



“Aavas Financiers Limited 14th Annual General Meeting”

August 07, 2024

Management: Mr. Sandeep Tandon – Chairperson and Independent Director and Chairperson of Stakeholders Relationship Committee
Mr. Sachinder Bhinder – Managing Director & Chief Executive Officer
Ms. Kalpana Kaushik Mazumdar – Independent Director and Chairperson of Audit Committee
Ms. Soumya Rajan – Independent Director and Chairperson of Nomination & Remuneration Committee
Mr. Ramchandra Kasargod Kamath – Non-Executive Nominee Director
Mr. Vivek Vig – Non-Executive Nominee Director
Mr. Nishant Sharma – Promoter Nominee Director
Mr. Manas Tandon – Promoter Nominee Director and Chairperson of Risk Management Committee
Mr. Rahul Mehta – Promoter Nominee Director and Chairperson of the CSR & ESG Committee.
Mr. Ghanshyam Rawat – President & Chief Financial Officer
Mr. Sharad Pathak – Company Secretary and Chief Compliance Officer

Moderator: Good afternoon. Dear members a very warm and delightful welcome to you all at the 14th Annual General Meeting of the Aavas Financiers Limited for the financial year 2023-2024. It is our immense pleasure to have you here today for your company's Annual General Meeting through video conferencing and other audio-visual means. We appreciate you for joining us remotely and taking part in this interactive discussion with us virtually. To ensure a pleasant and orderly meeting all members who have joined this meeting will be on mute mode throughout the session to avoid any disturbance arising from background noise and to ensure smooth and seamless conduct of the meeting.

Please note that audio and video will only be activated for those members who have pre-registered themselves as speakers and are scheduled to speak during the AGM to avoid background disturbance. Your cooperation in this regard would be greatly appreciated. Now Mr. Sharad Patak, company secretary and chief compliance officer of the company will lead the continuation of the Annual General Meeting proceedings. Over to you, Mr. Pathak.

Sharad Patak: Thank you. A very good afternoon to all. I, Sharad Pathak, Company Secretary and Chief Compliance Officer of your company welcome you all to the 14th Annual General Meeting of the company. Dear members, this meeting has been conducted via video conferencing facility in compliance with the circular issued by Ministry of Corporate Affairs and Securities Exchange Board of India. Dear members, before we start the main proceeding of this meeting, I request each of the board members to kindly introduce themselves to the members.

Sandeep Tandon: Good afternoon all. I am Sandeep Tandon, Chairperson and Independent Director of the company and Chairperson of Stakeholders Relationship Committee. I am joining this meeting from Mumbai. Thank you.

Sachinder Bhinder: Good afternoon all. I am Sachinder Bhinder, Managing Director and Chief Executive Officer of the company. I am joining the meeting from corporate office, Jaipur. Thank you.

Kalpana Mazumdar: Good afternoon all. I am Kalpana Kaushik Mazumdar, Independent Director and Chairperson of the Audit Committee. I am joining this meeting from Mumbai. Thank you.

Soumya Rajan: Good afternoon everyone. My name is Soumya Rajan. I am an Independent Director and Chairperson of the Nomination and Remuneration Committee. I am joining this meeting from Mumbai. Thank you.

Ramchandra Kamath: Good afternoon. I am KR Kamath, Non-Executive Nominee Director of the company. I am joining this meeting from Bangalore. Thank you.

Vivek Vig: Good afternoon. I am Vivek Vig, Non-Executive Nominee Director of the company. I am joining this meeting from Mumbai. Thank you.

Nishant Sharma: Good afternoon all. I am Nishant Sharma, Promoter Nominee Director of the company. I am joining this meeting from Mumbai. Thank you.

Manas Tandon: Good afternoon to all. I am Manas Tandon, Promoter Nominee Director of the company and Chairperson of the Risk Management Committee. I am joining this meeting from New York. Thank you.

Rahul Mehta: Good afternoon everyone. I am Rahul Mehta, Promoter Nominee Director of the company and Chairperson of the CSR and ESG Committee. I am joining this meeting from Mumbai. Thank you.

