



“Aavas Financiers Limited 11th Annual General Meeting Through Video Conferencing”

Aug 10, 2021



**MANAGEMENT: MR. SANDEEP TANDON – CHAIRPERSON &
INDEPENDENT DIRECTOR
MR. SUSHIL KUMAR AGARWAL – MD & CEO**

BOARD OF DIRECTORS:

**MRS. KALPANA IYER – INDEPENDENT DIRECTOR &
CHAIRPERSON OF THE AUDIT COMMITTEE
MRS. SOUMYA RAJAN – INDEPENDENT DIRECTOR &
CHAIRPERSON OF THE NOMINATION &
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 & CHAIRPERSON OF THE RISK COMMITTEE
MR. KARTIKEYA DHRUV KAJI – PROMOTER NOMINEE
DIRECTOR & CHAIRPERSON IN THE CSR COMMITTEE
MR. GHANSHYAM RAWAT – CHIEF FINANCIAL
OFFICER**

- Moderator:** Dear shareholders, good afternoon and a warm welcome to you all to the 11th Annual General Meeting of the Aavas Financiers Limited for the financial year ended 31st March, 2021, through video conferencing or other audio-visual facility. As a reminder, for the smooth conduct of the meeting, the members will be in mute mode and audio and video will be opened only when they will speak at the Annual General Meeting as per the pre-registration. Now, I handover the proceedings of the Annual General Meeting to Mr. Sharad Pathak, Company Secretary and Compliance Officer of the company. 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 11th Annual General Meeting of your company for the financial year ended 31st March' 2021. Dear shareholders, considering the COVID-19 Pandemic and continuing restriction of gathering of persons in the country to maintain the social distancing, this meeting is being held through video conferencing facility, in accordance with the circulars and recommendations as issued by Ministry of Corporate Affairs and SEBI. Before we start the proceeding of this meeting, I request all the Board members and the CFO Sir to kindly introduce themselves.
- Sandeep Tandon:** Hi, this is Sandeep Tandon, I am a Chairperson, an Independent Director of the Company and Chairperson of the Stakeholders Relationship Committee, I am attending this meeting from London. Thank you.
- Sushil Kumar Agarwal:** Good Afternoon. I am Sushil Kumar Agarwal, Managing Director and CEO of the company, I am attending this meeting from Jaipur, Head Office. Thank you.
- Kalpana Iyer:** Good afternoon everyone. I am Kalpana Iyer, Independent Director and Chairperson of the 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 the Nomination and Remuneration Committee, I am attending this meeting from Mumbai. Thank you.
- K. R. Kamath:** Good Afternoon I am K. R. Kamath, Nominee Director on the Board of the Company. Participating in this meeting from Mumbai. Thank you.
- Vivek Vig:** Nominee Director. Attending this meeting from Mumbai. Thank you.
- Nishant Sharma:** Good Afternoon everyone. This is Nishant Sharma, Promoter Nominee Director of the Company. I am joining this meeting from Mumbai. Thank you.
- Manas Tandon:** Hello everyone, I am Manas Tandon, Promoter Nominee Director and Chairperson of the Risk Committee. I am joining this meeting from the Partners Group.

Kartikeya Kaji: Good afternoon everybody, my name is Kartikeya Kaji, I am a Promoter Nominee Director and a Chairperson in the CSR Committee. I am attending this meeting from Mumbai. Thank you.

Ghanshyam Rawat: Good afternoon everyone. I am Ghanshyam Rawat, Chief Financial Officer of the company. I am attending this meeting from Jaipur. Thank you.

Sharad Pathak: Thank you all. Dear shareholders we also have our Statutory Auditor - Mr. Amit Kabra, Partner, S. R. Batliboi Associate. We also have our internal auditor Mr. Pramod Patni – Partners, G. M. Kapadia. We also have our Secretarial Auditor for the financial year 2021-2022 and scrutinizer of this meeting - Mr. Rupesh Agarwal, Partners, Chandrashekar and Associate. We also have with us, Mr. Manoj Maheshwari – Partners, V. M. Associates, Secretarial Auditor for the financial year 2021, who has joined this meeting through video conferencing mode.

Dear shareholders, we have the requisite quorum present through video conference to conduct the proceeding of this meeting. As per the circular issued by MC and Section 103 of the Companies Act, 2013, the participation of members through video conference is being identified for the purpose of quorum, I confirm that the quorum is being present. Now I request Mr. Sandeep Tandon - Chairperson to call this meeting to order.

Sandeep Tandon: I hereby call this meeting to order.

