



Aavas Financiers Ltd – Investor & Analyst Day
24.05.2023

- **Host:**
- So, we can now start the event. Good evening, everyone. A very warm welcome to you all. We are very glad to see you all here and appreciate you for taking your time out to join us today. Before we begin the session, a small request, please put your mobile phones on silent mode. Welcome to the Investor and Analyst Meet of Aavas Financiers Limited. We also extend a warm welcome to all those who are joining us virtually. Today, we have with us Mr. Nishant Sharma- Promoter Nominee Director- Kedaara Capital, Mr. Manas Tandon- Promoter Nominee Director- Partners Group, Mr. Sachinder Bhinder- Managing Director & CEO, Mr. Ghanshyam Rawat- President and Chief Financial Officer, Mr. Ashutosh Atre - President and Chief Risk Officer along with the entire management team of Aavas.
- We will start with a formal address by the promoter directors, Nishant Sharma and Manas Tandon followed by an introduction from the MD & CEO. This will be followed by a presentation by respective teams that will talk about liability, underwriting, collections, culture, technology, analytics and share their views on how they are building Aavas. The presentation will be uploaded on the exchange after the meet. This will be followed by a Q&A session. I request you all to ask your questions towards the end of the presentation. If anyone wishes to ask a question, kindly raise your hand and we will provide you with the microphone.
- I now welcome on stage Mr. Nishant from Kedaara Capital and Mr. Manas from Partners Group to begin the presentation. Over to you.
- **Mr. Nishant Sharma- Promoter Nominee Director, Kedaara Capital:**
- Thank you. Good evening everyone. Thank you for joining us here today on behalf of the entire management team and all of us are grateful for making time to be here. I think we were chatting about this outside with some of us fondly remembering the time when we signed the deal to invest in Aavas and acquire Aavas, still remember the day, it was February 5th 2016 and then we closed the deal a few months later on June 23rd 2016 and we started this journey as partners. As promoters of Aavas for almost seven years, it's been really fascinating to see how the business has prospered, you know, under the guidance of the Board and the leadership team really putting in all the effort. We've grown. I remember still March 2016 we closed with INR 1,680 crores of AUM and about INR 30 crores odd PAT and this year we closed with about INR 14,000+ crores of AUM and over INR 400 crores of PAT. So, come a long way.

- **Mr. Manas Tandon- Promoter Nominee Director, Partners Group:**
- Thank you, Nishant. Given where corporate India is in its evolution, Nishant and I firmly believe that private equity, all of us in the industry have this unique opportunity and also an incredible obligation to our country to actually create institutions that outlive both of us certainly and any individual and we take that responsibility incredibly seriously. When we became part of Aavas, as Nishant says, in June of 2016 we'd actually backed four individuals at the time. We'd backed Ghanshyam, Ashutosh, Sushil and Ram at the time and we are incredibly grateful for their contributions.
- What's even more interesting is that four-member team has now expanded to 12 members under the guidance of an incredibly involved and capable Board and I would say that journey from 4 to 12, building out the Board, getting all of you as partners in that journey has just been a very, very gratifying experience for all of us.
- **Mr. Nishant Sharma- Promoter Nominee Director, Kedaara Capital:**
- I think, like Manas said, in addition to having a highly experienced and committed management team, we are really fortunate to have a deeply engaged Board and each of the Board members have been personally responsible for many of the management team members' being part of the Aavas journey today. Saumya, who chairs NRC and is independent Board member, she was involved in convincing Rajaram who's our Head of Strategy and Head of Data Science to join us and you will hear about Rajaram's background shortly but that's one example. Similarly, with Vivek and Mr. Kamath, they were instrumental in bringing Anshul on Board given the past history. Sandeep, our Chairman, given his passion for technology and his background obviously was instrumental in convincing Jijy to come on Board and lead our technology efforts and, obviously, most of you know it's very hard to recruit from Kotak but we didn't want to take no for an answer and we continued to persist with Sachinder and we finally got him on Board about 3.5 years ago. Having built a really large INR 40,000 crores book at Kotak he joined us to lead sort of the entire MSME business for us. But the stories don't end here.
- **Mr. Manas Tandon- Promoter Nominee Director, Partners Group:**
- Yeah. Absolutely, and look at the spirit of introducing our team here when we were looking for our Chief Business Officer, at the time we were working with Spencer Stuart, which is a very renowned recruiting firm and Spencer Stuart said 'Look, the best candidate in our shortlist is actually this guy Siddharth Srivastava but he's been with ICICI for 20 years. He's not going to leave ICICI to join Aavas' and Nishant and I basically said 'Look, let's just meet with Siddharth and leave it to us to convince him' and here he is. So, you'll hear from him shortly. There are stories about everyone.
- Surendra, I remember the day in Nishant's office when we first met, right, and I don't know if Venkatesh is here. I didn't see him but he is our Head of Internal Audit, then Ripudaman who joined us a couple of years ago from ICICI and India Bulls. You know, so there is a story about each and every person that you will meet today and Nishant and my job, frankly, today is really just to introduce you to the team and to let you hear from them directly.

