



“Aavas Financiers Limited 12th Annual General Meeting Through Video Conferencing”

July 21, 2022



MANAGEMENT:

MR. SANDEEP TANDON – CHAIRPERSON & INDEPENDENT DIRECTOR

MR. SUSHIL KUMAR AGARWAL – MANAGING DIRECTOR AND CEO

MRS. KALPANA IYER – INDEPENDENT DIRECTOR AND CHAIRPERSON OF THE AUDIT COMMITTEE

MRS. SOUMYA RAJAN – INDEPENDENT DIRECTOR AND CHAIRPERSON OF THE NOMINATION AND REMUNERATION COMMITTEE

MR. K. R. KAMATH – NOMINEE DIRECTOR

MR. VIVEK VIG – NOMINEE DIRECTOR

MR. VISHAL SHARMA – PROMOTER, NOMINEE DIRECTOR

MR. KARTIKEYA KAJI – PROMOTER NOMINEE DIRECTOR AND CHAIRPERSON OF THE CSR COMMITTEE

MR. GHANSHYAM RAWAT – CFO

MR. SHARAD PATHAK – COMPANY SECRETARY AND COMPLIANCE OFFICER

MR. MUKUL RATHI – DIRECTOR PARTNERS, M/S WALKER CHANDIOK & Co LLP

MR. SHASHIKANT TIWARI – PARTNERS, CHANDRASEKARAN & ASSOCIATES

- Moderator:** Dear shareholders good afternoon and a warm welcome to all of you to the 12th Annual General Meeting of Aavas Finances Limited for the financial year 2021-22 through video conferencing and other audio-visual means. As a reminder, for the smooth conduct of the meeting the shareholders will be on mute mode and audio and video will be open when we will speak at the AGM as per the pre-registration. Now Mr. Sharad Pathak – Company Secretary and Compliance Officer of the Company would continue with the proceedings of the Annual General Meeting.
- Sharad Pathak:** Thank you good afternoon everyone myself Sharad Pathak – Company Secretary and Compliance Officer of your Company. Welcome you all to the 12th Annual General Meeting of the Company for the financial year 2021-22.
- As per the relaxation provided by Ministry of Corporate Affairs and SEBI through various circulars this meeting is being held through video conferencing facility. Before we start the proceedings of this meeting I would like to inform that Mr. Manas Tandon – Promoter Nominee Director of the Company is not attending this meeting due to his preoccupation.
- Now I request all the board members to kindly introduce themselves.
- Sandeep Tandon:** This is Sandeep Tandon good afternoon everybody I chairperson, independent director of the Company and chairperson of the stakeholders relationship committee. I am attending this meeting from Mumbai. Thank you.
- Sushil Kumar Agarwal:** Good afternoon everyone I am Sushil Kumar Agarwal – Managing Director and CEO of the Company. I am attending this meeting from Jaipur our head office.
- 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 everyone I am K. R. Kamath – Nominee Director attending this meeting from Bangalore. Thank you.
- Vivek Vig:** Good afternoon this is Vivek Vig – Nominee Director 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.

Kartikeya Dhruv Kaji: Good afternoon everybody. My name is Kartikeya Dhruv Kaji – Promoter Nominee Director and Chairperson of the CSR Committee. I am attending this meeting from Mumbai. Thank you.

Sharad Pathak: Thank you sir. We also have our Chief Financial Officer – Ghanshyam Rawat ji.

Ghanshyam Rawat: Yes good afternoon everyone I am Ghanshyam Rawat Chief Financial Officer of the Company. I am attending the meeting from Jaipur corporate office.

Sharad Pathak: Thank you all. Thank you holders for this meeting we also have our statutory auditor Mr. Mukul Rathi – Director Partners, M/s Walker Chandok & Co LLP and a scrutinizer and the Secretarial Auditor of this meeting. The scrutinizer for this meeting Mr. Shashikant Tiwari – Partners, Chandrasekaran & Associates.