Sharad Pathak: Thank you Sir. Dear members, please note that the facility for joining this meeting through video conference or other audio-visual means is made available for the members on first come, first server basis. The register of Directors and KMP, the register of contracts and arrangements and Statutory Auditors' certificate on ESOP Scheme has been made available electronically for inspection by the members. Members seeking to inspect such documents can send email to us at investorsrelation@aavas.in. As being held through video conferencing mode, the facility for appointment of proxies by the members is not applicable. Members those who have registered themselves as a speaker shareholder from 3rd August to 5th August' 2021 to express their views and questions during the meeting will be allowed to present their view during the Q&A session. I would like to inform you that the company has provided its members with the facility to cast their vote electronically through remote e-voting facility provided by NSDL on all the agenda items as sent out in the Annual General Meeting notice. The e-voting facility started from Thursday, 9 am 5th of August and was ended on Monday, 9th of August at 5 pm Indian Standard Time. Further, the members who have not casted their vote yet and who are participating in this meeting will have an opportunity to cast their vote during this meeting as well as through the e-voting system provided by NSDL. Members can click on e-voting tab on the video conferencing screen to avail this feature. Members can post their questions on the communicate section on the video conferencing page during the meeting. Members are requested to keep their questions brief and specific. To avoid repetitions, the answer to all the questions will be provided within 7 working days from the conclusion of this Annual General Meeting. Now I request Mr. Sandeep Tandon – the Chairperson, to commence the proceedings of this meeting.

Sandeep Tandon:

Thank you Sharad. Dear shareholders, on behalf of the Board of Directors of the company it gives me immense pleasure to welcome you all to the 11th Annual General Meeting of your company. It has indeed been a very challenging year for your company due to the resurgence of the second COVID-19 Pandemic wave in India. Each year my communication to shareholders face focuses on the strategic direction of the company to enhance stakeholder value but this year I intend to focus on how we intend to protect the stakeholder's interest in the medium term with the objective to enhance value across the future. This year, our focus has been on our people, these are challenging times for people, intensive knowledge driven businesses and no achievement can be considered, more important of the fact that we ended FY 2021 with most of our talent safe. Most of their family members were protected due to proactive measures taken by the company. In fact, safety has become a defining factor in our relationship with every stakeholder. At Aavas, we believe there has never been a moment when our business model has been more relevant than it is now. During the last 10 years the company deepened its brand across home ownership. The company positioned itself as a home ownership facilitator for individuals from the low-income segment seeking to own their own homes. We believe that the pandemic has proved to be a water shed movement for our business as individuals would now seek to stay safe and live well, with a greater priority to buy or construct their own homes. In view of this, we believe that the size of market has actually widened considerably during the last year. Home ownership is now a key piece of all citizens' aspirations.

Your Company's Annual report for the year ended 31st March 2021, along with the Director's Report and Audited Annual Accounts have already been circulated to you. I seek your permission to take it as read. It is the Aavas Team that makes us stand out in the crowded space of home lending companies. The team lead by Sushil Kumar Agarwal has shown us, how they are fully committed to growth and completely undeterred by obstacles. Our board too is comprised of experienced individuals that are completely equipped to take the company's growth journey forward by adhering to highest governance standards. I again, thank everyone for being present here at the 11th Annual General Meeting of your company. Now, I would request Mr. Sushil Kumar Agarwal – MD and CEO of your company to present the performance of the company for the financial year 2020-2021.

Sushil Kumar Agarwal:

Thank you Sandeep. Dear shareholders, good afternoon to al of you, who have joined today. Welcome to the 11th Annual General Meeting of Aavas Financiers Limited. Hope all of you and your families are safe and healthy. It has been a very demanding yet, enlightening journey of 10 years for the Aavas in the business. The 2016 de-monetization, the liquidity crisis of 2018 and COVID-19 Pandemic has affected the sectorial mode. Each time during the last decade, when we felt that we had overcome a hurdle, we encountered yet another challenge. It would be fair to say that our story of the last ten year, is like extracting victory from the jaws of challenges and probable valuers. As I look back across the decade, the one positive I draw is that we learned to live with one challenge after another. The result has been a perpetual paranoia about what can possibly go wrong, complimented by a need to mitigate the probable impact. The financial year 2020-2021 was amongst the most challenging year that we have encountered in our existence.

The COVID-19 Pandemic resulted in the socio-economic crisis and declining market sentiments. There was a need to hear our customers, address their fears, put them at ease and boost their confidence. We have emerged stronger from the crisis by protecting our employees on the one hand and engaging with our customers on the other hand. I feel proud to say that with your continued support during such difficult times, the word 'trust' acquired a different connotation. They have had deepened relationship with our customers, strengthen our brand value. In the first ten years of our existence, the trust above our stakeholders has got us here. From this point onwards, all the other factors remaining equal, our technology will be emerging as the game changer for Aavas. The rapidly increasing customer base stands a testimony to the fact that Aavas is steadily gaining reputation as the customer's preferred choice, not as a housing finance lender but a housing finance partner.