Sharad Patak: Thanks to all the Board Members for the introduction. Now I would like to welcome Mr. Ghanshyam Rawat, President and the Chief Financial Officer of the company and request to introduce himself.

Ghanshyam Rawat: Thanks to all. Good afternoon to all. I am Ghanshyam Rawat, President and Chief Financial Officer of the company. I am joining this meeting from corporate office, Jaipur. Thank you.

Sharad Patak: Thank you everybody. Dear shareholders, we have with us for today our auditors present for this meeting. The statutory auditor, Mr. Manish Gujral, Partner, and Mr. Mukul Rathi, Director of M/s Walker Chandiok & Company LLP, Chartered Accountants, our secretarial auditor of the company and scrutinizer, Dr. S. Chandrasekaran, Practicing Company Secretary and Senior Partner at Chandrasekaran and Associates, representing on behalf of our secretarial auditor and we have Mr. Rupesh Agarwal, Managing Partner at Chandrasekaran Associates as a scrutinizer of this meeting for conducting the voting process in a

fair and transparent manner.

Dear members in accordance with the company's article of association, this meeting is being chaired by Mr. Sandeep Tandon, the Chairperson of the company. Now, I request Mr. Sandeep Tandon, Chairperson of the company to grant permission to carry out the proceeding of this meeting.

Sandeep Tandon: Permission granted you may proceed.

Sharad Patak: Thank you Sir. With the Chairperson's authorization, Dear Members I hereby confirm the presence of required quorum via video conferencing for the meeting to proceed.

Dear Members, in compliance with the circular issued by Ministry of Corporate Affairs and as per Section 103 of the Companies Act, the participation of the member through video conferencing and other audio visual means is being recognized for the purpose of quorum. As the required quorum is present, hence with the permission of the Chairperson, I hereby call this meeting to order.

Dear Members, please note that the facility at the AGM through video conferencing and other audio visual means is made available for 1000 members on first come first serve basis.

Dear members, the Register of Directors, KMP, the Register of Contracts, Arrangements and the Secretarial Auditor Certificate on the ESOP schemes has been made available electronically for inspection by the members. Members seeking to inspect such document can send us an e-mail at investorrelations@aavas.in.

As the AGM is being held through video conferencing or other audio-visual means, the physical presence of members can be dispensed therefore, there is no requirement for appointment of proxies. According to the facility of appointment of proxies by the members under Section 105 of the company's act is not applicable for this meeting. However, the body corporates are entitled to appoint the authorized representatives.

Members who have registered themselves as a speaker shareholder till July 31st 2024 only those members are allowed to express their views and ask questions during the Q&A session.

I would like to inform you that the company has provided its member with the facility to cast their vote through the remote e-voting facility provided by NSDL on all the resolutions as set out in the AGM notice. The remote e-voting module shall be disabled by the NSDL for voting thereafter. The voting facility started on Friday, August 2, 2024 and was ended on Tuesday, August 6, 2024. Further, the members who have not yet casted the vote yet and who are participating in this meeting will have an opportunity to cast their vote during this meeting as well through the e-voting system provided by the NSDL. Members can click on the e-voting tab on the video conferencing screen to avail this feature.

Dear Members, 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 or any other person authorized by him for declaring the results.

Dear members, members can post their questions on the communication section of the video conferencing page during the meeting. Members are requested to kindly keep their questions brief and specific. To avoid repetitions of the questions, all the questions will be provided within seven working days from the days of the conclusion of this meeting. Now,

I hereby request Mr. Sandeep Tandon, Chairperson of the company to commence with the proceeding of this meeting.

Sandeep Tandon:

Thank you Sharad. Dear members, it is with great pleasure I welcome you to the 14th Annual General Meeting of Aavas Financiers Limited. Standing before you as the Chairperson, I am honored to host this gathering and extend my heartfelt gratitude to each of you for your presence today.