- Rahul is here. I want to tell a small story about Rahul. We have this incredible Internal Talent Development Program where our younger team members actually get to go. As a Board and as a company we take talent development very seriously. Rahul went to IIM-Ahmedabad to do this course, came back, worked on this co-lending idea and now presented that idea to the Board. So, you'll hear some of that over the next couple of years on some of the stuff that we are doing as a team with some of our younger team members' inputs and so on and so forth.
- So, it's been an incredible privilege for all of you (the management team) to play a role in bringing this all together and really look forward to the journey ahead and what you are going to kind of take our shareholders through over the next couple of hours or so.
- **Mr. Nishant Sharma- Promoter Nominee Director, Kedaara Capital:**
- I think some of the values like ownership and entrepreneurial energy you will see in the team as you interact with them both on stage and offstage. We're hoping to make this an annual event so all of you in the investment community get an opportunity to interact with the management team and have a more closer sort of relationship to be able to ask questions on industry and company.
- Obviously, all of us will be around this afternoon post the session to answer any specific questions you may have about the future strategy and the vision of Aavas 3.0. and with that, thank you. Thanks for giving us the opportunity with your time and would like to invite our Managing Director and CEO Sachinder to take us from here. Thank you.
- **Mr. Manas Tandon- Promoter Nominee Director, Partners Group:**
- Thank you.
- **Mr. Sachinder Bhinder – Managing Director & Chief Executive Officer, Aavas Financiers Limited:**
- Good evening, ladies and gentlemen, friends and colleagues. Thank you for taking your time out to join us and a warm welcome in this lovely evening. I am Sachinder and as Nishant and Manas talked about 25 years plus of experience, worked with institutions like HDFC Limited, ICICI, and Kotak. My largest last stint was with Kotak for 16 years. Joined the Aavas family and I had been with the Aavas family for last 3.5 years.
- With immense pleasure, I am happy to introduce our senior leadership team and they will run past the presentation, you'll have an interaction on stage as well as off stage during the Q&A session and each of them being very specific, very unique individuals which really culminates into a right kind of collective balance, which is the essence of what Aavas is.
- Let me run you through the Aavas story. So, Aavas was incubated in 2011 as the proof of concept of affordable housing finance under AU's ownership with one CXO. In 2016, Aavas evolved under Kedaara Capital and Partners Group as one of the institutions

and went public in 2018 and the foundation was set and the model was perfected to really scale up under the ownership of private equity with the bench strength of CXOs; at that period of time it was around four. In 2023, we embarked upon a journey of Aavas 3.0 and it encompasses deep institutionalization with a focus on scale with sustainable quality and leveraging digital, technology, and analytics for quality growth and operating leverage and this will happen with a deep management strength of 10 plus CXOs. Now, the focus areas have continued and would be in the stacking order of Governance, Quality, Profitability and Growth.

- At governance, Aavas has always prided being 'governance first' and it is ably supported and backed by the Board which consists of industry veterans and industry experts. So, as Nishant and Manas highlighted about the contribution which is there and it's a very meaningful and very deep dive contribution of a very active Board, which helps us to really steer across this journey of institutionalization and we are very grateful to the Board who have the deep dive interest in the management and the day to day operations, which really helps us to scale up. So, for example, Sandeep Tandon had a very big role to really select the tech stack and what we are doing at this period of time and with industry experts of K.R. Kamath, Soumya Rajan, Vivek Vig and Kalpana Iyer. I think that helps us to really steer across in the right directions and help the management to put the ship in right direction.
- On asset quality, it's been a razor sharp focus to , to continue to be very strong on that metrics and, I think, that we've built over a period of the last 11 years and this metric has been stress tested under very severe several macro challenges over the last 11 years and our endeavor is to continue to build on this razor sharp quality metrics, which has been the asset quality and which has been the forefront of our firm. And, I think, as all of you would know and remember that we were the first one to go across and declare our 1+ and when we went declaring the 1+, I think, it was an internal debate that whether we should continue or we will have to continue that. But we took a call that once we have taken on quality, we will continue that and, I think, we continue that; a rigorous focus on asset quality.
- Next is our profitability and; I think, it makes sense to only do things which are profitable in nature and which really culminate with right kind of governance and right kind of quality.
- And with that comes growth. And if you look at the stacking order, we have governance, quality, profitability and growth. In growth, we would like to scale up sustainably with quality. Again, with our focus on unserved, underserved, unbanked, Tier 3 to Tier 5 towns and the hard to underwrite informal segment, assessment based segment using technology as one of the biggest levers. And, I think, technology has a very important role really to play in this growth.
- As you know whether it is a house or a building, it's very important to have a very sound foundation. Last 10-11 years gave a very strong foundation to the franchise to really metamorphize into an institution and this requires very strong pillars and pillars are such that they have to be joined so they can able to bear any of the shocks which might come across whether it is act of God or manmade. So, in this, the strong pillars are – Risk Management, Financial Capital, Human Capital and Technology.

- And when we say risk, we are in the business of risk underwriting, risk-adjusted returns and spotting those opportunities on risk where we are able to understand risk and underwrite risk in a way that has the right kind of inputs protecting the Balance Sheet and as Aavas, if you would notice, it has the strongest Balance Sheet with diversified liability base and a positive ALM. In the course of the last 11 years journey, Aavas has never done anything which was short-term, whether it was raising CPs for the short term, bump up in profit or doing anything which was creating those assets which were liability constraints or liabilities which were asset constraints. So, a very harmonious mix of asset liability as a balancing factor was really played out and that is the strength on which we will build Aavas 3.0 as a lasting institution and which has Manas and Nishant and as you will hear from our team, which has a footprint which goes beyond and outlives individuals.
- On technology, I think, in the age where we are, we would have embarked on a journey of technology transformation and would like those transformation projects to be completed and see the sustainable quality and operating leverage getting really delivered and which will help the franchise and institution to make it big with quality, even with sustainable scale. And for that, you have the vectors of growth. So, as you know, there are sectoral multi decadal tailwinds available in the industry and when you talk about the macro, it's a very strong macro which is available from the Tier 3 to Tier 5 towns, the kind of headroom which is available, which is the mortgage to GDP penetration with less than around 2%-2.5% and the middle class, which is aspirational in nature, which gives the right kind of input for us as far as the tailwinds are concerned and we would like to utilize with our ground level of granular experience in various markets and our core focus continues to be in the unserved, underserved, unbanked segments and wherein the core is self-construction individual home loan.
- So, our understanding is on cash flow based underwriting, the risk underwriting and our understanding of collaterals. So, we will build across a product suite which has customer as a fulcrum and his needs which is emanating from his home loan need, his personal need in the form of loan against property, his working capital needs which is in the form of micro MSME and his needs which are dependent on his lifecycle. So, we will leverage that across that and we've put in input and I have said we will talk about that in detail when it comes to the business and growth and distribution levers which we are really accelerating on.
- On the geographic presence, as we know that we are present across 346 branches, 13 States, 2500 Towns across the length and breadth of India. We would like to have those geographies where we have already there invested, have learned both from a granularity perspective, have seen the 1+DPD, have seen the GNPA, really to get into the deep geographies with the name where we find there is an opportunity with risk adjusted returns which matches the franchise's P&L. So, those geographies we would like to get in and go deeper.
- The second, where we've already invested in, we will accelerate those in a way where we have sufficient knowledge and sufficient data from our perspective. Now, this could vary based on our own understanding plus the regulatory framework which is much more supportive. So, we'll have integrated all of them to really push and accelerate in a way that is modular, granular, and sustainable with quality. As I again say, quality is supreme and not leaving across anything on the table, where we understand and the organization has agility in execution. So, we'll utilize that as one

