

Ref. No. AAVAS/SEC/2021-22/766

Date: October 28, 2021

To, The National Stock Exchange of India Limited The Listing Department Exchange Plaza, Bandra Kurla Complex, Mumbai - 400051 Scrip Symbol: AAVAS	To, BSE Limited Dept. of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001 Scrip Code: 541988
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Dear Sir/Madam,

Sub: Investor Presentation on the Unaudited Financial Results for the quarter and half year ended September 30, 2021

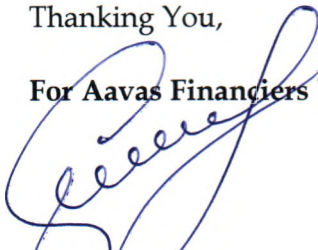
In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed herewith a copy of Investor Presentation of the Company on the Unaudited Financial Results for the quarter and half year ended September 30, 2021.

This Investor Presentation may also be accessed on the website of the Company at www.aavas.in

This is for your information and record.

Thanking You,

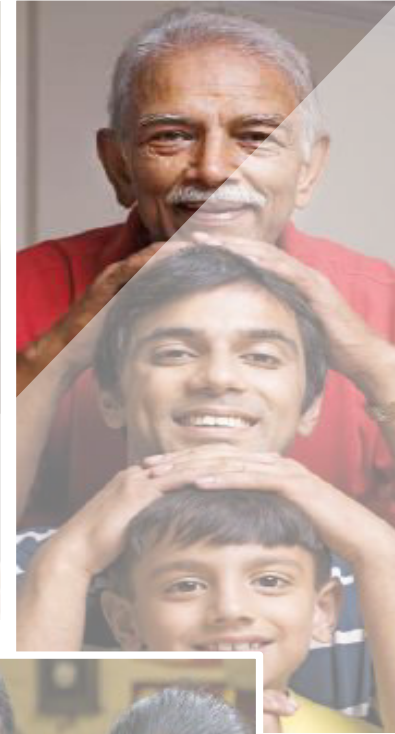
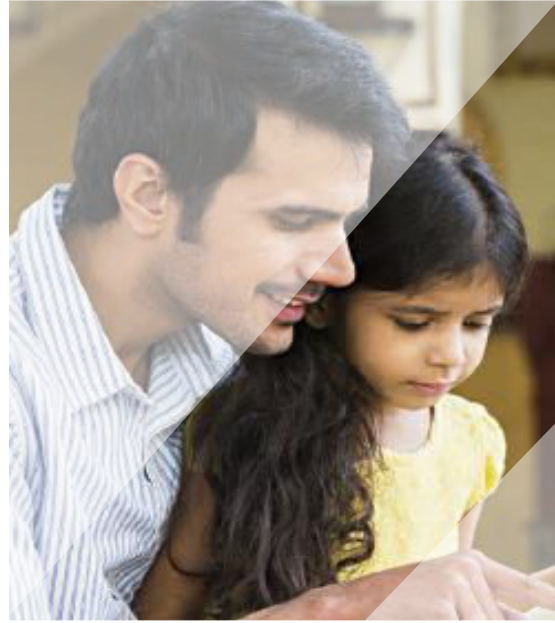
For Aavas Financiers Limited



Sharad Pathak
Company Secretary & Compliance Officer
(FCS-9587)

Enclosed: a/a





AAVAS FINANCIERS LIMITED

Investor Presentation – H1 FY22

This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Aavas Financiers Ltd.** (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.

Our Background



Commenced operations in 2011
from Jaipur, Rajasthan



Regulated by Reserve Bank of India (“RBI”)
Supervised by National Housing Bank (“NHB”)



Currently being run by professional
management team backed by
marquee private equity players
Kedaara Capital and Partners Group



Recognized by NHB for refinance
facility



Listed on BSE & NSE in October 2018



Retail network of 297 branches



Our Pillars of Strength

- ✓ Experienced Board of Directors
- ✓ Professional Management Team
- ✓ In-house Execution Model
- ✓ Technology and Data Analytics
- ✓ Improving Credit Ratings
- ✓ Diversified Shareholding Base

Experienced Board of Directors



Sandeep Tandon Chairman & Independent Director

Qualifications: Bachelor's in Electrical Engineering from University of Southern California

Prior Engagements: Tandon Advance Device, Accelyst Solutions



Soumya Rajan Independent Director

Qualifications: Bachelor's in Mathematics & Economics from St. Stephens College, Master's in Mathematics from Oxford University

Prior Engagements: Waterfield Advisors, Standard Chartered Bank, ANZ Grindlays Bank



Kalpana Iyer Independent Director

Qualifications: Chartered Accountant

Prior Engagements: Citibank N.A., IncValue Advisors



Sushil Kumar Agarwal Managing Director & CEO

Qualifications: Chartered Accountant, Company Secretary

Prior Engagements: Au SFB, ICICI Bank, Kotak Mahindra Primus. 20+ years of experience in the field of retail financial services



K. R. Kamath Non-executive Nominee Director

Qualifications: Bachelor's degree in commerce from University of Mysore, Certified Associate of the Indian Institute of Bankers

Prior Engagements: Corporation Bank, Punjab National Bank, Allahabad Bank, Bank of India



Vivek Vig Non-executive Nominee Director

Qualifications: PG Diploma in management from IIM Bangalore

Prior Engagements: Destimoney Enterprises, Centurion Bank of Punjab, PNB Housing Finance, Citibank N.A., India.



Manas Tandon Promoter Nominee Director

Qualifications: Bachelor's degree in technology (electrical engineering) from IIT Kanpur, MBA from Wharton School, University of Pennsylvania

Prior Engagements: Matrix India Asset Advisors, TPG Capital India, Cisco



Nishant Sharma Promoter Nominee Director

Qualifications: Master of Technology in Bio-Chemical Engineering and Bio -Technology from IIT Delhi, MBA from Harvard University

Prior Engagements: General Atlantic, Mckinsey & Company, Bill & Melinda Gates Foundation



Kartikeya Dhruv Kaji Promoter Nominee Director

Qualifications: Bachelor's degree Economics from the Dartmouth College, New Hampshire, MBA from Wharton School, University of Pennsylvania

Prior Engagements: Perella Weinberg Partners and Merrill Lynch, Temasek

Professional Management Team



Sushil Kumar Agarwal - Managing Director & CEO

- 20+ years of experience in retail financial services
- Prior associated with Kotak Mahindra Prime, ICICI Bank & Au Small Finance Bank (Business Head – SME & Mortgages)



Ghanshyam Rawat - Chief Financial Officer

- Experience in financial services & allied sectors
- Prior associated with Indorama Synthetics, Accenture, First Blue Home Finance, Deutsche Postbank Home Finance



S Ram Naresh - Chief Business Officer

- Experience in mortgages and FMCG distribution
- Prior associated with Nestle, GE Money, ICICI Bank, Bajaj Finance



Ashutosh Atre - Chief Risk Officer

- Experience in credit management
- Prior associated with Equitas, ICICI Bank, Cholamandalam



Rajeev Sinha - Senior VP, Operations

- Prior associated with Indiabulls, CoinTribe



Surendra Sihag - Senior VP, Collections & Customer Service

- Prior associated with Bajaj Finance, Cholamandalam



Jijy Oommen - Chief Technology Officer

- Prior associated with Kinara Capital, Wonderla Holidays, Manappuram Finance, Bajaj Capital



Anurag Srivastava - Senior VP, Data Science

- Prior associated with Deloitte, WNS, American Express



Sharad Pathak - Company Secretary & Compliance Officer

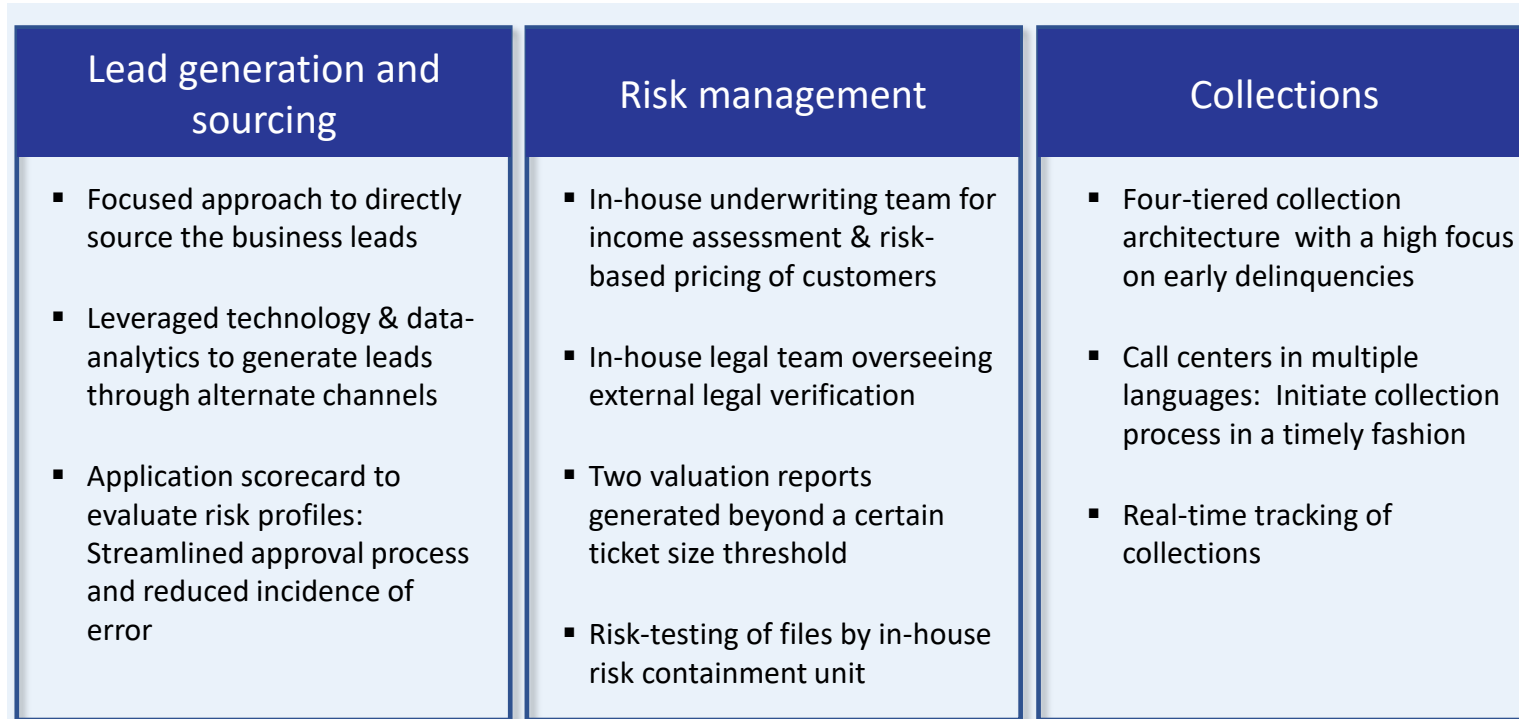
- Associated with Aavas Financiers since May 2012