Your steadfast trust and support have been the bedrock of our resilience enabling us to navigate challenges, surmount obstacles, delivering the enduring success, and value year after year. At Aavas we pride ourselves on a governance-led business model, steered by Board of Directors and characterized by a judicious blend of

entrepreneurial zeal and calculated risk-taking. Our vision is clear and far-reaching anticipating where we aim to be a decade from now.

The annual report, director's report, audited annual accounts for the financial year ended March 31, 2024 have all been circulated to you and I request your approval to consider them as read.

Our ethos at Aavas is rooted in the belief that true progress stems from the ability to look beyond the immediate and apparent. The milestones of society are the collective dreams of its people. At Aavas the mantra “Sapne Aapke, Saath Hamaara” is not just a slogan, it is a philosophy we embody and live by every day.

Since our inception, Aavas has been committed to enhancing home ownership among the most underserved segments in the world's most mortgage underpenetrated regions. We have reimagined our approach to customer engagement, asking not just about financial needs but about life aspirations. This shift from transaction interactions to relational partnerships has transformed our business and strengthened our community ties.

The global imperative for a decarbonized world resonates with us deeply. The universal aspirations for a return to a cleaner, purer environment challenges us to consider our role in this transformation. As a mortgage finance company, our contribution may not be immediately apparent, but through the integration of sustainability powered by technology, we see ourselves as enablers of dreams, expanding our reach, fortifying our financial position, optimizing costs, bolstering lender confidence and leveraging technology to deliver unparalleled customer service.

By aiding our customers and realizing their dreams, we are laying the groundwork for a more empowered society, a society that uses the foundation of home ownership to broaden horizons, embrace challenges, seize opportunities, and contribute to a stronger India.

I now invite Mr. Sachinder Bhinder, our esteemed MD and CEO, to present the performance report of the financial year 2023-2024. Thank you.

Sachinder Bhinder: Thanks Sandeep. Good afternoon. Dear shareholders welcome to Aavas Financiers Limited's 14th Annual General Meeting. I would like to start by congratulating everyone on achieving a significant milestone of Rs. 18,000 Crores AUM in the month of July 2024. I am pleased to present a concise overview of our journey, our financial performance in FY2024 and the strategic initiatives that are driving us forward.

Aavas embarked on its journey in 2011 with a mission to integrate the underserved and underbanked sections of society into the financial mainstream by providing accessible home loans. Our enduring slogan "Sapne AAPke, Saath Hamaara" continues to be cornerstone of our foundation. Our vision is to become India's most trusted and largest affordable housing finance company. We aim to harness the power of people, technology, and data analytics to achieve our ambitious decadal goal of attaining Rs. 1 lakh Crores assets under management.

Aavas is now a pan India player with 367 branches covering 13 states and with 80% of branches in tier three to tier six cities and towns. Our current footprint spans 301 districts across 13 states, and we plan to increase our reach to 429 districts across 16 states by expanding our branch network to over 600 branches by FY2030.

Our strategic priorities and growth drivers to drive sustainable growth at Aavas. We are focusing on four strategic priorities. Customer centricity, as the heart of our strategy is a commitment to putting our customers first. Our focus on customer centricity ensures that we build lasting relationships based on trust and satisfaction.

Credit Quality, to ensure the quality and resilience of our portfolio, we adhere to stringent credit standards and robust risk management practices. Our emphasis on credit quality protects our business from potential downturn.

Cost optimization, achieving cost optimization is essential for maintaining competitiveness and profitability. We continually seek ways to optimize our operations and reduce costs without compromising quality.

Culture, by prioritizing a positive employee experience, we at Aavas are fostering a culture of excellence that attracts and nurtures top talent, leading to increased productivity and improved business outcomes.

India's strides in leveraging technology for financial inclusion have been monumental. Aavas has been at the forefront of this digital revolution, embodying transparency and scalability through technology. The India Stack, our nation's digital backbone has been instrumental in enhancing our operational efficiencies. At Aavas, we harnessed the power of technology as a catalyst for change. It will enable us to deliver services with speed, setting us apart as a leader in the industry and allowing us to reduce costs significantly. Our commitment to technology along with human touch is unwavering, as it aligns seamlessly with our core values of agility, transparency, and innovation. It reflects our ethos, driving us to remain fast, fair, and friendly and flexible in all our endeavors.