of the major levers to really propel where we feel it is right and the segment is good enough to really help.

- In the entire journey, we are the ones who are really poised with the brick-and-mortar network and when we talk about technology, we have the best of the class of technology getting implemented and when we say technology, we want to be a bank-like technology and coming from a banking background, I think, the trust which a bank gives as far as implementation of technology, use of risk architecture, controlling those parameters, I think, it's about a supreme thing which will really help and integrating technology as a supplement really helping across in the sustainable quality, in the superior customer service and operating leverage and this will really help right from the part where you source the customer, you underwrite the customer, you actually have the personas of the customer on his predictability, of his behavior and his customer service. So, we've been in the phase of launching SFDC for the Loan Origination System, FlexCube for the Loan Management System and Oracle Fusion. So, what we envision is an end-to-end journey and on that run the AI/ML model which will help facilitate and complement the very fact of our strong expertise of understanding the informal segment, the unassessed segment across length and breadth of India.
- What would really help us is what we really call PHYGITAL and we talk about PHYGITAL, we have the best of the technology, helps in digitalization and digitization, and the part of brick and mortar. So, you are the best of the class covering across length and breadth of India and you'll have Jijy Oommen and Rajaram talk about that in detail in their individual presentations. I don't want to take away the entire dream of their thing and we will be really surprised and happy to see what form at this kind of stature is looking at and forward-looking things which are much, much integrated in NF platform which helps us to scale sustainably and with quality.
- What will all this lead to? This will all lead to value creation for all the stakeholders, the customers, employees, lenders, and shareholders, and on human capital as Nishant and Manas talked about. We curated programs that are tailor-made to the individual needs of India for upskilling, reskilling and really reorganizing the way people help to facilitate on real-life projects and implement that when it comes to the ground.
- I think, as a franchise, we are building Aavas 3.0 as a lasting institution that is backed on solid quality, on the bench strength, collective brilliance, marrying technology and the brick-and-mortar network, really being PHYGITAL in nature and make the best of the available opportunity which is there with all your support.
- Thanks for patient hearing. I'll have Ghanshyam Rawat, our President and CFO to take forward. Over to you, Ghanshyam.
- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited:**
- Thank you. Yeah, thank you, Sachinder. Thank you, Nishant ji, Manas ji. Good evening everyone. I'm taking one of the important chapter Financial Capital. You all know for Housing Finance Company financial capital is very important and as Nishant ji, Manas

ji mentioned Year 2016, so I'm just recalling that first meeting when they asked us 'What's our plan on refinancing or lending or borrowing? How will you do?'. So, simple one statement we talked on that day 'We need to build long-term, consistent, cost-efficient raw material chain'. Since this is a long-term business, we need a long-term financing for this purpose. So, from that we started the journey and year after year we built our Liability franchise and today with support of all of you we are able to reach a very good long term Liability franchise.

- I will detail out something in the next 2-3 slides. We are today very strong relationship, very deep relationships with all PSU banks - State Bank of India, Bank of Baroda, Punjab National Bank, Union Bank, and Central Bank. I think every year we get a repetitive sanction from them. Some of the banks in the last 10 years given more than 10 sanctions basically; every year we get those sanctions from them. Similarly, we built on private sector banks also. HDFC bank is with us since the beginning. Axis Bank, Kotak Bank, all three and ICICI bank; all 3-4 large private sector banks a strong relationship which we have basically. One thing we did very long back, a very good one that in '2014-15' we started assignment and securitization basically. At that time, nobody was talking about that basically but we know this is a very important tool for refinancing our assets. 100% back-to-back tenure maturity and it will be good and be cost-efficiently managing our capital also, basically. We gradually built on one assignment to another and today almost 20% asset is funded by assignment or securitization. One thing we did, I think very differentiated in last two years; around that basically. Last year, as you all know, also given in our Annual Investor deck we did around INR 900 crores+ assignment during FY23, INR 800 crores out of that is loan against property and MSME book. We generally believe that in the market the HFCs sells only housing book but we created a LAP or MSE book portfolio which got sold in the last two years on continuous basis, basically.
- That gives us two advantages in that entire process. As you know, we have a limitation we have to do 60% home loan of Balance Sheet size. Once we sell it, it gives a further space to build that book, basically, year after year. Second, book pricing is around 15.5%. We sold the book at 8.5%, so almost 7% spread we are continuously making where majority of the assets risk has gone to them basically. So, it's the best way to manage your entire capital cost efficiently, it improves your ROA year after year.
- Third, is NHB refinancing. We have since beginning being built up, year after year, a relationship, our asset is most suited to their refinancing mode. 20% of our assets funded by the NHB refinancing in the last 10 years, roughly 8-9 years now, basically. We participate in each and every program. We took Rural Housing Fund, we took Affordable Housing Fund, we took Urban Low Income Housing Fund, we took Urban Housing Fund, we took World Bank Refinancing; almost whatever promoting schemes comes by the RBI or NHB, we participate in each and every schemes. So, that's why we built up year after year and today 20% of Balance Sheet is funded by them, basically.
- Bond Market and NCD, we now have done it very differently, basically, than what you see in other peer group. When liquidity wasn't enough in last couple of years, most of the organizations went to raise short term money, going to lent NCD at 13 months, 16 months, 21 months and because those are very pricey, they are getting good one there, basically. Some MLD structures, innovative structures were going into that but

we never went to that. We moved. In that time we put up difficult task. We did hard work on that time and we went to multilateral institutions. In last 5-6 years, we raised 10 rounds of funding from multilateral institution. Two rounds from IFC, two rounds from CDC, one round from World Bank, one round from ADB. Almost eight times we raised long term funding from them, which you know, this is the most difficult task to go to them because they take almost 9 to 12 months to sanction one line basically. But they do a lot of good work. They visit our customers, they visit our branches, they talk almost to every CXO whom they meet and discuss with them what they plan, what they are doing.