Ripudaman Bandral - Chief Credit Officer

- Prior associated with Indiabulls, ICICI Bank, HDFC Ltd

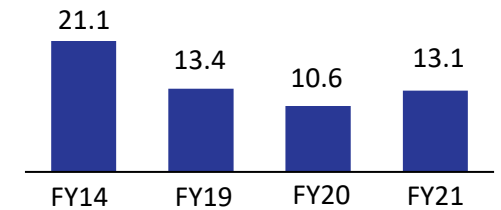
In-house execution model – Replicated across the states



Superior Business Outcome

1. Reduction in average TAT (days)

Turn around time is a key metric for employee incentives



2. Better ability to price risk effectively resulting in yields of ~13%

3. High collection efficiency and low GNPA

Lead Generation



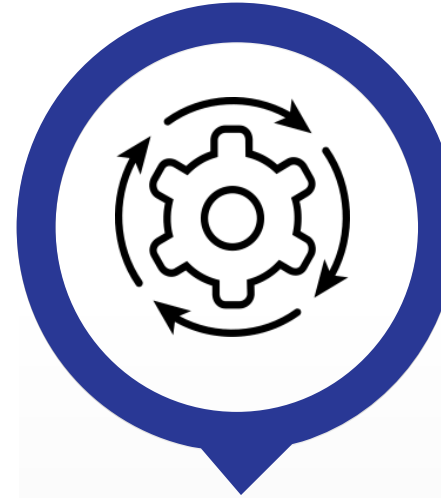
- Majority of the leads are logged in through the sourcing app
- Application scorecard: For Auto-rejection / fast tracking leads
- Mobile app to leverage proponents of housing ecosystem

Underwriting



- Platform integration with credit bureaus
- Quarterly scrub of credit bureau information
- 60+ profiles to evaluate customers in SENP segment

Operations



- E-disbursement & E-repayment facility at all the branches
- CRM system for better customer servicing
- Customer Service App catering to 80% of customer requests

Collections

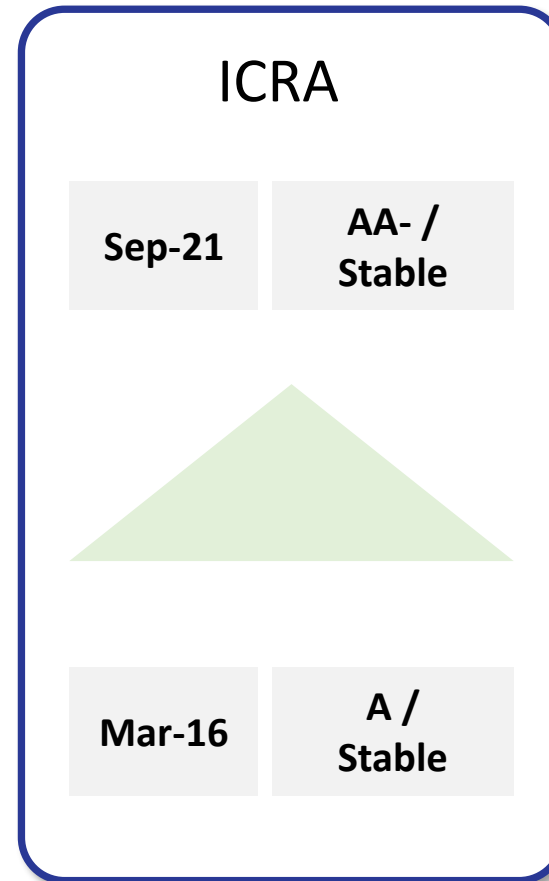
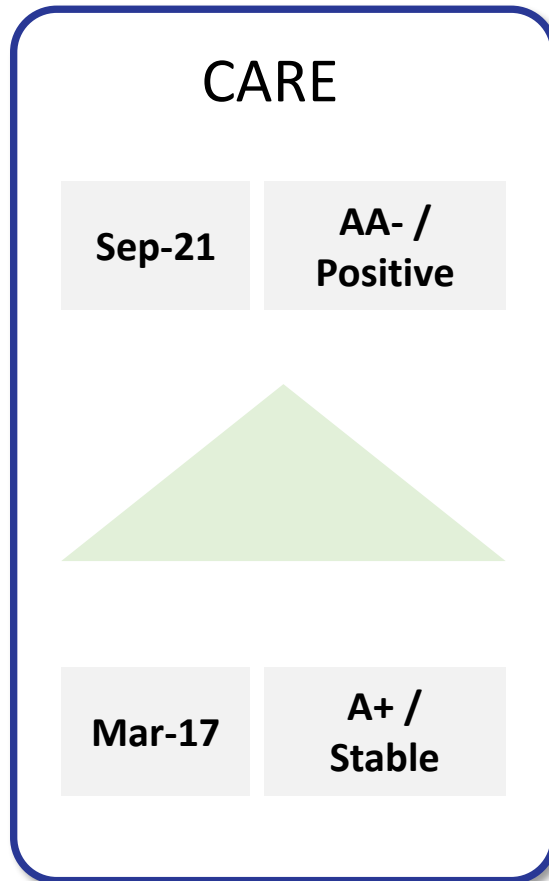


- Route optimization for collection personnel
- Analytics model for bounce prediction and assessment of warning signals
- Geotagging for smart customer allocation

Improving Credit Ratings

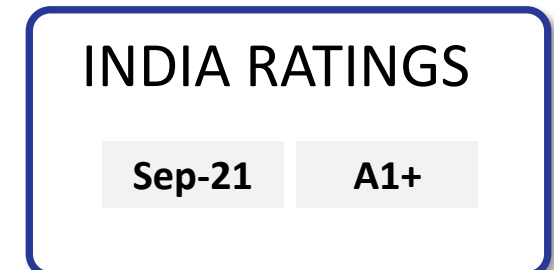
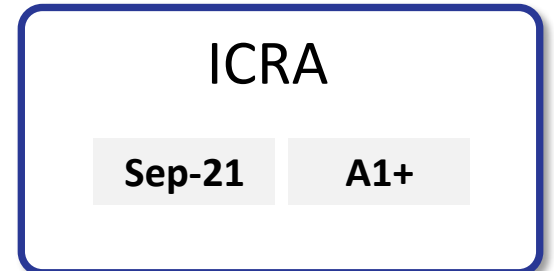
Long-Term Credit Rating

CARE Ratings revised the Long-Term rating outlook from AA-/Stable to AA-/Positive on 30th September 2021



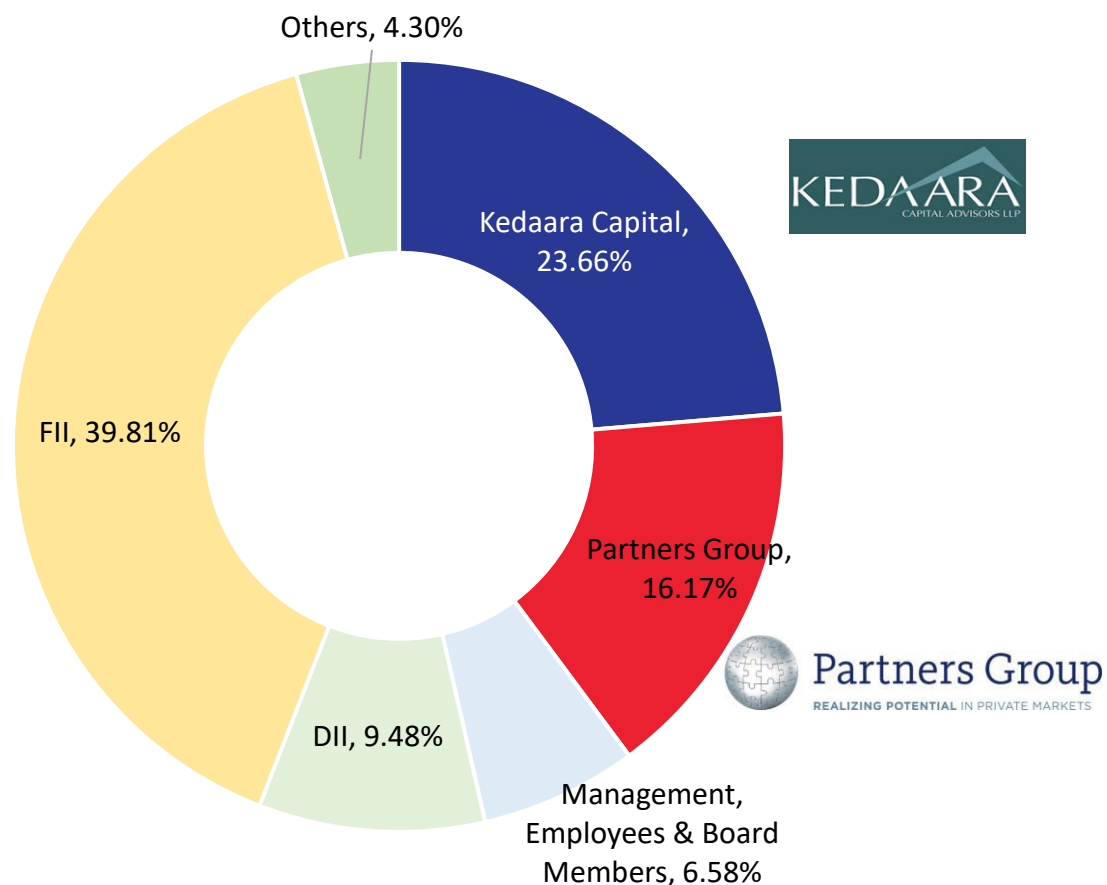
Short-Term Credit Rating

Reaffirmed



Diversified Shareholding Base

Shareholding Pattern as on 30th September 2021



Top Institutional Shareholders as on 30th September 2021

Investor Details	% Holding
Capital Group [^]	8.39
GIC [^]	6.03
Wasatch Global Advisors [^]	5.07
Nomura Asset Management [^]	3.99
UTI Asset Management ^{^*}	3.48
Kotak Mahindra Asset Management ^{^*}	2.93
SBI Life Insurance	1.74
Vanguard Group [^]	1.22
William Blair [^]	1.21
Abu Dhabi Investment Authority [^]	1.19
Buena Vista Fund Management	1.14
C Worldwide Asset Management [^]	1.13
Wellington Management [^]	1.04
Tata AIA Life Insurance [^]	1.03