Dear shareholders, in term of the article of association of the Company Mr. Sandeep Tandon Chairperson of the Company will be presiding as a chairperson of this meeting. Now I request Mr. Sandeep Tandon – Chairperson to grant the permission to carry the proceeding of this meeting.

Sandeep Tandon: Permission granted.

Sharad Pathak: Thank you sir. With the permission of the Chairperson, I confirm the presence of requisite quorum through video conferencing to conduct the proceeding of the meeting. As per the circular issued by MCA and as per Section 103 of the Companies Act 2013, the participation of shareholder through video conferencing is being identified for the purpose of quorum. As the requisite quorum is present hence with the permission of Chairperson I call the meeting to order.

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 served basis. The register of Directors and KMP, the register of contracts and arrangements and Secretarial 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 the AGM is being held through video conferencing mode, the facility for appointment of proxies by the members is not applicable. The shareholders who have registered themselves as a speaker shareholder till July 15th 2022 will be allowed to express their views and ask questions during the Q&A session.

I would like to inform you that our Company has provided its shareholders with the facility to cast their vote electronically through remote e-voting facility provided by NSDL on all the resolutions as sent out in the Annual General Meeting notice. The e-voting facility started from July 16, 2022, at 9 am and was ended on July 20, 2022, at 5 pm. Further, the members who have not casted their vote yet and 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. Shareholders can click on e-voting tab on the video conferencing screen to avail this feature. The scrutinizer will scrutinize the vote casted through e-voting and to be casted at the AGM and will submit its report to the Chairperson and any other person authorized by him for declaring the result. Shareholder can post their questions on communicate section on the video conferencing page during the meeting. Shareholders 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 meeting. Now I request the chairperson Mr. Sandeep Tandon to commence the proceeding of this meeting.

Sandeep Tandon:

Thank you Sharad. Dear shareholders I warmly welcome each one of you to the twelfth annual general meeting of your Company. It's always a pleasure to connect with all of you, although virtually it's privileged 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 trust and support over the last decade has given us the confidence to push ourselves past challenges and complexities and to deliver consistent performance and value for you year-after-year.

It is appreciable that a Company is emerging stronger and healthier and is scaling new heights. Your Company has distinguished itself by creating a best-in-class Housing Finance Company under the professional management of Sushil Kumar Agarwal. He has more than 21 years of versatile experience in the areas of retail, finance, business development, financial management, administration and manpower management.

Our Board as a whole comprises individuals of respect and standing who provide a distinctive business direction. The Board as a whole believes that is well equipped to take the Company's growth journeys forward by adhering to the highest governance standards. I must emphasize the fact that the Board's contribution to this phenomenal growth has been immense. We at Aavas are the lender of choice for first time home owners. Like our vision statement says 'Sapne Apke Saath Hamara' we are focused on being a partner to that nation building journey. Aavas has always taken a proactive role in working with communities and people at the ground level.

We have embarked on a digital initiative which will transform the way Aavas works. Our digital goal is to enable ease of use for our customers making our processing cost the lowest in the industry and ensure that no one gets left behind in his or her journey to home ownership.

The Company's Annual Report for financial year ended March 31, 2022, 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.

I again thank everyone for being present here at the 12th AGM of your Company.

Now I'd request Mr. Sushil Kumar Agarwal MD and CEO to present the performance of the Company for the financial year 2021-22.

Sushil Kumar Agarwal: Thank you Sandeep. Dear shareholder,

Good afternoon to all shareholders that are joining in. Welcome to the 12th Annual General Meeting at the Aavas Finances Limited. Hope all of you and your family are safe and healthy.

It has been a very challenging yet enlightening journey of 11 years for Aavas in the business. As I reflect on the last 11 years, I am filled with a sense of satisfaction in the way Aavas has consistently delivered the strong result and achieved milestone countering the various challenges in its way.

At the outset, I must communicate that it is gratifying that our FY21-22 disbursements have surpassed the pre-COVID level. This spirit of outperformance has rippled across our operation.