– **Mr. Ghanshyam Rawat – MD & CEO, Aavas Financiers Ltd:**

- So, that's why they are able to do complete due diligence in their process basically. They read each and every policy. Sometimes I feel they don't read the policies but they read each and every policy instead before they sanction the limit. So that list goes. So almost we have a good amount from them. We are going forward. We are working with few more and diversifying. We are talking to one of the big Japanese led multilateral institutions to further deepen our relationship in that aspect.
- I think you will see in the next chart where we have shown future where we are talking next 3 to 5 years how the liability will look like. Today we have 45% bank loan, as we see our rating will be one more scale so we think we will go more towards bond market. Thus 10-20% bond market will be increased. This will come to 35% and one important aspect we are seriously exploring co-lending also now. We feel that this is a very important tool which will help us get back to back arrangement. It will help us to maintain our spread. And it is the best tool to increase ROE going forward basically because book has gone big and the margins are with you basically. So, we are considering co-lending now. So, we are targeting in 3 to 5 years it will be around 10% of that entire book. Rest data which you know we published incremental borrowing and 31 lenders we have, so I am just moving ahead.
- This is I think as I mentioned earlier this is very important we built strong liability, long term liability. We today have almost 11 years plus liability maturity whereas assets behavioural maturity is 8 years basically which helps us close the liquidity cycle when situation comes, as seen in past when liquidity tightens, we have seen in 2018 liquidity crisis. But in all these phases it helps greatly successful navigate in those times. We are one of the best ALM managed, such a strong positive ALM we have. We manage it having interest rate in perspective because it is another thing that comes on the table when we see from long term. So we manage very well interest rate scenario also. When we raise fixed-rate borrowing, we have created fixed asset also there is 100% natural hedging in the system. So, in all interest rate whether rising scenario or falling scenario we are able to maintain our spreads around that. Majority of the spreads got maintain during that phase we have seen during the last couple of years. Second I think we maintain good quality of cash roughly Rs 1500 Crores we maintain roughly cash in hand at the moment and roughly Rs 2500-3000 crores has remained as a sanction line from the bank institution which got approved by the board, executed but yet to draw. Roughly Rs 4000-4500 crores generally remains in high liquid asset with us basically. This is enough for almost 3 to 4 quarters basically. So, this is strength of overall liability management, overall cash management, overall our feed to the assets, growing assets.

- This is our rating, rating side if you see FY13 we are BBB+, in last 10 years we have seen 5 times our ratings enhancement took place, last rating enhancement took in first quarter of last year. This I think helped us in our journey and we have the short term highest rating as we mentioned earlier we never raised any short term money, we never raised any commercial paper. No doubt always discussion happens sometimes back also whether we can increase 25 basis points spread, whether we can borrow commercial short term money, so always questions are raised whether we need 25 basis points or survival risk. Always feel that survival risk is more important than 25 basis point spread increase basically, because survival protection will help us to navigate entire cycles, entire liquidity cycles basically. Covid times cash flow went down but we paid all liabilities in advance to the banks and institutions. Liability liquidity crisis in 2018 we paid all the liabilities on time and we maintained our growth momentum as is, while we were seeing a lot of challenges in the market at that point of time.
- Going ahead I think this is another important slide, you see across the life since 2016 to 2023, in 7 years where we have seen Covid, we have seen liquidity crisis, where we have seen interest rate rising/falling, both scenario in that period, but across we maintained our spread at 5% plus. There was always a discussion when our Kedaara/Partners came at Rs 1600 crore, 5% spread is manageable? but what will happen when we double our Balance sheet? when IPO came, it was again discussion at Rs 4000 crore balance sheet size that is it easy to maintain 5% spread? now today we have Rs 14100 crores AUM still 5% spread is maintained that shows a long term liability and ALM management; Product and quality which Siddharth will talk in the next presentation that how the product deepens to maintain this spread.
- ...another important slide some data point, but very important. Total capital how much capital we raised in last 10 years, we raised Rs 1400 crores was the total capital raised in the last 10 years. Last capital raised was in the IPO and at IPO time balance sheet size was Rs 4000 crore, today its' Rs 14,000 Crores almost three and half times increase in the balance sheet size. Still last capital raised was on that day.
- Total cumulative profit of the company Rs 1,860 crore. If we see last year profit was Rs 428 crores on the capital (invested capital) of Rs 1400 Crores it is almost 30% on invested capital, return on invested capital basically. Even if we talk about net worth, our opening net worth to closing net worth increased by 16%. In FY22 also and FY 23 also. So that shows the company now in the trajectory of 15% to 20% ROE business, steady state consistent basis. Rest I think under AUM growth and liabilities what I mean to say company itself sustained, self-funded company to meet its growth. In next 3 to 5 years mid terms we are not planning on raising any capital. So you will see how the leverage metric will move in the next 5 years.
- Now I invite Siddharth for next business presentation and before I think we have a small video of one of our own customer.
- Thank you very much.
- [Applause]
- *[Video playing from 00:46:45 to 00:48:55]*
- **Mr. Sidharth Srivastava – Chief Business Officer, Aavas Financiers Ltd:**