[^] holding through various schemes/funds

^{*} includes Mutual Funds & Offshore Funds

DII includes Mutual Funds, Insurance Companies & Alternate Investment Funds (Category III)

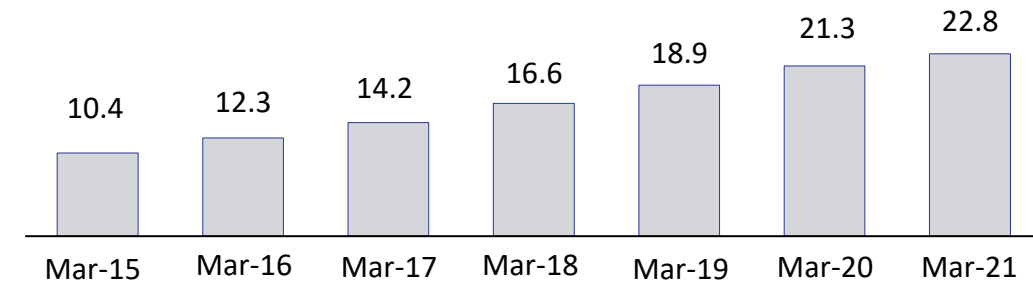
Size of Opportunity

Indian Housing Finance

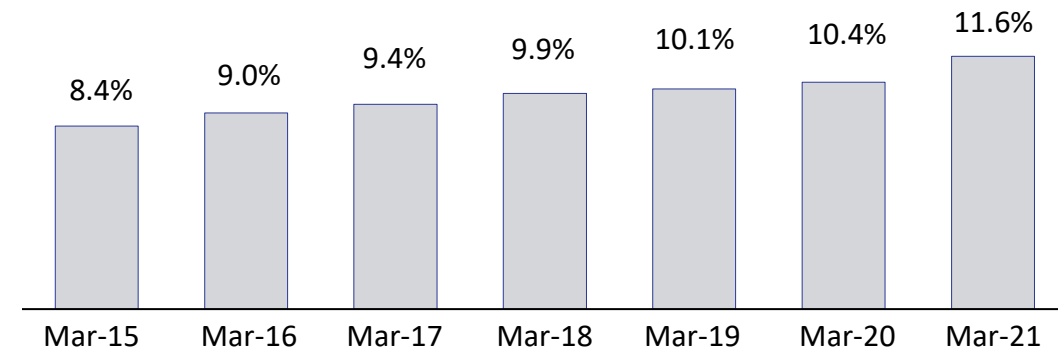
Market Size (as on Mar-21)	₹ 22.8 Trn	
YoY Growth (as on Mar-21)	+7% Banks - 9%, HFCs & NBFCs - 3%	
Market Share (as on Mar-21)	Banks - 67%	HFCs & NBFCs - 33%

Credit Growth Outlook for HFCs FY22 ~ 8-10%	Affordable HFCs YoY Growth (as on Mar-21) 9%	Affordable segment expected to grow at faster pace than overall industry
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Housing Market (₹ Trn)



Mortgage Penetration (%)



Measures from Government and Regulator



Continued Pause in Policy Rate

RBI's MPC voted unanimously to maintain status-quo (repo rate @ 4%) even in the October meeting and continued with its accommodative stance for as long as necessary to revive growth on a durable & sustainable basis.



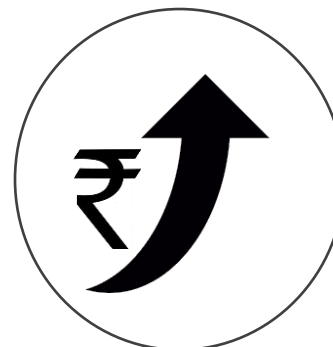
Resolution Framework 2.0

Lending institutions can restructure borrowers having aggregate exposure up to Rs. 500Mn who were classified as Standard as on 31st March 2021 & who didn't avail resolution under Framework 1.0 last year. Restructuring may be invoked up to 30th September 2021 & needs to be implemented within 90 days from invocation.



Additional Refinance for HFCs

NHB has been extended a special liquidity facility of Rs. 1,00,000 Mn for one more year to provide additional support to housing finance companies. Accordingly, NHB has launched special refinance facility of equivalent amount for the housing finance companies to help maintain a steady growth in the sector.



Extension of date & expansion of coverage under ECLGS

Government has extended the scheme till 31st March 2022 or till guarantees for an amount up to Rs. 4.5 Tn are issued, whichever is earlier while permitting the disbursements up to 30th June 2022. The scheme has also modified the conditions on borrowing limit caps & cut-off dates to provide additional credit support for new as well as existing beneficiaries.

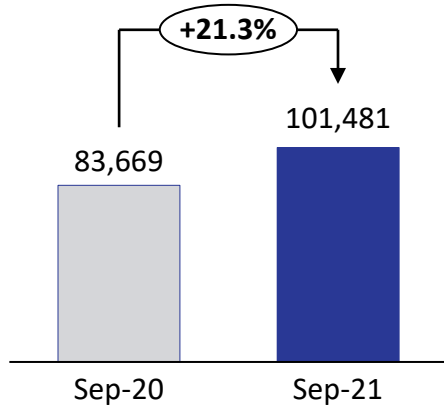


Financial Performance

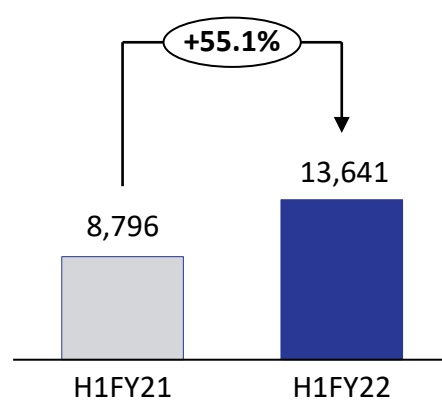
- ✓ Key Business Parameters
- ✓ Geographical Distribution
- ✓ Spreads and Margins
- ✓ Asset Quality
- ✓ Liability Franchise
- ✓ Key Ratios

Performance Highlights

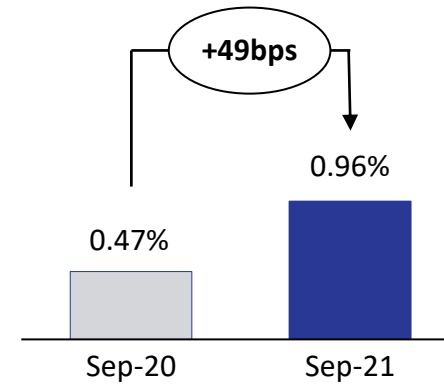
AUM (₹ Mn)



Disbursement (₹ Mn)



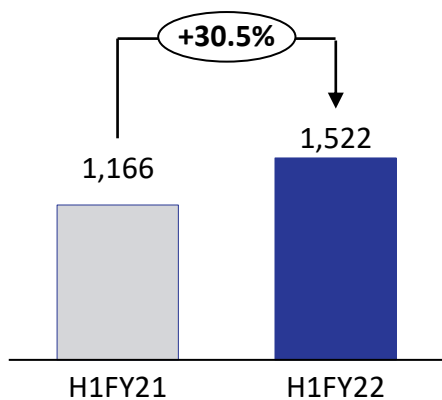
Gross Stage 3 (%)



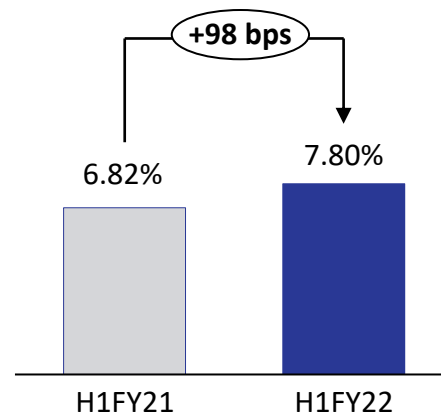
Average Amount[^] per Active Loan Account as on Sep-21

₹ 0.85 Mn

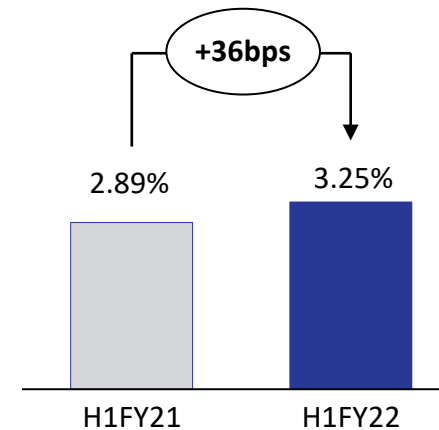
PAT* (₹ Mn)



NIM (%)



ROA (%)

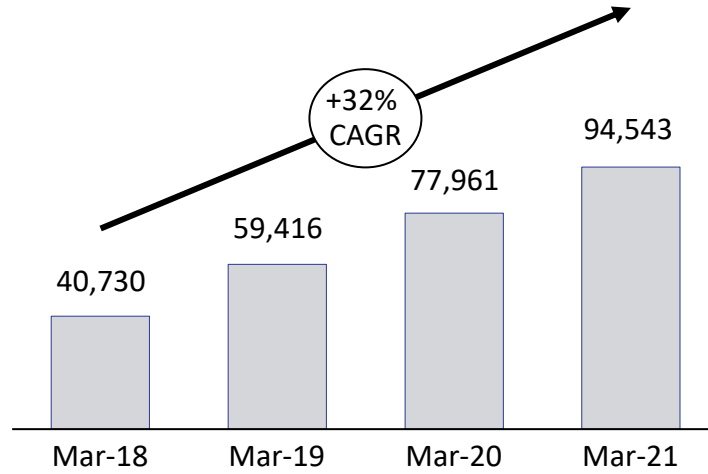


Average Amount[^] per Disbursed Loan Account in H1FY22

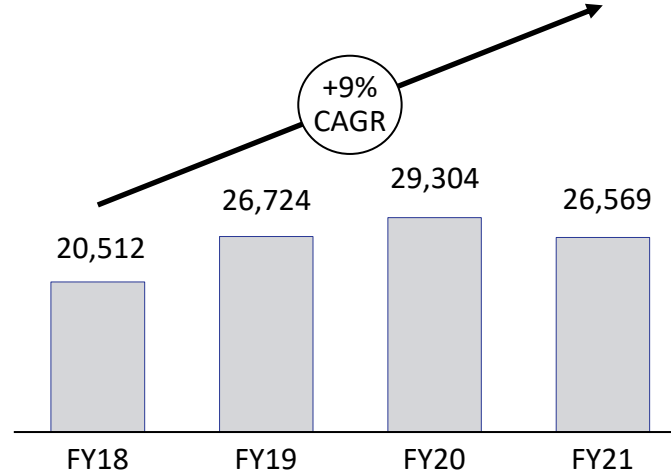
₹ 0.94 Mn

Healthy Business Growth

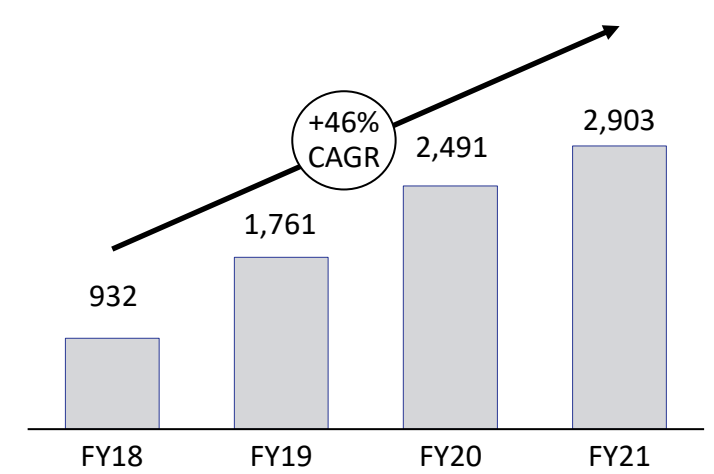
AUM (₹ Mn)