During the year under review, even in the challenging macro-environment, the company has been consistent in delivering its operating matrices with AUM growth of 21%, PAT growth of 17% on year-on-year basis. While maintaining the asset quality with gross Stage-3 and net stage-3 at 0.98% and 0.7%, lower 1% respectively. We have also delivered return on assets and return on equity of 3.49% and 12.91% respectively.

Now I will come to key parameters. As on 31st March 2021 total number of live accounts stood at 1,25,591; 20% year-on-year growth. Total number of branches were 280, 30 new branches were added in last twelve months. Employee count of 4336 vis-à-vis 3564 in March 2020; 20% year-on-year growth in the employee headcount. Asset under management grew 21% year-on-year to 94,543 million as on 31st March 2021.

Further product wise break-up:

Home loans stood at 73.5% in the book and other mortgage loans is 26.5%.

Further break-up as occupation wise:

We have 39.6% customers as salaried customers and 60.4% as self-employed.

Disbursements decreased by 9% year-on-year to Rs. 26,569 million for the financial year 2020-2021 but significant momentum was regained in Q4 FY21, with disbursement increasing by 17% year-on-year and 32% quarter-on-quarter to Rs. 10,127 million. As on 31st March, 202 average borrowing cost is 7.40% against an average portfolio end of 13.16%, rejected in a spread of 5.76%.

Borrowings:

Aavas has access to diversified and cost-effective long-term financing. We have strong relationship with development and financial institutions and all large private and public sector

banks in India. Overall borrowing mix is as on 31st March 2021 is 34.1% from term loan, 24.2% from assignment as a probation, 22.6% from NHB and 19% from debt capital market.

Provisioning:

Total Covid-19 provisioning stood at 190.3 million as on 31st March 2021. Total ECLO provisioning including the Covid-19 provisioning stood at 495.8 million as on 31st March 2021.

Asset Quality:

One-day past due stood at 6.37%, gross stage 3 stood at 0.98% and net Stage-3 stood at 0.71% as on 31st March 2021.

Product wise, gross Stage-3:

Home loan 1%

Other mortgage loans 0.9%

Profitability:

Our profit after tax increased by 17% year-on-year to 2,903 million for FY21 as per IND AS. As per IGAAP accounting, profit after tax registered a year-on-year growth of 34% to Rs. 3078 million for FY21. Return on assets was 3.5% and RoE was 12.9% for FY21. As on 31st March 2021 we are well capitalized with net worth of Rs. 24,014 million, our book value per share stood at 305.9.

The company shall continue its current business development strategy as it is well aligned with the current market scenario with a huge potential waiting to be kept along. We will continue to focus on our core strategy to cater the lower and middle-income self-employed customers that remain unserved and under-served and to be in the smaller ticket-size segment, not exceeding 1 million for self-occupancy of single unit houses.

Now I would like to thank all our customers, industry, colleagues, Aavas employees and their families, regulatory authorities, bankers, financial institutions for their tremendous co-operation and support. At Aavas, we will stay engaged with community needs and fulfil our role as a responsible corporate citizen, who are our society for better future. Thank you very much for your time, back to you Sandeep Sir.

Sandeep Tandon:

Thank you Mr. Sushil. Dear members, the notice of AGM is already circulated through electronic mode. The statutory auditors' report on financial statements and secretarial order report which are also circulated are unqualified in the nature. Therefore, with the permission of

members, the notice of 11th AGM boards report, report auditor support, we take in as read. We now take up things as set forth in the notice.

Following are the ordinary businesses to be transacted:

- To consider and adopt the audited standalone financial statements of the company for the financial year ended March 31, 2021 together with the reports of the board of directors and auditors thereon and the audited consolidated financial statements of the company for the financial year ended March 31, 2021 together with the report of the auditors thereon.
- To appoint a director in place of Mr. Nishant Sharma, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint a director in place of Mr. Vivek Vig, who retires by rotation and being eligible offers himself for re-appointment.

Moving further, I would like to present the special businesses to be transacted.

- To re-appoint Mrs. Kalpana Iyer as an Independent Director of the company.
- To approve increase in the borrowing powers in excess of paid-up share capitals and securities premium of the company under section 181(c) of the companies Act 2013.
- To approve creation of charges on assets of the company under section 180 of the companies Act 2013. To secure borrowings to be made under section 180 of the companies Act 2013
- To approve issuance of non-convertible debentures in one or more tranches issuances on private placement basis.
- To approve equity stock option plan for employees 2021 of Aavas Financiers Limited.

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

Sharad Pathak:

Thank you Sir. Now I request the operator to begin with the Q&A and question-answer session.