- Good evening, everybody, I think Manas has already introduced me a lot so I will keep it short. My name is Sidharth Srivastava, I am Chief Business Officer, I have been in Aavas for about a year or so. And being with across FMCG banking for the last 23 years and spent 19 years with ICICI Bank and it has been, Manas I can assure you it is a wonderful one year. So thanks to you. So as interesting has been the story of Mukesh Gupta, we see the story of Indian housing transformation more interesting than what we have seen as Mukesh Gupta and almost similar. Let us rewind ourselves 30-40 years back, how our fathers used to, how things used to happen at that point of time, and what really transformed it. If you look saving was the most important thing which was the engine for housing development because people used to save for their entire life and when they needed to build a house at the time of retirement they used to build a house or buy a house that 30-40 years back and then transformation happened, liberalization happened, private banks came, and they changed their entire consumption of home loan cycle. We see a similar cycle happening again but not at the prime level which happened 30-40 years back, we see that cycle repeating itself with the segment which is unserved, which is underserved, which is unbanked, a segment like Mukesh Gupta we just showed you, and that segment is seeing that transformation and feeling that transformation on what we think is that affordable housing companies are driving this transformation in the second whatever changes is happening now in this segment. So, what it gives us as an industry, it gives us an industry a huge runway, a huge runway to grow. What we see is that affordable housing as an industry is consistently growing at a very decent pace and the runway which is visible for us is very consistent and very sustainable. 2-3 things are driving this growth in a big way. Number one, our low mortgage to GDP ratio, as a country we are about 10 to 11%, and we see that if we remove top 100 cities out of it, this will come out to be even less than 3% also. So, the opportunity is huge. Other countries if you look at they are a very high mortgage-to-GDP ratio and I think we are on the cusp of that transformation in the next 20 to 25 years time. Second point which is driving this industry is urbanization, we are seeing good amount of migration happening from villages to small towns from small towns to tier 2 cities, from tier 2 cities to fringes of the metro cities and that is where the entire change, entire transformation is happening which is driving this industry and will be driving this industry for a very long period of time. We just saw Mukesh Gupta. What I see in Mukesh Gupta is the aspirational class, a class that wants to give one independent room to his children, a that which wants to give one independent room to his parents. And this class we are seeing which is growing very fast in tier 2 to tier 5 cities where a person wants to make one more house, one more room, wants to make one more floor. This we have defined as a aspirational class and we are seeing this aspirational class developing now also and developing in the future. And these three aspects I see are giving us a big runaway in terms of affordable housing and affordable housing can see a clear visibility of 10 to 15 years' time of sustainable and consistent growth. Now how is Aavas going to utilize this opportunity which is in front of us. 2-3 things we are doing which I will just present it to you. Number one is that we are going and spreading our footprint across the country. So, in 2013, we started with 4 states with about 25 branches, now we are spread across 13 states and we have 346 branches.
- So we could have got one block everywhere in the country and would have opened branches across the country, but we have a very different method or different way at how we look at or how we open up the branches or how we open up the market. We use a lot of data and analytics which I think Rajaram will also take us through during

his presentation. We use a lot of data and analytics and understand which are the markets which can give us a good 10-15 years journey of consistent growth. And then we invest in those markets and then we learn from those markets before we put up a pedal to accelerate on those markets.

- I will give you one example, suppose 2 lakh population town will normally have 50,000 households, we target 5% penetration which comes to about 10 to 15 loans in a month. So, that is the thought process we use when we open any branch. I will give you an example, 10 to 15 loans in a month at a ticket size of Rs 10 lakh about Rs 1.5 crores of business we expect from that new branch which we open. We normally charge 2% processing fees so around Rs 3 lakh income we will earn while opening that branch. So, we devise our opex in such a way that we restrict it within the defined processing fees which we take and what we see is that within 12 to 15 months' time most of our branches are able to recover our opex which we set. 90% of our branches are ROE positive in 12 to 15 months' time. And in last 10 years we have not closed any branch. All 346 branches we have opened are still there.
- Apart from that we don't linearly invest, suppose if you look at our CAGR growth, the last number if you look at branch network has grown by 16% and our AUM CAGR is about 28%. So, geographically we will expand, every 3 to 5 years we go to one new state, we open 30-35 branches every year. Even during Covid period we continued our strategy of opening new branches and we didn't even stop even then. And we will continue this strategy of opening branches in every new state for 3 to 5 years and opening 30 to 35 branches every year.
- This is a very important slide, actually it gives us a very good insight into what is our performance in terms of where we are which are the markets which we opened up maybe 10 years back, 8 years back, how are these markets performing as of now. So, we have a deeper geographic strategy also. We want to penetrate deeper into the geography because what we started and where we started was that we only operate in markets where we see that there is a huge runway available for sustainable and consistent growth.
- So, if we look at Rajasthan this is a very important data I want to share with all of you. We started in 2012, we are showing a disbursement growth of 27% and 23% is our 5 year AUM CAGR, even after 11 years of operations we are growing above 20% CAGR growth and this is across the markets which we have opened. Even after investing very few, we opened only 3 new branches last year in Rajasthan. This shows that we continue with our strategy of deeper penetration, mining the opportunities which is there in the market, whichever market we invest in, whichever market we go in, we use our skill, our understanding of the market, not only to geographically expand, but also to deeper mine the market.
- Apart from this new geography and deeper understanding we also thought there is something new also happening in the market with government focus on housing for all and with MSME becoming a very important segment for the economy of the country. We saw that this is a good opportunity to invest now. So, we opened newer products, we started looking at creating verticals where we can serve in a focused way the properties which are coming up under Pradhan Mantri Yojana and different ULBs, we created a segment for MSME business. We started very frugally and now we are doing more than 1000 cases in a month.

