Notice of 13th AGM, Boards' Report and Auditors' Report be taken as read.

We now take up the resolutions as set forth in the notice. Following are the ordinary businesses to be transacted.

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 Remuneration of Statutory Auditors of the Company for the Financial Year 2023-24.
5. To approve the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Director of the Company.
6. To approve the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Managing Director of the Company.
7. To approve alteration in the Articles of Association of the Company.
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.

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.

10. To approve issuance of Non-Convertible Debentures, in one or more tranches / issuances on Private Placement Basis.

Now, I hand over to Sharad Pathak to take up the proceedings of AGM further.

Sharad Pathak: Thank You Sir, now I request the operator to begin the question-and-answer session. With the permission of Chairperson all the queries during the Q&A session will be addressed by MD and CEO of the Company.

Moderator: Thank you sir. The company provided its shareholders the facility to register themselves as speaker to share their views and ask any question at this AGM. Now the company is allowing the shareholders who have registered themselves as speaker shareholder to share their views and ask any questions at this AGM one-by-one.

I now Invite Mr. Narendra Prajapati Folio number 1203320133393700, please unmute your audio and video, ask your question or give comments. In the interest of time, may I request you to restrict your question or comments to three minutes?

Narendra Prajapati: Sir, I just want to stay attentive sir.

Sharad Pathak: Do you have any question Narendraji?

Narendra Prajapati: Sir, no question. Sir just I want to be attentive, that's all.

Sharad Pathak: Okay. Thank you sir, no issues.

Moderator: Sir, that is the only question we had.

Sharad Pathak: Okay.

Moderator: Do you want me to read the question which he had provided us?

Sharad Pathak: Because we don't have any question then we can continue.

Moderator: Okay. further if any shareholder desires to ask any questions, provide any suggestions, he or she may do so now by clicking our section Communicate appearing on video conferencing page through text. Shareholders are requested to keep their questions brief and specific. The same will be replied by the company within seven days from the conclusion of this meeting. Thank you. With this, we conclude this question and answer session. I now hand over to the chairperson.

Sandeep Tandon: Thank you. Shareholders may take note of the voting on the NSDL platform. It will continue to be available for the next 15 minutes after conclusion of this meeting. Therefore, shareholders who have not cast their vote yet are requested to do so.

The Board of Directors has appointed Mr. Shashikant Tiwari, Practicing Company Secretary and partners of M/s Chandrasekaran and Associates as scrutinizer to supervise the e-voting process in a fair, transparent manner and issue their report. The voting results on all the resolutions are set out and the notice of AGM will be declared on receipt of the scrutinizer's report within the time stipulated under the applicable laws and shall be intimated with the stock exchange and uploaded on the website of the company as well as the website of NSDL.

I now declare the proceedings of this annual general meeting of the company as completed and closed. Thank you. I request Mr. Ghanshyam Rawat, President and CFO of the company, to propose the vote of thanks.

Ghanshyam Rawat:

Thank you Sandeep sir. Good evening everyone. It is my pleasure to virtually meet all of you today for the 13th Annual General Meeting of your Company. This year your company not only reported better numbers, but also reported superior assets quality and other matrix. At Aavas, we are in the process of investing in a best in class technologies implementation. For instance, sales force as loan origination system being implemented by the company.

The loan management system Oracle Flexcube and ERP Oracle Fusion is in process to Go live. All these will help to have a superior customer experience with digitalisation journey and Scalable, reliable and efficient platform for future growth.

The Company reported growth in disbursements, assets under management and profit after tax. The collection efficiency also got improved and company's long term credit rating was enhanced to AA/Stable, second upgrade in last 3 years and among few HFC's to enjoy this rating.

I would now like to thank our Promoters, Shareholders, Directors, Employees, Auditors, Regulatory authorities including NHB, RBI, SEBI, MCA, IRDAI, Debenture holders, Bankers, Lenders, Rating Agencies. Stay safe and healthy, thank you very much again and see you in the next AGM.

Moderator:

Dear shareholders, e-voting facility will be available for the next 15 minutes from now, we request to please cast your vote if not casted yet. Thank you all for joining the meeting.