The result is that we finished the year under the review with an encouraging momentum that enabled us to achieve 1,10,000 Mn asset under management. It would be an understatement to measure the year's growth only through the financial prism. The qualitative growth in terms of technological reboot, automation, robust capacity building will further enhance efficiency and resilience. The increasing customer base stands testimony of the fact that Aavas is the lender of choice for first term home owners and is gaining reputation of customer's preferred housing finance partner.

During the year under review the Company has been consistent in delivering its operating metrics with profit after tax growth of 23.1% on year-to-year basis. While maintaining growth of Stage-3 and net Stage-3 at 0.99% and 0.77% respectively and given the return on assets and return on equity of 3.6% and 13.7% respectively.

Key achievements during the year under review:

Certified as a 'Great Place to Work' during the year FY 2021-2022.

First 1st NBFC to list its Social Masala Bond of 3600 Mn on NSE-IFSC, GIFT City.

Head office certified with LEED-Gold Certification.

Awarded the FE-EY Best Bank 2020-21 Award under the NBFC Category.

Now I am coming to key parameters as of 31st March 2022:

Total number of live accounts stood at 1,50,837, 20% year-on-year growth. Total number of branches was 314, 34 new branches added in last 12 months. Permanent employee count of

5222, 20% year-on-year growth. Asset under management grew 20.1% is on year. 1,13,502 Mn as on 31st March 2022.

Product wise breakup home loans 72.1%, other mortgage loans 27.9%.

Occupation wise breakup salaried 40% customers, self-employed 60% customers.

Disbursement increased by 35.6% year-on-year to Rs.36,022 Mn on FY 21-22.

As on 31st March 2022 average borrowing cost of 6.88% against an average portfolio rate of 12.65% resulted into spread of 5.77%.

Borrowing:

Access to diversified and cost-effective long-term financing.

Strong relationship with development financial institutions and all large private and public sector banks in India.

Overall borrowing mix as on 31st March 2022 is 37.9% from term loans, 22.9% from assignments securitization, 21.5% from NHB and 17.7% from debt capital market.

Asset Quality and Provisioning:

One-day past due stood at 4.47% gross Stage-3 stood at 0.99%. Net Stage-3 stood 0.77% as on 31st March 2022. Gross Stage-3 0.99% includes 0.31% of up to DPD asset which has been categorized as the GNPA following RBI's notification dated 12 November 2021.

Total ECL provisioning including the COVID-19 impact as well as resolution framework 2.0 stood at Rs. 643.2 Mn as on 31st March 2022.

Profitability:

PAT increased by 23.1% year-on-year to 3,575 million for this financial year 2021-22. Return on assets was 3.6% and return on equity was 13.7% for FY21-22. As on 31st March 2022. we are well capitalized with a net worth of 28,086 million. Our book value per share stood at 355.8.

When we started 11 years ago, we seeded the ethos of compassionate service; we support our customers with the same spirit today. We provide services with a human touch; we make a difference to people's lives; we have evoked customer trust, emphasized by our 'Sapne Aapke, Saath Hamaara' slogan.

Looking ahead:

We do not expect FY 2022-23 to be easy. The economy, geo-political unrest, inflation, pandemic and climate change will continue to challenge businesses, Aavas included. In the past, we overcame these challenges successfully and I am optimistic that the future continues to be ours to shape if we persevere with integrity. We feel confident that with better utilization of man power, increase business from newer branches, and continuous use of technology and data analytics we will be able to support our growth while improving the operating efficiencies driving the shareholder's return.

Finally, I take this opportunity to thank our shareholders, customers, partners, industry colleagues, bankers, financial institutions, regulators, Aavas employees and their families for their sustained confidence in Aavas. I speak for the Board of Directors and myself that it is a privilege to be on this journey. Serving the community has been an intrinsic part of the Aavas philosophy. Being a social, responsible business organization, your company continue to push the bar higher by giving back to society in which it operates.