- Apart from this if you look at left side of this chart, this is where our future lies. This is the technology which we will be there, I think Sachinder also talked a lot on Aavas 3.0 strategy on the technology front. This is just a start on how technology is impacting the entire growth cycle. Earlier we only had a conventional lead model where we used to do marketing, ground activities and we used to generate leads. Technology and digital is helping us to generate leads unconventionally. Digital channel now contributes almost 10% of my business. We have implemented Sales force across all 346 branches last month. And it is under process of learning but we are seeing huge amount of efficiency being built up. We are doing all sourcing through app base. All our vendors are on different apps digitally giving their reports and giving their leads. Part disbursement which may not be that big on volume but number of counts wise, Part disbursement is first disbursement after subsequent disbursement the self-construction money goes to the customer. That we have completely digitized. Now customer need not come to my branch to avail part disbursement, he can sit in his home and using our applications he can avail the part disbursement process. So, this is just a start in our journey and I am sure with technology, with digital, with touch-and-feel credit, with understanding of the market and with huge opportunity which is available for all of us, I think we are well placed to become a leading player in the affordable housing segment.
- Thank you. Now I invite Ashutosh, Ripu and Surendra to take us through Risk, underwriting and collections part.
- [Applause]
- **Mr. Ashutosh Atre – Chief Risk Officer, Aavas Financiers Ltd:**
- Good evening, my name is Ashutosh Atre, I joined Aavas 9 years back as Head of Underwriting, and subsequently became Chief Risk Officer. In last 34 years I worked with organizations like Equitas, ICICI Bank, Cholamandalam Finance.
- In the year 2011 when most of the affordable housing financiers got the license, some 8 to 10 companies got license, first everybody understood there is a space available, there is a market available in this space and everybody tried to do their own bit. We then thought that it is a risk business and of course we focused on self employed non-professionals more. At that point in time, we said that we should create a risk based franchise typically when you have a segment which is a high perceived risk. So, we tried creating a very, very robust risk framework.
- The risk framework has 4 verticals, one - underwriting which takes care of understanding the business of the self-employed people typically, understanding the cash flow of salaried clients as we all know. So, for self employed people that to non-professionals with informal income we emphasized on the cash flow assessment. And I remember when we used to explain it to the people that how we actually understand the business, understand the revenue streams and arrive on the profitability of these clients. So, people used to admire but the immediate question was okay, this is very fine, beautiful, how will you scale it. So, when I joined it was Rs 380 crores of AUM, and I used to explain to them that we will have a modular growth. Today we are at Rs 14,100 crores AUM with same kind of underwriting and better quality. So now the underwriting team when they do cash flow assessment knowing very well that they need not draw too much of comfort from the value of the property because we are not in realty business. On the other hand, there is a technical risk team with 170+ civil

engineers and vendors who assess the property on technical grounds and arrive on the realizable value. Now this team will always think that we are in a realty business. There is another team, legal team, with 70 in-house lawyers and the vendors, they will check the property paper on the title clearance, on marketability, and enforceability. The fourth vertical for risk takes care of operational and fraud risk. Around 100 members team pays surprise visit to the borrower or property as the case may be and they submit their reports. And a decision is taken after considering the information from all these four verticals. We have another differentiator in Aavas, all these four verticals are mutually exclusive. That means nowhere in between there is a reporting relationship with the business team.

- All the verticals have got their own hierarchies, and at the end, the reporting culminates at the CEO and MD level only. As, I think we have been telling you that, in the risk team, majority of our employees are seasoned ones. And incidentally, the head of Legal and Technical, both of them are with Aavas since inception. We have a board governed Risk Management Committee which takes care of various other risks, for example, concentration risk. So, with regular tracking and measuring this risk with calibrated distribution, our AUM contribution of Rajasthan has come down from 90% to less than 38%. The committee also tracks other risks like ALM risk, interest rate risk, regulatory risk, reputation risk, and cyber security. So, this is the kind of risk framework which we have created.
- I now request my friend and colleague, Ripudaman to dwell more on the underwriting team and their work, which is one of the most important vertical of ours.
- **Mr. Ripu Daman Bandral – Chief Credit Officer, Aavas Financiers Ltd:**
- Thank you Ashutosh and a very good evening. I'm Ripu Daman, I'm the Chief Credit Officer at Aavas, and in exactly one week from now, I'll be completing two years with Aavas. I'm a 1997 pass out, 26 years of experience. Out of that, 24 years with mortgages only. I started with HDFC Ltd, couple of years there, close to a decade with ICICI Bank, and then a decade with India Bulls.
- Siddharth also mentioned and so did Sachinder. The first slide of Sachinder said Priorities. So, after Governance, it was Quality. When we speak of quality, we are very granular. We are present in 13 states, we have 346 branches where we are present, and we are there for the category of people who are underserved and unserved, and they don't have the formal income documents. So, how do we cater to the requirements of those customers and what do we do?
- So, in 346 branches we have a strong 600 plus credit team, and the senior team, 80% of the senior team is homegrown. And, they have 5 plus years' experience with Aavas itself. Ashutosh touched it a bit. So, the mantra for credit team is triple M. The first M stands for *Miloge, Maangoge, Milega*. So, in case you meet the customer, you'll demand, you'll ask for the requirements, because most of our customers are unbankable and don't have any formal income documents. So, they'll have all those *kaccha* records. So, in case you ask for those *kaccha* records, you spend some time, quality time There would be cases where my credit manager would go twice, thrice or maybe four times to understand the income as the business requirement is there. So, a small restaurant or a biryani shop, probably my credit manager would go twice to see how much is the footfall in the afternoon and how much is the footfall in the

evening, and he'd probably go twice to see the footfall on a weekend and on a weekday, and then he will calculate. So the mool mantra, because we have touch and feel which would always remain there. And, our assessment would be done by the professionals. They know they are capable and efficient enough to get the information from the customer, and on the basis of the information provided, they calculate what is the income what is the cash flows, what is the cash outflow, how much is his savings, how are the savings used, and how much loan they are eligible for.