Disbursements (₹ Mn)



PAT* (₹ Mn)



AUM Break-up

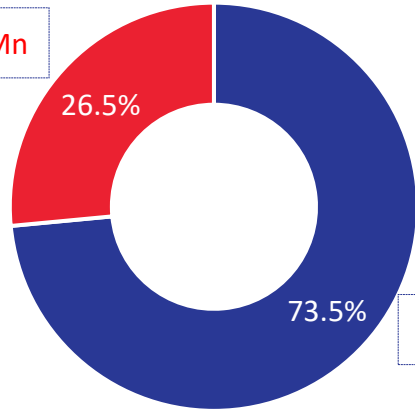
Product Category

Occupation Category

Customer Category

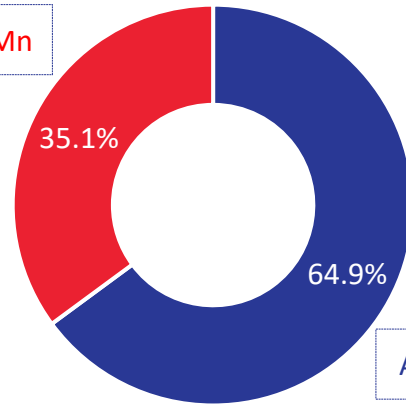
30-Sep-20

ATS : ₹ 0.66 Mn



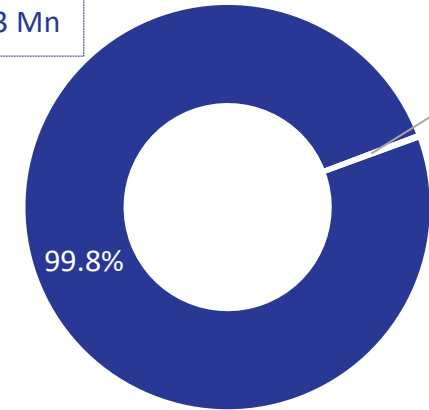
ATS : ₹ 0.92 Mn

ATS : ₹ 0.87 Mn



ATS : ₹ 0.82 Mn

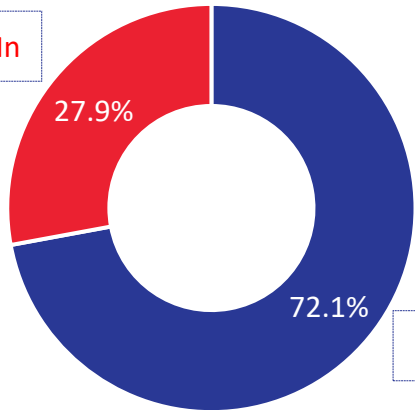
ATS : ₹ 0.83 Mn



ATS : ₹ 6.77 Mn

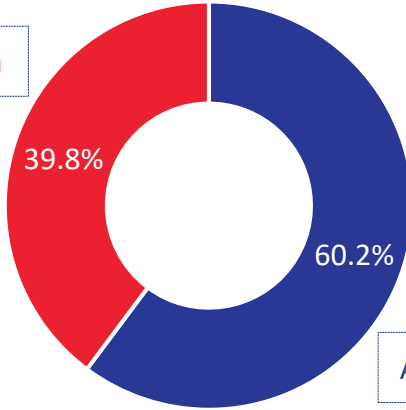
30-Sep-21

ATS : ₹ 0.69 Mn



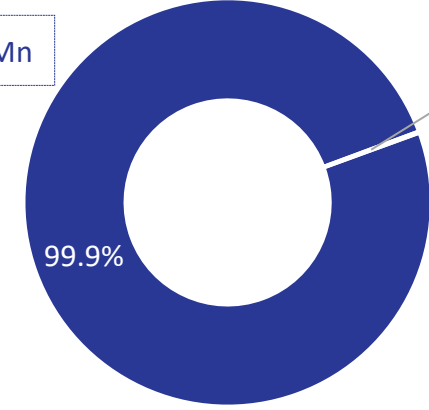
ATS : ₹ 0.93 Mn

ATS : ₹ 0.88 Mn



ATS : ₹ 0.83 Mn

ATS : ₹ 0.85 Mn



ATS : ₹ 6.70 Mn

Home Loan Other Mortgage Loan

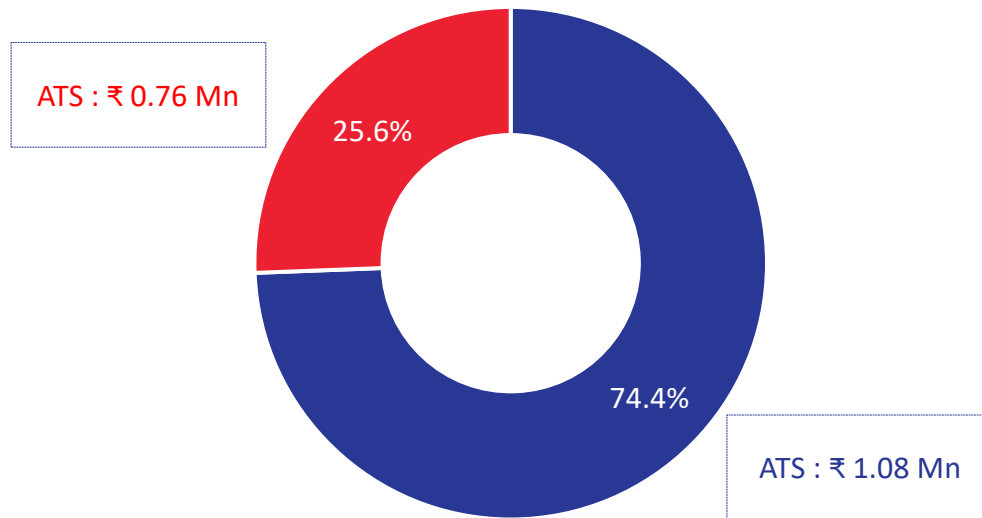
Self-Employed Salaried

Retail Corporate

ATS : Average Amount (at the time of Sanction) per Active Loan Account

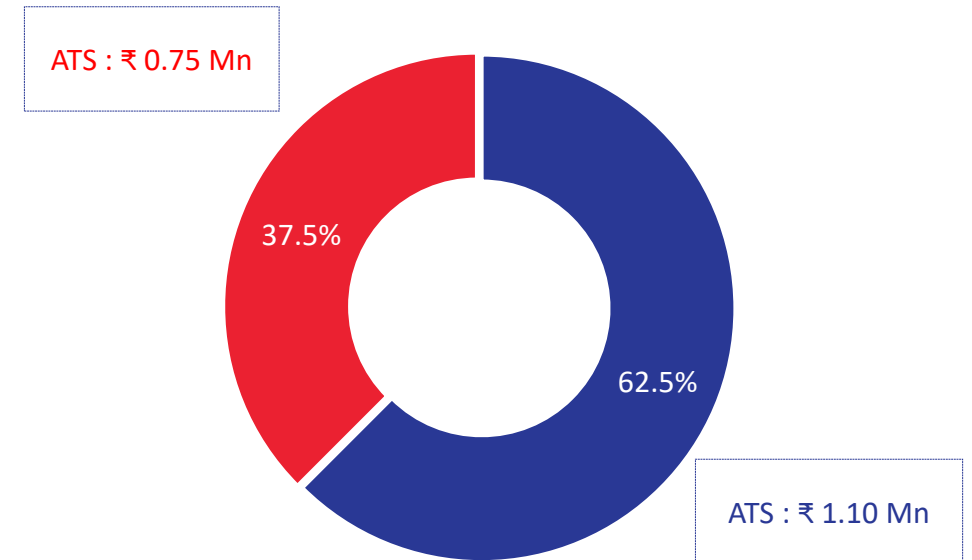
Disbursement Break-up – Product Category