Now I would like to highlight the key financial performance parameters of our company as on 31st March 2024. Assets under management achieved a year-over-year growth of 22%, reaching Rs. 17,313 Crores. Disbursements registered 11% increase from the previous year, amounting to Rs. 5,582 Crores. The loan account grew by 17% Y-o-Y, now standing at 2.18 lakh. In the last 12 months, 21 new branches were added, expanding our network to a total of 367 branches. Employee strength, the count of permanent employees is at 6,075 as of March 31st 2024.

Our product portfolio, home loans constitute 69% of our portfolio. Other mortgage loans 31%. The customer demographics, 60% are self-employed and 40% of our customers are salaried individuals. On borrowings as on 31st March 2024, our borrowing mix comprised of 47% term loans, 24% assignment/securitization, 20% from NHB & 9.0% from debt capital markets. Average borrowing cost of 8.07% against an average portfolio yield of 13.13% resulted in spread of 5.06%.

Asset quality and provisioning, in terms of asset quality, we experienced an improvement in our 1 day past due assets from 3.30% in the previous year to an impressive 3.12%. Gross stage 3 stood at 0.94% as of March 31st 2024, compared to 0.92% previous year. Total ECL provisioning including that for COVID-19 impact as well as resolution framework 2.0 stood at Rs. 848.18 million.

Profitability, as of 31st March 2024 our PAT grew by 15% Y-o-Y to Rs. 490.8 Crores with an ROA of 3.28% and an ROE of 13.94%. We are well capitalized with a net worth of Rs. 3,773 Crores. Our book value per share stood at Rs. 477.

Looking ahead, India stands poised on the brink of a transformative era of growth that promises to shape the decades to come. RBI has upgraded its growth forecast for fiscal year 2024-2025 to 7.2% up from 7%, driven by resurgence in private consumption, robust investment, and a rebound in exports. Similarly, International Monetary Fund has revised India's growth forecast to 7% for 2024-2025 from 6.8% on the back of improving private consumption, particularly in rural India. Within 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, rising disposable incomes, robust infrastructure development, and financial sector reforms. The Government of India'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 33 trillion home loan market will double by FY2028, reflecting immense growth potential in the sector.

In conclusion, governance, clarity of purpose, and sustainable growth have been our guiding principles. Our unwavering commitment to these principles ensures the highest standards of integrity and transparency, fulfilling stakeholder expectations. We deeply value the support provided by all stakeholders, regulators, our customers, our lenders and board members. The steadfast efforts of our employees, who are our brand ambassadors on the ground is deeply appreciated.

Thank you. Together we shall forge a new era in affordable housing and MSME finance, empowering countless lives and reshaping India's socioeconomic landscape. Sandeep, over to you.

Sandeep Tandon: Thanks, Sachinder.

Dear members, the AGM notice has already been circulated electronically. The

statutory auditor's report on the financial statements and the secretarial audit report, both of which are circulated are of unqualified nature. Hence, with the approval of members, the 14th AGM notice board's report and auditor's report should be taken as read. We now take up the resolutions as set forth in the notice.

Following are the ordinary businesses to be transacted in this meeting. Number one, to consider and appoint the audited standalone financial statements of the company for the financially-rendered March 31, 2024 together with the reports of the Board of Directors and the Auditors thereon and the audited consolidated financial statements of the company for the financial year ended March 31, 2024, together with the report of the auditors thereon.

Number two, to appoint a director in place of Mr. Nishant Sharma, who retires by rotation and being eligible offers himself for reappointment. Number three, to appoint a Director in place of Mr. Manas Tandon, who retires by rotation and being eligible offers himself for reappointment.

Number four, to approve the appointment of joint statutory auditors of the company and fix their remuneration. Following are the special businesses to be transacted in this meeting. Number five, to approve the appointment of Mr. Rahul Mehta as a Non-Executive Nominee Director.