- When I say leading by example, 100% of SENP customers which we get, are visited by our credit managers, and this is walk the talk. So, all my senior team members are supposed to meet at-least 30 customers in a month. So, this covers my two things. One, their ears and eyes are to the ground, and of course, it's on-the-job training of the new joiners, because they get to know what we are looking for in a certain proposal for a certain person whose business is such. So, we have 60 self-templated underwriting platforms where you can put all this information and you can come to know what is the income criteria. So, in case you happen to walk by any of our 346 branches on a Tuesday morning, please do enter, because there's a morning training which would go, which is a weekly process. Every week on Tuesday morning a training would happen for all the employees, be it sales, be it credit, be it risk, be it collection, at the branch. So, any branch you get in at 10 o'clock and you'd find that happening. So, that is how we have made sure that when we went from one state to 2 to 3 to 4 and to 13 and to 346 branches, we have taken our DNA there. And, all our senior managers have expanded and gone to the new states which we have opened.
- What is the way forward? So, touch and feel, because of the profile list we underwrite and the geographies we cater to, tier 3, tier 4, and we'll always remain there. So, it is the Phygital, the word used by Sachinder, and it would be explained in detail by my colleague Jijy and Rajaram. Touch and feel would remain. We take the help of technology to have more accurate decision making and validation of the documents provided by the customer.
- So, over a period of last 11 years, we have underwritten close to 8 lakh customers. We have a lot of database. Rajaram, Head of analytics would explain that also. So, on the basis of that 8 lakh customer database, we're able to run certain models which will help us to do positive selection of customers.
- As they say, the proof of the pudding is in eating. So, on the top right, you see that. So, we have been into affordable housing for the last 11 years, and this timeframe is good enough to evaluate our processes, our concept, our people, because they have stood the testimony of time. So, in the last 11 years, we have disbursed 22,000 odd crores, and our write-off is just 25 crores, which is 0.11%. So, this is the real cost which we have incurred after disbursing 22,000 crores; only 25 crores.
- So, how is our current portfolio performing? In case you move left... in the last 2 years, we have disbursed 87,000 cases, that's the number of accounts which we have disbursed, close to Rs 7,750 crores, out of which we have 1+ DPD which we count for, which we started as an organisation, are only 571 accounts, and Rs 51 crores, which is just 0.66%. And, in case we speak of 90 plus, we have 135 cases out of 87,000 cases, Rs 9.5 crores, which is 0.12%.

- So, one is, what we are doing and what is the behaviour of the cases which were not eligible as per Aavas policy. So, we did a study, we took up the cases which we were not able to sanction because they were not fitting in our policy from May 2020 to December 2021. And, we saw their performance, in the first 12 months how have they performed? So, the cases which were not eligible as per policy, their 1+ was 5.1% vis-à-vis same duration the cases which we did, 1+ was only 0.97%. That was 5 times behaviour was bad, vis-à-vis the underwriting which we did. My colleague Surendra would explain in detail. We have 1+ of 3.3% as of 31st March 2023 and 90+ of 0.92%.
- So, how are we faring in the new geographies which we have entered? In the four states which we entered in the last 4 years, our performance... last 5 years, which is namely UP, Odisha, Chattisgarh and Karnataka, our performance is even better. So, our 1+ DDP is 2.07% and our 90+ DPD is 0.3% vis-à-vis 3.3% and 0.92% we have.
- So, that's all from my side. Thank you so much. And I would request my colleague Surendra to come and continue.
- **Mr. Surender Sihag – Head of Collections, Aavas Financiers Ltd:**
- Thank you Ripu, Ashutosh ji. I'm Surinder Sihag. I joined from Bajaj Finance 6 ½ years back. In Bajaj Finance I was taking care of non-performing loans of the company AUM of Rs 600 billion. We have strong collection teams with strong make up of legal officers based in different geographies; almost 25-30 legal officers we have in the collection team.
- As you know, there are two ways to do collections. One is the conventional way, and the second is with the help of technology and analytics. We are on the path of using analytics and technology to get more efficiency. So, we started the journey... first we built a model i.e. bounce prediction model. With the help of this model, we are able to get advance information of the bounced cases. Almost 10-15 days before we get the information that the account is going to bounce. For every account we have a different strategy regarding how to minimize the bounce. Just when Rajaram's team gives us data about the accounts which are going to bounce, we then categorize them as High, Medium or Low Risk, which has different treatments, and with the help of that, we are able to reduce our bouncing. In the same way, just like Sachinder said, after governance, asset quality is the topmost priority of the company. You can see reflections where our 1+ is 3.3%. And, with control on our 1+, we are able to control our NPA to below 1%. And, with the use of technology and analytics, we are able to manage collections with the same team size for the last 3 years. From Rs 91 billion to Rs 141 billion, we are able to manage with the same team size. And, we are fully compliant and follow RBI code of conduct. And as of date, there is no collection complaints pending against your company.
- I'm also a Law graduate with an MBA in Finance. We have a strong relationship with customers and with the help of that, we have the priority from the customers to collect the payments. Thank you. Now I would like to invite Ashutosh, Ghanshyam and Anshul to speak on the company's DNA and culture. Thank you.
- **Host:**
- By the time Mr. Ashutosh and Mr. Ghanshyam comes, we have a very short video on the Aavas team. Can we have the AV please, quickly.