H1 FY21



Disbursement include 5.7% of MSME Loans classified under Other Mortgage Loans

H1 FY22



Disbursement include 12.6% of MSME Loans classified under Other Mortgage Loans

■ Home Loan ■ Other Mortgage Loan

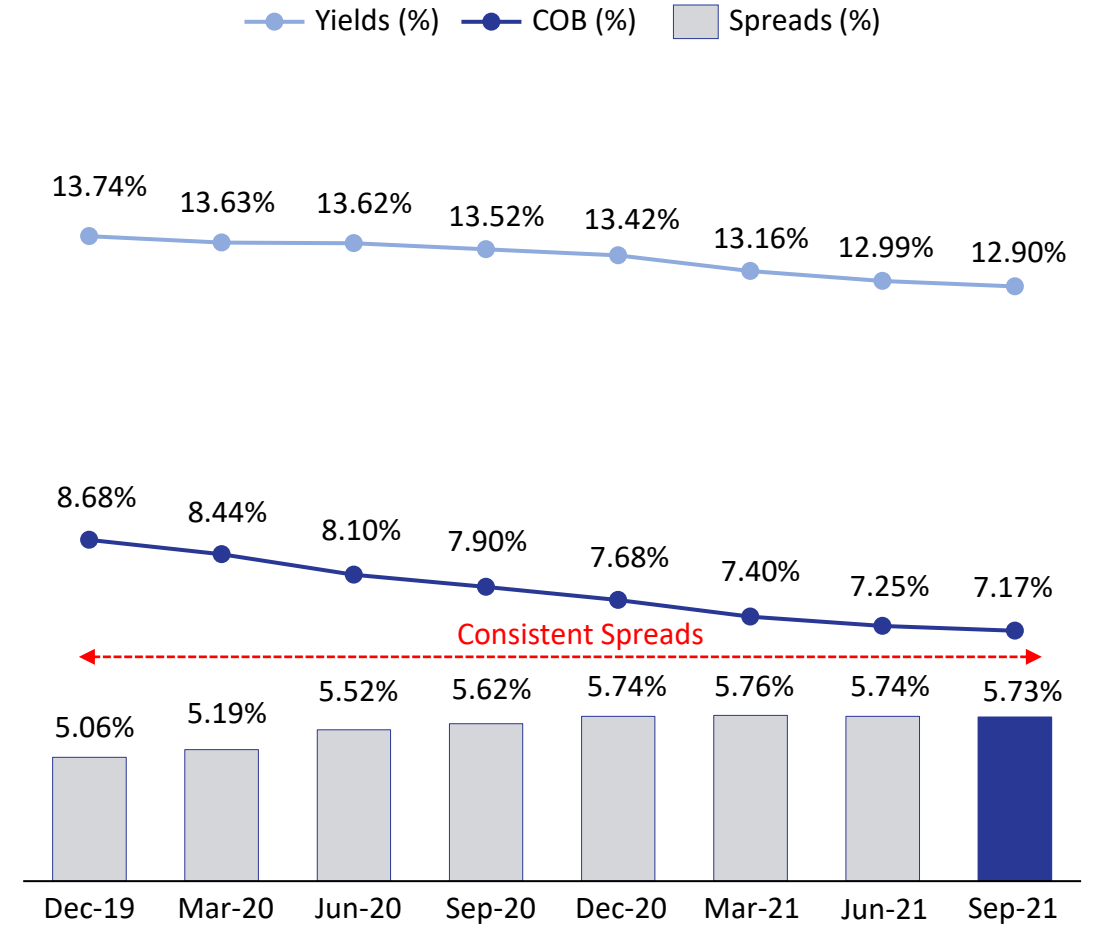
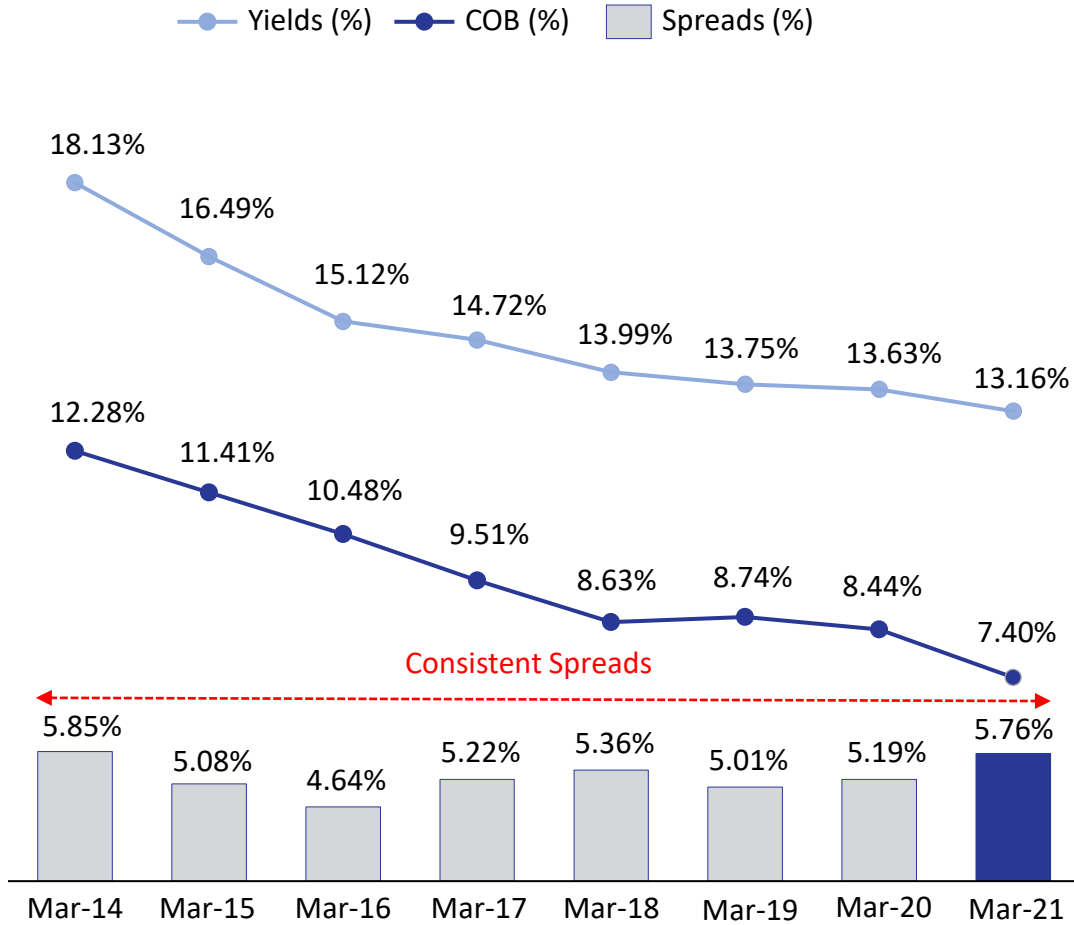
ATS : Average Amount (at the time of Sanction) per Disbursed Loan Account

Geographical Distribution

State	Branches	Operations Commenced in
Rajasthan	96	2012
Maharashtra	44	2012
Gujarat	40	2012
Madhya Pradesh	40	2013
Delhi	6 [^]	2013
Haryana & Punjab	16	2017
Chhattisgarh	7	2017
Uttar Pradesh	21	2018
Uttarakhand	9	2018
Himachal Pradesh	4	2020
Orissa	3	2021
Karnataka	11	2021
Total	297	

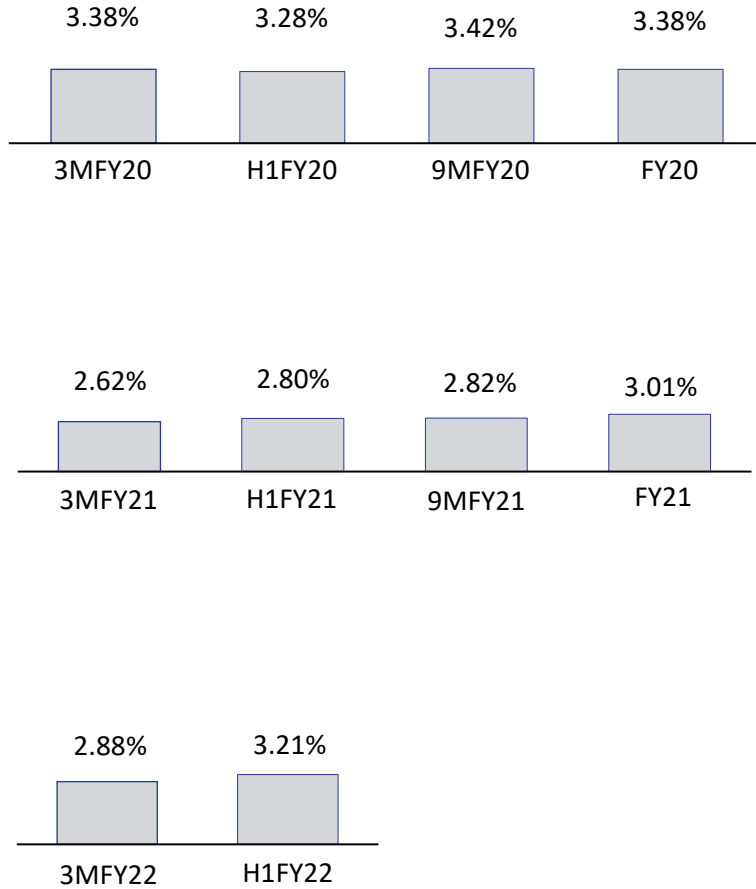
Consistent Spreads

Yields, Cost of Borrowings and Spreads (%)