Number six, to approve the re-appointment of Mrs. Soumya Rajan as an Independent Director of the company. Number seven, to approve the increase in borrowing powers in excess of paid-up share capital, free reserves, and security premium of the company under Section 180 of the Companies Act 2013. Number eight, to approve the creation of charges on assets of the company under Section 180 of the Companies Act, 2013 to secure borrowings made to be made under the Section 180 of the Companies Act, 2013. Number nine, to approve the issuance of non-convertible debentures in one or more tranches on private placement basis. Number ten, to approve the Aavas Financiers Limited performance stock option plan of 2024. Now, I pass on to Sharad Pathak to continue with the AGM proceedings.

Sharad Pathak:

Thank you, Sir. Now I request the operator to begin with the Q&A session with our respected Members, who are registered with us. With the permission of the

chairperson, all the queries will be addressed by MD and CEO of the company. Over to you, operator.

Moderator: Thank you.

The company has provided its members the facility to register themselves as speaker to share their views and ask any questions at the AGM. Moreover, if any member wishes to ask questions or make suggestions, they can do so by clicking on the communicate section on the video conferencing page and using text. Members are asked to limit their questions to be concise and focused. The company will respond within seven days from the conclusion of the meeting. Thanks. We are now wrapping up the session of answering questions and I will now hand over the proceedings to the chairperson. Over to you, Mr. Tandon.

Sandeep Tandon: Thank you. Members may note that the voting of the NSDL platform will continue to be available for the next 15 minutes after conclusion of this meeting. Therefore, members who have not casted a vote yet are requested to do so. Board of Directors has appointed Mr. Rupesh Agrawal, Practicing Company Secretaries and Managing Partner of M/s Chandrasekaran Associates Company Secretaries as a scrutinizer for conducting the voting process in a fair and transparent manner and issue their report.

The voting results on all the resolutions as set out in the notice of AGM will be declared on receipt of the scrutinizer report within the time stipulated under the applicable laws and shall be intimated to the stock exchanges 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 would request Mr. Ghanshyam Rawat, the company's president and CFO to give a vote of thanks.

Ghanshyam Rawat: Thank you Sandeep Sir. A very good evening to everyone. I am delighted to virtually greet all of you today for the 14th Annual General Meeting of your company. The investment made in distribution technology in the past few years sustained our performance momentum beyond the glass ceiling of the 15,000 Crores AUM and maintained all the performance parameters that we believe.

The Company continued to report profitable growth during the year under review. Revenue grew by 25%, disbursement increased by 11%, assets under management rose by 22%, profit after tax strengthened to 14% validating our robustness of our business model. During the last couple of years, company embarked on technology transformation with an objective to best-in-class customers' experience in our space, omnichannel customer acquisitions, and operational efficiencies.

We believe that we will be able to further moderate our OpEx by leveraging technology and improving productivity. Aavas is a pan India player with 367 branches covering 13 states with approximately 80% branches in tier three to tier six towns. Aavas is present in 301 districts covering 342 tehsils. We plan to expand our branch network to 600 plus branches by FY2029-2030, covering 16 states. The company's long-term credit rating maintained at AA stable which has been reaffirmed by both CARE and ICRA rating agencies. Short-term credit rating A1+, reaffirmed by ICRA India Rating and CARE rating agencies.

I convey sincerely gratitude to our customers, employees, shareholders, promoters, directors, auditors, regulatory bodies like NHB, RBI, SEBI, MCA, IRDAI, debenture holders, bankers, lenders, and rating agencies. As I conclude, I sincerely thank each and every one of you, our all stakeholders for confidence and trust bestowed upon us. Stay well and in good health. Thank you so much everyone again and see you again next year in next Annual General Meeting. Thank you.

Moderator:

Dear members, 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. Dear members, we want to notify you that the e-voting period for the Annual General Meeting has concluded. The company believes that all the members who took part in the AGM had enough time and chances to submit their votes. Hence, we now officially close this AGM. Thank you everyone for actively engaging in the AGM and participating in the e-voting. Thank you.