Moderator:

Thank you very much. Now the company is allowing the shareholders who have registered themselves as a speaker shareholder to share their views and ask any questions up this time, one by one. Further, if any shareholder desires to ask a question, provide any suggestion, he or she may do so now by clicking on section 'communicate' appearing on video conferencing page through text. Members are requested to keep their questions brief and specific. To avoid repetition, the answers to all the questions will be provided within seven days from the conclusion of this AGM.

We think our speaker shareholder is not able to connect, therefore we are proceeding further. We have also collated all the questions received in advance from the members. Now, I request Mr. Sushil Kumar Agarwal – MD & CEO, to reply.

Sushil Kumar Agarwal: Thank you shareholders for participating in this question-and-answer session. First of all, I would like to thank Mr. Vikas Chandrakanta for registering himself as a speaker shareholder but we could not interact with you during this meeting.

I am replying to questions of shareholders in summarized manner. Key questions were around; what is the impact of COVID-19 Pandemic on the business, what is the next two, three years role back of the company and impact of COVID-19 on the staff and what are the measures company has taken for the benefit of them.

So, COVID-19 Pandemic initially in the first wave when COVID-19 had started, your company was impacted as most of the other economic were impacted but initially since we have invested lots of amount in technology, within 15 days of the first wave, we were able to create business centers totally which is dependent on the technology from different work from home centers and all our operations were live within first 15 days of the first wave but if we will see the entire year in the perspective, as a company is still with COVID-19 Pandemic we were able to deliver consistent growth in business as well as on the operative metrics of the working. I would like to reiterate that even next two to three years and mid-term, the company will keep consistent growth path for its business. We want to be sustained our growth 20% to 25% in the next three to five years. We will continue to invest in technology to make customer experience and employee experience more sustainable and in a better way. In the COVID-19, Aavas has taken care of its staff and now all our 100% of the employees have got vaccinated and any employee who are requiring the help of the organization, Aavas was able to help the employees and their families to the extent possible by the organization. We have allowed employees to work from home, we have conducted different kind of medication sessions, safety plannings and motivational sessions for employees to keep them motivated throughout this journey. Going forward also, Aavas is well-equipped to face this kind of Pandemic in a much better way, with our technology input we are now well-equipped even to run the entire company from work from home process and navigate through these kinds of circumstances in a much better way. Thank you all for participation in question-and-answer session.

Moderator: This is the operator Stanford here. Sir we have the speaker shareholder on line now, we take the question from the line of Vasuda, you may go ahead please.

Vasuda: Hello, very good afternoon respected Chairman Sir, board of directors and my fellow shareholders, myself Vasuda from Bombay. I would like to congrats our company secretary and same for sending me the soft copy of the report well in advance, which itself is clear and transparent. With this, I support all the resolution as I already sent my questions to Secretary. With this, I support all the resolutions, thank you very much.

Sushil Kumar Agarwal: Thank you very much Madam for joining. If you have any question maybe, we can answer also.

Moderator: Miss Vasuda has left the queue. With this, we conclude the question-and-answer session. Now I handover to the chair person.

Sandeep Tandon: Thank you. Members may note voting on the NSDL platform will continue to be available for the next 15 minutes after conclusion of this meeting. Therefore, members who have not cast their votes yet are requested to do so. The board of directors has appointed Mr. Rupesh Agarwal, failing him Mr. Shashikant Tiwari, partners of M/s Chandrasekaran Associates, as a Scrutinizer to supervise the e-voting process in a fair and transparent manner and issue their report. Further, I hereby authorize Mr. Sharad Pathak, the Company Secretary and Compliance Officer, to declare the results of the voting and place the results on the website of the company at the earliest. I now declare the proceedings of this annual general meeting of the company as completed and closed. Thank you. Now, I request Mr. Ghanshyam Rawat, 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 11th Annual General Meeting of your company. It was yet another challenging year for the company due to widespread social-economic impact of COVID-19 Pandemic. With the landing in green from the previous challenges during its journey of last 10 years, the company is confident of coming out of even stronger in the post COVID-19 normalized work on the back of unique business model. 10 year is only the beginning, with your continued support and trust, your company will continue to enhance value for all its stakeholders in the coming years, the best yet to come. I would like to thank you for all employees, directors, auditors, regulatory authorities including National Housing Bank, Reserve Bank of India, SEBI, NCA, debenture holders, bankers, lenders, rating agencies, doctors and frontline workers for their selfless service during this challenging time. Stay safe and healthy. We look forward to see you in the next annual general meeting. Thank you.

Moderator: Thank you. Dear members, e-voting facility will be available for the next 15 minutes from now. We request you to please cast your vote, if not casted yet. Thank you.