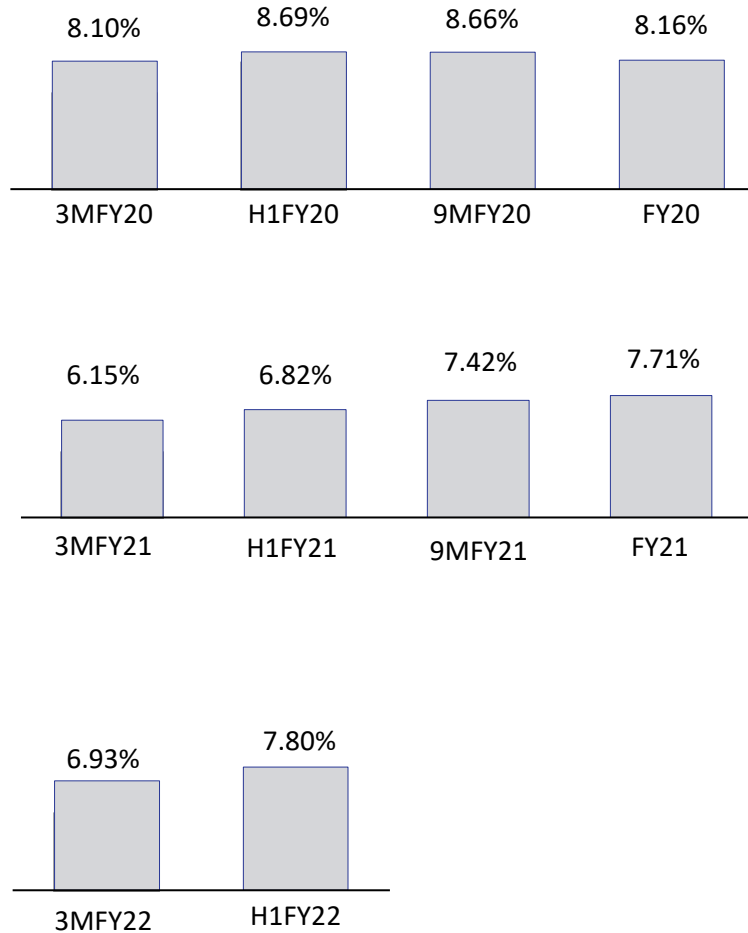


Margin and Cost Efficiency

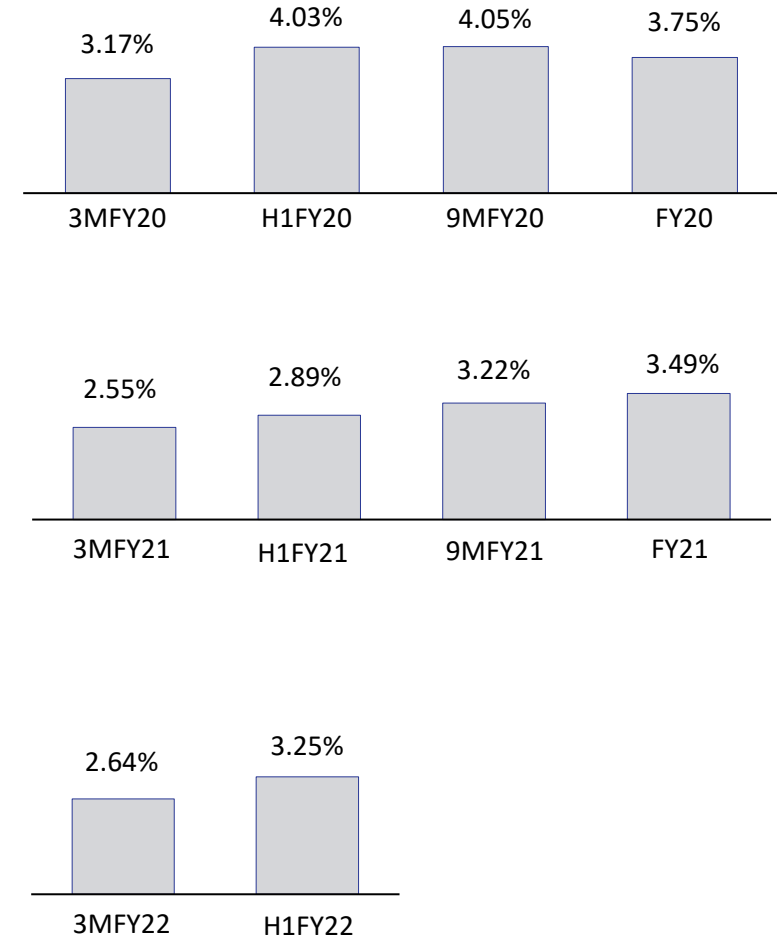
OpEx (%)



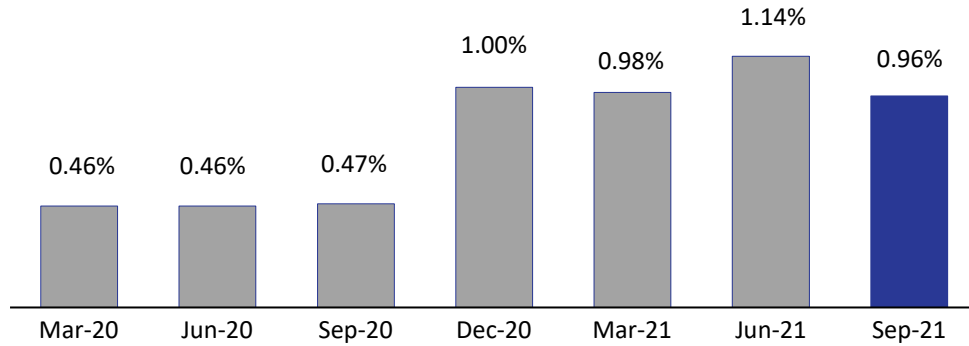
NIM (%)



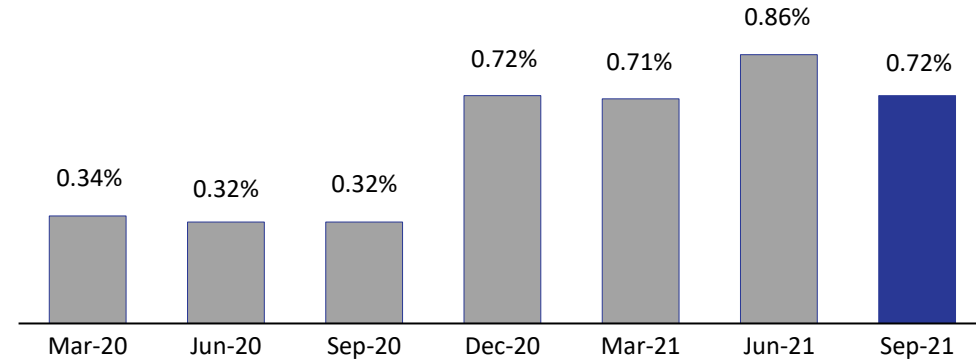
ROA (%)



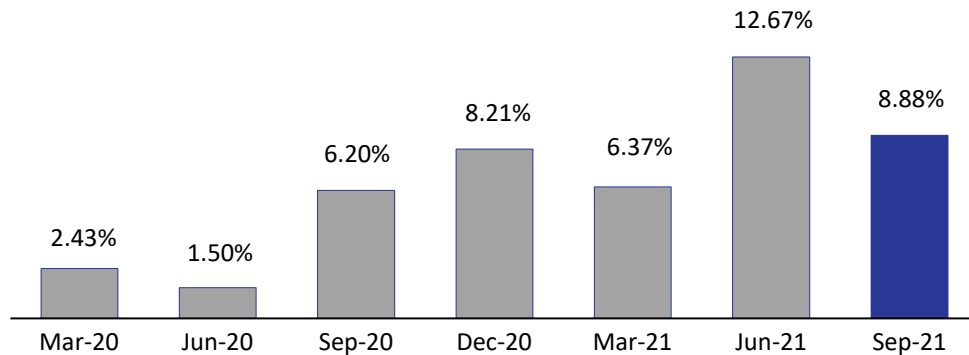
Gross Stage 3 (%)



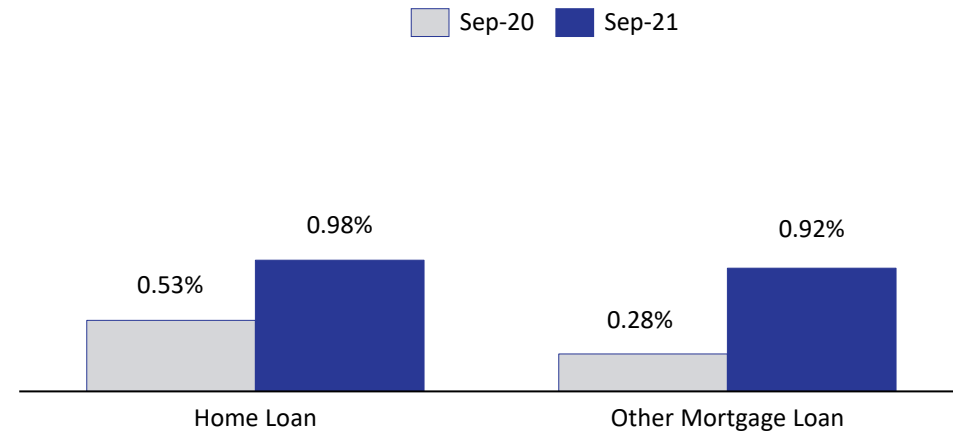
Net Stage 3 (%)



1+DPD (%)



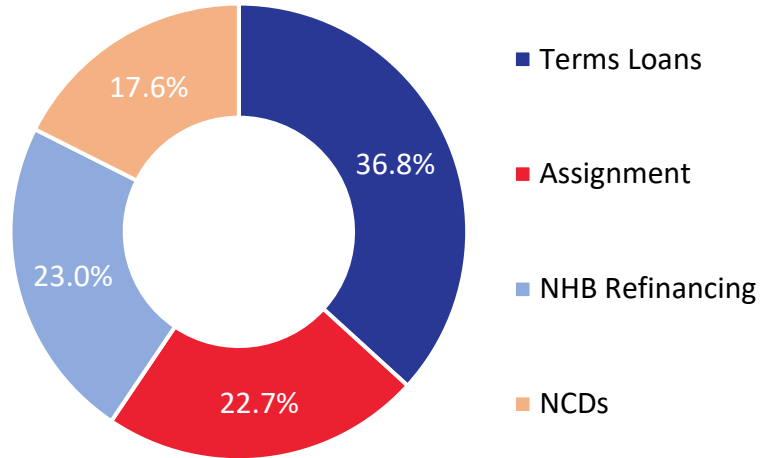
Segment-wise Gross Stage 3 (%)



Robust Liability Management

Diversified Funding Mix

As on Sep-21



29 Lenders
Diversified Mix

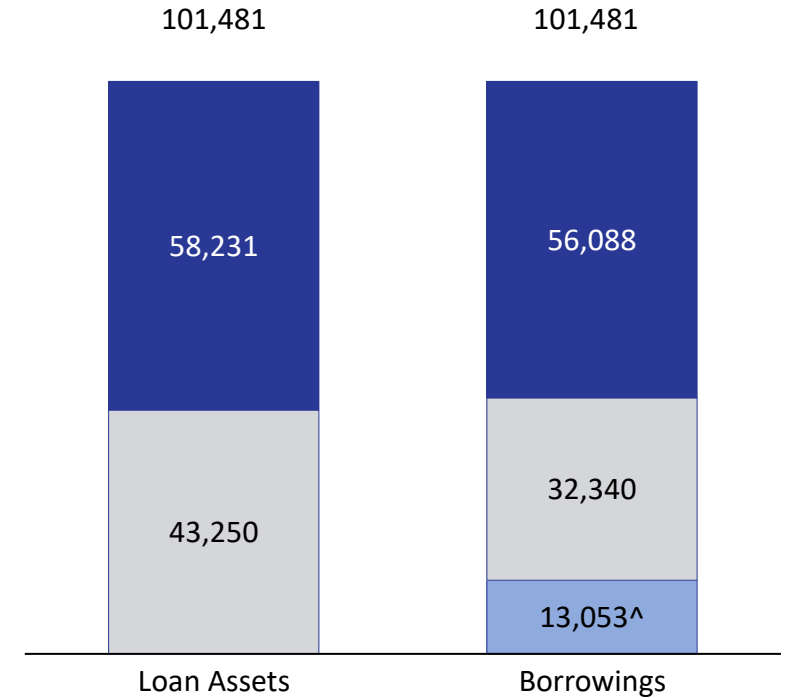
No exposure
to Commercial Papers

Incremental Q2 FY22 borrowings
₹ 8,899 Mn for 101 months at 6.48%

Loan Assets & Borrowings (₹ Mn)