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

Sandeep Tandon:

Dear Shareholders,

The notice of AGM is already circulated through electronic mode. The statutory auditor's report on financial statements and secretarial audit report which are also circulated are unqualified in nature. Therefore, with the permission of shareholders the notice of the 12th AGM Board's report and the auditor's report has been taken as read.

We now take up the resolutions as set forth in the notice.

Following are other ordinary business to be transacted:

#1. Consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2022, together with the reports of the board of directors and the auditors thereon and the auditor's consolidated financial statements of the Company for the financial year ended March 31, 2022, together with the report of the auditor's thereon.

#2. To appoint a director in place of Mr. Ramchandra Kasargod Kamath who retires by rotation and being eligible offers himself for reappointment.

#3. To appoint a director in place of Mr. Manas Tandon who retires by rotation and being eligible offers himself for reappointment.

#4. To consider an approved remuneration of statutory auditors of the Company for the financial 22-23.

Moving further being interested in special business item:

#5. With the permission of all directors and members present I would request Mrs. Kalpana Iyer – Independent Director and Chairperson of the Audit Committee to chair item number five to be transacted. Kalpana over to you.

Kalpana Iyer: To reappoint Mr. Sandeep Tandon as an independent director of the Company with effect from July 27, 2022 . Thanks Sandeep.

Sandeep Tandon: Thank you Kalpana. Thank you Mr. Iyer for chairing the meeting for items.

Now I will resume the chair and proceed with transacting of the remaining items.

#6. To approve the 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 not exceeding 17,000 crores.

#7. To approve the creation of charges on assets of the Company under section 180(1)(a) of the Companies Act 2013 to secure borrowings to be made under section 180(1)(c) of the Companies Act 2013 not exceeding 17,000 crores.

#8. To approve issuance of non-convertible debentures in one or more tranches/ issuances on private placement basis not exceeding 6,000 crores.

#9. To approve equity stock option plan for employees 2022 known as ESOP 2022 of Aavas Financials Limited for 8,50,000 options.

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

Sharad Pathak: Now I request the operator to begin with question-and-answer session.

Moderator: Thank you. The Company provided its shareholder to register themselves as speaker to share the view and ask any question at this AGM but no request was received from any shareholder further if any shareholder decides to ask any question or provide any suggestion he or she may do so by clicking on section communicate appearing on the video conferencing page through text. Shareholders are requested to keep the 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 the question-and-answer session. Now I hand over to chairperson.

Sandeep Tandon: Thank you. Shareholders may note that the voting on the NSDL platform will continue to be available for the next 15 minutes after the conclusion of this meeting. Therefore, shareholders who have not casted their vote yet are requested to do so. The board of directors has appointed Mr. Shashikant Tiwari failing him Mr. Rupesh Agarwal – Practicing Company Secretary and

partners of M/s Chandrasekaran Associates as the scrutinizers to supervise the e-voting process in a fair and transparent manner and issue their report. Further I hereby authorize 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. 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 was my pleasure to virtually meet all of you today for 12th Annual General Meeting of your Company.

Your Company intends to make a decisive investment in a new technology platform. This platform will serve digitally assisted or non-digitally assisted customers from various omni-channels as the Company's backbone and other customer experience making it possible to scale the business manifold from the current level. Given this technology support, we expect to roll-out new branches and expand our customer base across new geographical markets; we intend to enhance people productivity in a substantial basis and strengthening our margins.

I would like to thank our employees, directors, auditors, regulators, authorities including NHB, RBI, SEBI and the debenture holders, bankers, lenders and rating agencies.

Stay safe and healthy. We look forward to seeing you in the next Annual General Meeting. Thank you.

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. Dear shareholders the time for e-voting has been completed and the Company is of the view that all shareholders who have participated in the annual general meeting have been given adequate time and opportunity to vote at the AGM and thus we hereby conclude the proceedings of the AGM. Thank you all for participating in the AGM and e-voting.