As on Sep-21

■ Floating ■ Fixed ■ Equity



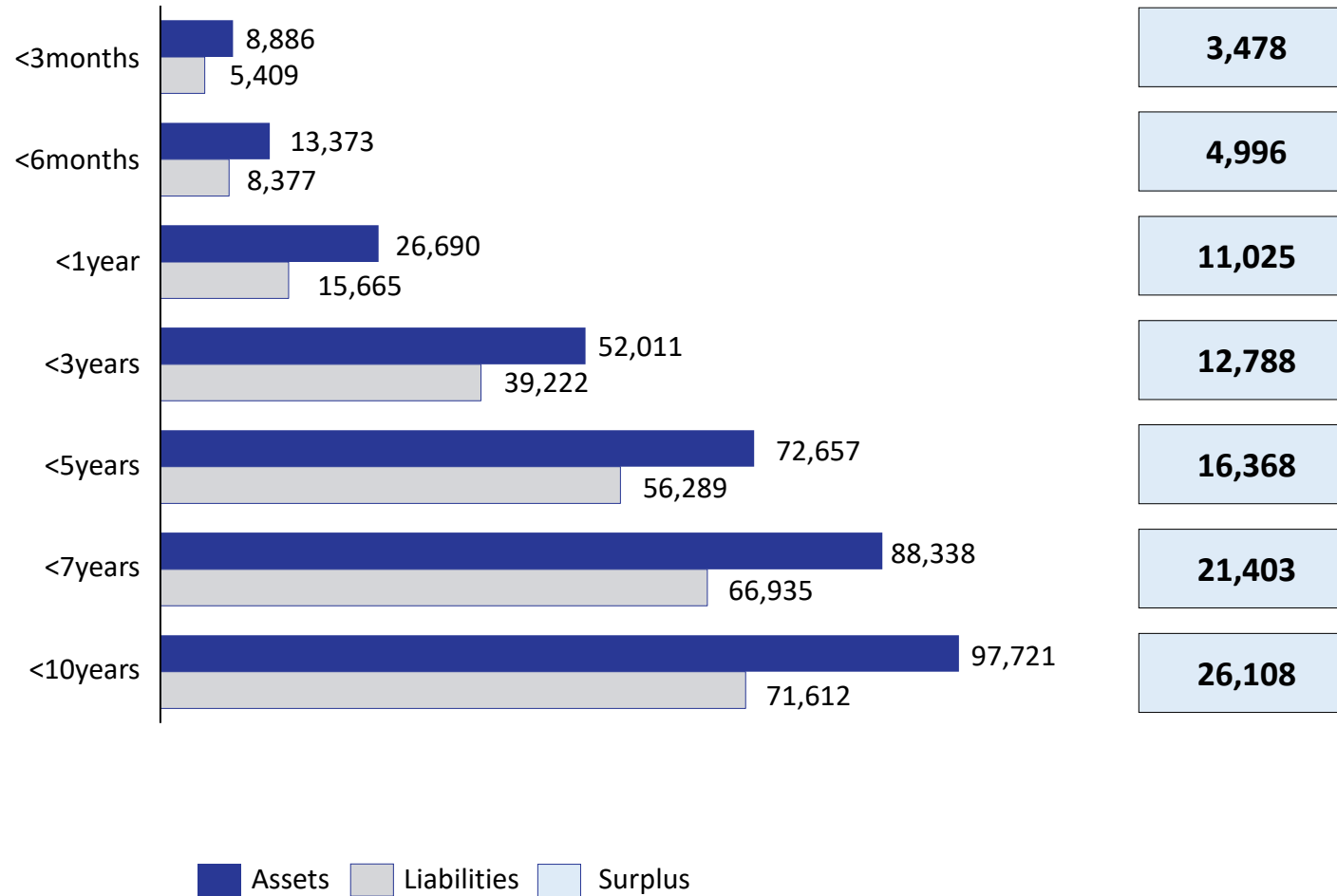
Payment Schedule of Debt Capital Market Exposure

NCD Investor	Exposure (₹ Mn)	Payment Schedule (₹ Mn)							
	30-Sep-21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	
IFC	4,750	-	1,300	-	3,450	-	-	-	
ADB	4,444	341.8	683.7	683.7	683.7	683.7	683.7	683.7	
Domestic Bank	3,100	1,600	200	950	200	150	-	-	
CDC	2,000	-	500	500	500	500	-	-	
Mutual Fund	1,250	-	-	250	-	1,000	-	-	
Total (Mn)	15,544	1,941.8	2,683.7	2,383.7	4,833.7	2,333.7	683.7	683.7	

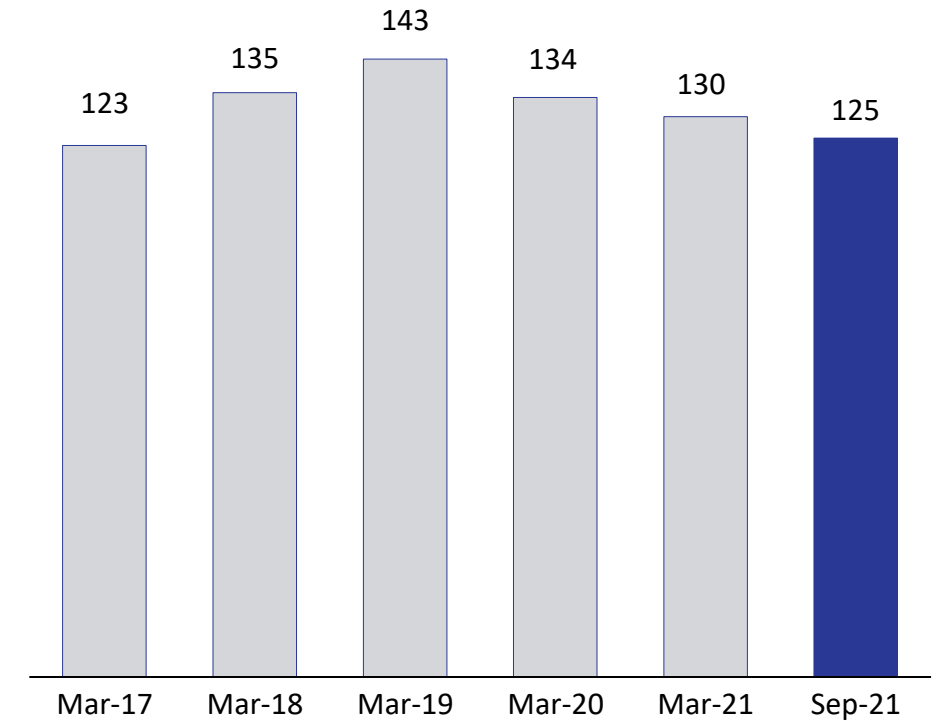
[^] gap between Loan Assets & Borrowings filled by a portion of Equity

Surplus Management* (₹ Mn)

As on Sep-21



Average tenor of outstanding borrowing (months)



* Data as per Ind-AS

Comfortable Liquidity Position

Particulars (₹ Mn)	As on Sep-21
Cash & Cash Equivalents	12,050
Un-availed CC Limits	1,190
Documented & Un-availed Sanctions from NHB	2,550
Documented & Un-availed Sanctions from other Banks	8,100
Total Liquidity Position	23,890

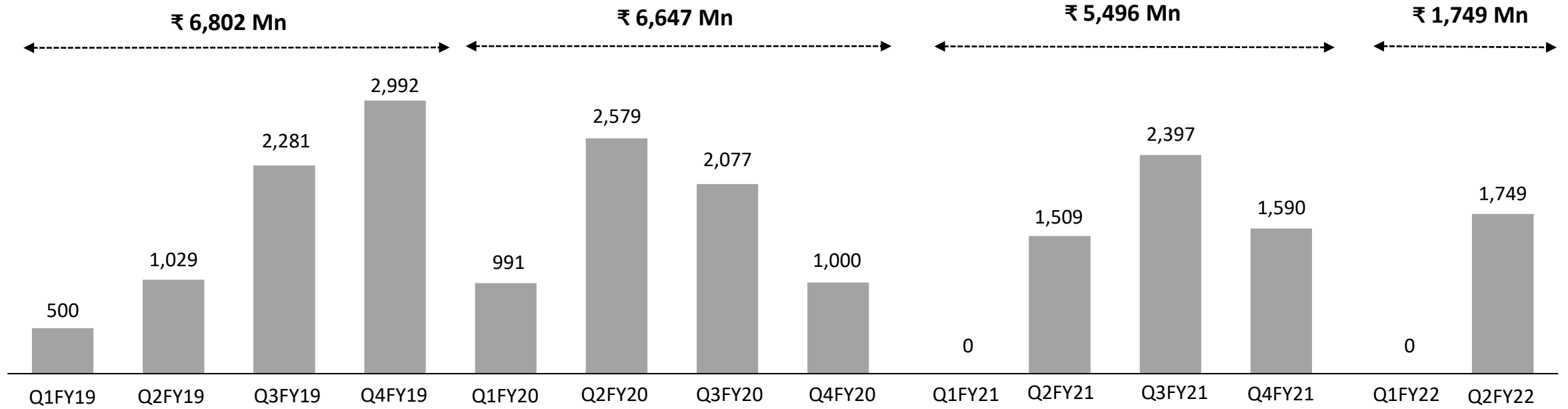
**High Quality
Liquidity of
₹ 15,790 Mn**

Particulars (₹ Mn)	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23
Opening Liquidity	23,890	24,640	25,956	25,318
Add: Principal Collections & Surplus from Operations	4,026	4,248	4,034	4,163
Less: Debt Repayments	3,276	2,931	4,673	2,526
Closing Liquidity	24,640	25,956	25,318	26,954

₹ 26,954 Mn of Surplus Funds* available for business

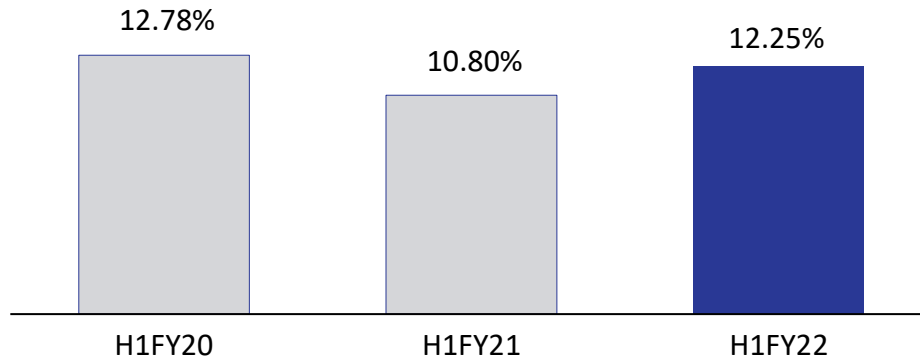
* without including any incremental sanctions

Net Securitization Volume

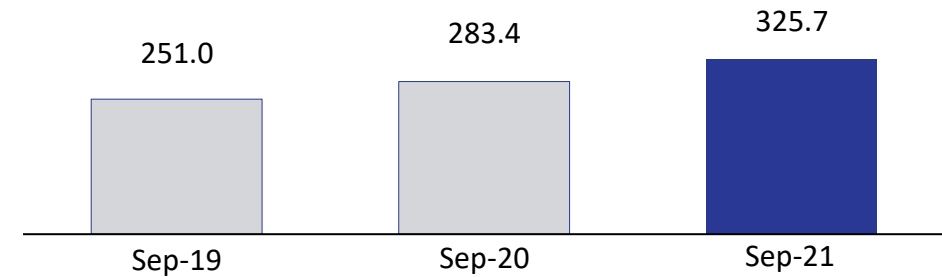


Key Financial Ratios

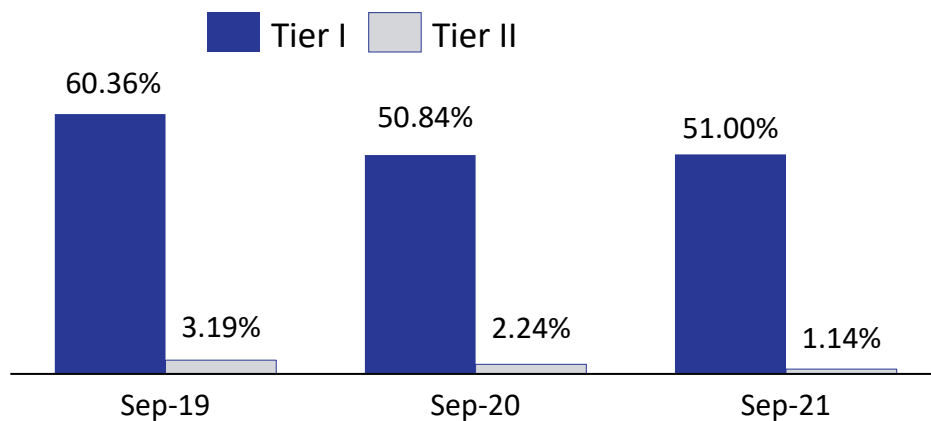
ROE (%)



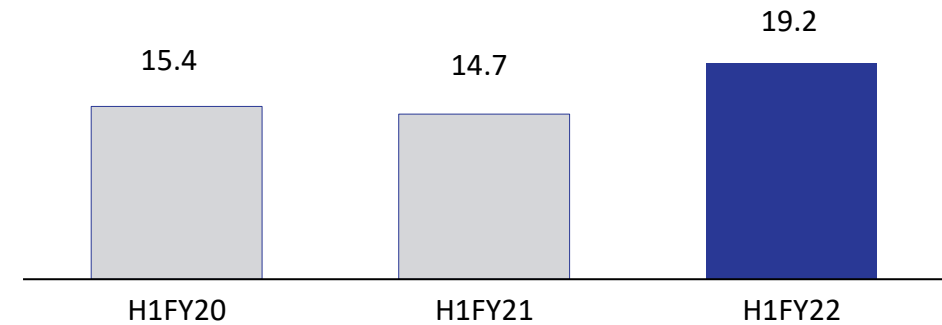
Book Value Per Share (₹)



Capital Adequacy Ratio (%)



Earning Per Share* (₹)



Data of Capital Adequacy Ratio is as per IGAAP for Sep-19 & Sep-20 and as per Ind-AS for Sep-21
Data of ROE, Book Value Per Share & Earning Per Share is as per Ind AS

* Diluted EPS



Annexures

- ✓ Quarterly and Half Yearly Profit & Loss Statement
- ✓ Balance Sheet
- ✓ PAT Reconciliation
- ✓ ECL Provisioning
- ✓ Networth Reconciliation

Quarterly Profit & Loss Statement

Particulars (₹ Mn)	Q2 FY22	Q2 FY21	Y-o-Y	Q1 FY22	Q-o-Q
Interest Income on Loans (incl. Processing Fee)	2,826.6	2,391.8	18.2%	2,668.1	5.9%
Interest Income on Fixed Deposits	144.4	201.7		142.1	
Reversal Income on Earlier Assigned Loans	(183.9)	(163.3)		(179.8)	
Upfronting Income on Fresh Assigned Loans	330.9	184.4		-	
Non-Interest Income	136.6	89.4		89.5	
Interest Expense (incl. Finance Charges)	(1,175.9)	(1,161.2)	1.3%	(1,147.7)	2.5%
NIM	2,078.7	1,542.9	34.7%	1,572.2	32.2%
Operating Expenses	848.0	616.2		653.0	
Credit Costs	47.5	80.6		170.1	
Profit Before Tax	1,183.3	846.1	39.9%	749.2	57.9%
Provision for Taxation	262.0	184.2		150.3	
Profit After Tax	921.2	661.9	39.2%	598.9	53.8%
Total Comprehensive Income	923.4	665.5	38.8%	598.9	54.2%
EPS (Diluted)	11.6	8.4		7.6	

Half Yearly Profit & Loss Statement

Particulars (₹ Mn)	H1 FY22	H1 FY21	Y-o-Y
Interest Income on Loans (incl. Processing Fee)	5,494.7	4,642.7	18.4%
Interest Income on Fixed Deposits	286.4	391.8	
Reversal Income on Earlier Assigned Loans	(363.6)	(317.8)	
Upfronting Income on Fresh Assigned Loans	330.9	184.4	
Non-Interest Income	226.1	138.8	
Interest Expense (incl. Finance Charges)	(2,323.6)	(2,291.7)	1.4%
NIM	3,650.9	2,748.3	32.8%
Operating Expenses	1,500.9	1,129.8	
Credit Costs	217.5	140.1	
Profit Before Tax	1,932.5	1,478.3	30.7%
Provision for Taxation	412.3	315.7	
Profit After Tax	1,520.2	1,162.6	30.8%
Total Comprehensive Income	1,522.3	1,166.3	30.5%
EPS (Diluted)	19.2	14.7	

Balance Sheet

Particulars (₹ Mn)	30-Sep-21	31-Mar-21
Sources of Funds		
Share Capital	789.1	785.0
Reserves & Surplus	24,911.3	23,229.0
Borrowings	69,055.0	63,454.2
Deferred Tax Liability (Net)	210.0	285.2
Other Liabilities & Provisions	2,547.5	1,847.0
Total	97,512.9	89,600.5
Application of Funds		
Loan Assets	82,074.9	75,232.9
Investments	45.0	45.0
Fixed Assets	291.1	289.3
Liquid Assets	12,177.6	11,209.6
Other Assets	2,924.2	2,823.7
Total	97,512.9	89,600.5

PAT Reconciliation

Particulars (₹ Mn)	H1 FY22	H1 FY21	Y-o-Y	Q2 FY22	Q2 FY21	Y-o-Y
Net Profit as per IGAAP	1,547.9	1,270.4	21.8%	834.9	669.2	24.8%
<u>Add / (Less) : Adjustments as per IndAS on account of:</u>						
Adoption of effective interest rate (EIR) for amortisation of Income and expenses - financial assets at amortised cost / net interest on credit impaired loans	(19.0)	(18.9)		(27.3)	(28.6)	
Fair valuation of employee stock options (ESOP)	(66.5)	(48.9)		(49.6)	(24.1)	
Adoption of effective interest rate (EIR) for amortisation of expenses - financial liabilities at amortised cost	(11.5)	(10.3)		(2.5)	(1.5)	
Net gain from excess interest spread on assignment transactions	(32.7)	(133.4)		147.1	21.1	
Expected Credit Loss (ECL) provision	(10.3)	(16.9)		(0.9)	(13.4)	
Other Adjustments	(8.1)	1.5		(5.0)	(5.3)	
Deferred Tax impact on above adjustments and reversal of DTL on special reserve	120.3	119.2		24.5	44.4	
Net Profit Before Other Comprehensive Income as per IndAS	1,520.2	1,162.6	30.8%	921.3	661.9	39.2%
Other Comprehensive Income after Tax	2.2	3.6		2.2	3.6	
Total Comprehensive Income as per IndAS	1,522.3	1,166.3	30.5%	923.4	665.5	38.8%

ECL Provisions

Particulars (₹ Mn)	30-Sep-21	31-Mar-21	30-Sep-20
Gross Stage 3	795.1	739.1	312.7
% portfolio in Stage 3	0.96%	0.98%	0.47%
ECL Provision Stage 3	206.6	201.4	101.2
Net Stage 3	588.5	537.8	211.6
Coverage Ratio % Stage 3	25.98%	27.25%	32.36%
Gross Stage 1 & 2	81,980.4	74,989.5	66,901.3
% portfolio in Stage 1 & 2	99.04%	99.02%	99.53%
ECL Provision Stage 1 & 2	494.0	294.4	239.4
Net Stage 1 & 2	81,486.4	74,695.1	66,661.9
ECL Provision % Stage 1 & 2	0.60%	0.39%	0.36%
Gross Stage 1, 2 & 3	82,775.5	75,728.7	67,214.0
ECL Provision Stage 1, 2 & 3	700.5	495.8	340.6
Total ECL Provision %	0.85%	0.65%	0.51%

During H1 FY22, resolution plan has been implemented for certain borrower accounts as per RBI's Resolution Framework 2.0 dated 05-May-21. As a matter of prudence, outstanding amount of such accounts of ₹ 1,482.6 Mn has been classified as Stage 2 and a provision of ₹ 201.7 Mn has been created on such accounts as per the guidelines.

The additional provision for COVID-19 impact remains at ₹ 148.2 Mn as of 30-Sep-21. The total provision for COVID-19 impact (including that for Resolution Framework 2.0) stands at ₹ 349.9 Mn as of 30-Sep-21.

Networth Reconciliation

Particulars (₹ Mn)	30-Sep-21
Net worth as per previous GAAP	24,116.3
Adjustments increasing/(decreasing) net worth as reported under previous GAAP:	
Adoption of EIR for amortisation of Income and expenses - financial assets at amortised cost / net interest on credit impaired loans	(427.8)
Adoption of EIR for amortisation of expenses - financial liabilities at amortised cost	113.3
Net gain from excess interest spread on assignment transactions	1,789.1
Expected Credit Loss (ECL)	(67.4)
Other Adjustments	(52.4)
Deferred Tax impact on above adjustments and reversal of DTL on special reserve	229.4
Net worth as per Ind AS	25,700.4



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Thank You !