- Video starts at 1.19.30
- Video ends at 1.21.35
- **Mr. Ashutosh Atre – Chief Risk Officer, Aavas Financiers Ltd:**
- So gentlemen, all these years at Aavas, we are able to develop these DNAs and imbibe them. We will, in future also, continue the same kind of a DNA alongside of this revamping of technology and analytics. The DNAs are drive for result, customer centricity, integrity, nurturing talent and sensitivity. We have also derived various competencies around each DNA for us to explain and identify. So, drive for result for us in Aavas, is basically to contribute in input, to ensure feet on street and to be there on the marketplace. One should have a solution-oriented approach and break the challenges.
- Customer centricity – Customer centricity, obviously, we are in a service business, so the interest of the customer is of utmost importance for us. We need to be really fair and transparent with our customers. But, there are a couple of things which are specific to the kind of segment we deal with. So, it is very important for us many times, to educate the customer for the kind of debt that's getting created for him. And, at the hour of need for the customer, we should be there and should be able to give rock solid support to him.
- We have quite a few instance, but there's once incident which I just want to share with you. One of the customers who is into catering, 'halwai' in typical Hindi, because meaning he himself will cook and do it. So, this incident happened about 3-4 years back. It was just Rs. 6 lakh of loan. And while cooking, hot oil splashed on his face and he lost his vision. So, in the beginning itself, we tell the customers that in the event of any problem, what generally you do? You generally try calling your friends and relatives and stop taking calls from your financiers or creditors. So, we just asked them to do the reverse. Call us immediately as your friend or relative and tell us your problem. So in this incident, he spoke to us and explained that I don't have any intentional problem, I'll pay, but right now, I have this trouble. We not only helped him, we not only stopped asking for instalments, but also tried to help him by giving his daughter a sewing machine and things like that. Eventually, we wrote off the loan. I am very very happy to inform you, few months back that fellow returned and paid back the entire principle amount to us. So, this is the kind of DNA, on customer centricity, competency... these kinds of competencies, we need to exhibit.
- Integrity – for Aavas, integrity is into overall conduct, not only financial integrity. At Aavas, results do not justify the means. Under any circumstance or performance pressure, we do not encourage dilution of process or policy.
- In terms of nurturing talent, you know that many of our employees are homegrown, so this is a very very important DNA for us. We need to identify the right potential with unbiased approach, give them exposure and delegate, give them feedback and give opportunity to develop.
- Sensitivity is again, a very very important thing. We all know that no matter how educated or talented we are, the way we treat others tells it all. So, always treat people with dignity and respect. Also, be available for people and understand and appreciate each other's roles and responsibilities, as we encourage the difference of

opinion in the organisation. Just one more thing I would like to mention here – the kind of underwriting we were just talking about, and lot of things which we are doing, it is a very very practical and common sensical approach with which we work, and we insist people to apply their mind. And, we were generally insisting people on application of mind, but the results were completely overwhelming. In what sense? because we hire lot of freshers, typically Chartered Accountants. And, when we used to tell them about applying your mind, it registered into them, and they actually imbibe it in their work accordingly. These people, some of them who went out and joined other financial organisations, believe me, they came back, not for the money, just that the restrictive policies and processes were not allowing them to apply their mind. It actually did wonders for us, people have come back to us. So, this is one thing we noted, that we should continue on all these DNAs and we should continue like this.

- Now, I call upon Mr. Anshul to actually throw some light on how has this DNA impacted our HR policies and practices.
- **Mr. Anshul Bhargava – Chief People Officer, Aavas Financiers Ltd:**
- Thank you Ashutosh for, so passionately and lucidly taking us through the DNA. And explaining culture, believe me, is the most difficult aspect. And, having spent about a year with Aavas, I thought it would be prudent that our Chief Risk Officer takes on the culture, and to be backed up by Ghanshyam ji, whose been the founding members, and setting the foundation for Aavas. I’m Anshul, as the Chief People Officer for Aavas, I take the ownership for the human capital for the company. I have a diverse career background ranging for about 35 years, a major part being with the Indian Army, thereafter moving on to the financial services with Arcil as the Head of HR there, and as a CHRO with PNB Housing Finance. And now, for the last one year, with Aavas Financiers.
- Ashutosh ji and Ghanshyam ji, we assure you, Manas and Nishant we assure you that the core DNA and the culture and values, would be the guiding force for taking Aavas through your journey, and we would continue to bank on them. So, they would stay rock solid with us.
- As a Chief People Officer, I would like to take you through our talent framework. So, I’m not moving... I’m remaining steady fast on our core values, and then I would move on to the slide. So as a talent management framework, it is important to anchor a framework on certain basic principles which are steady fast and deeply engrained in our core value systems and the DNA of an organisation. At Aavas, as a talent framework, we firmly believe in attracting and retaining the right talent. I’m using the word ‘right talent’, because people generally say ‘best talent’. So when I ‘right talent’, what I mean is, right talent which comes to us and grows with us, is aligned to our DNA and our cultural value system, and that’s what is the right and the best talent for Aavas. And, that’s been depicted when I take you through my slide, and that is the talent which has taken Aavas in an enviable journey in the last 10-11 years.
- The second, we want to give best of employee experience, bring in best practices, which are practical, which are doable in the business that we are in, and position Aavas as an employer of choice. This is quite evident, that over a period of time, Aavas has been able to attract the best talent which Manas and Nishant lucidly brought out. So, that’s again been the core strength of our talent management framework.

- The third and the most important aspect which we really believe, and we have been working on it very passionately, is building talent. So, buying or go for a buy-option for talent or building up a succession pipeline which is critical for an organisation as a future-ready organisation. So, we believe in building our talent pool which involves nurturing, investing in our talent across the grades.
- We also believe in Aavas, that it's the middle management which is the key or the next future journey of our Aavas growth story. And towards that, if you realise and if you see on the slide, we have about 43% of our employees on the business vertical which have a vintage of more than 3 years, and this is the middle management which have actually grown from an RO level, and they are sitting now, in a span of 9-10 years, as the NSM level. And, they become the major force to attract new talent and to retain talent, because this is the story that we give out to our employees, that you come to Aavas, and we'll build a career for you. So, it's not a job, it's a career that we are building for you. And, in the affordable market space, obviously, this talent will move, the talent is mobile, but as Ashu said, we create such an environment, that this talent always comes back to us. And, we really look forward to build up our alumni model. We have 70% employees with 3 years of vintage who have been seasoned employees, who understand the core DNA of Aavas, who understand the processes, who understand the way Aavas works, the way the Aavas foundation has been built; it's in their blood. And, we have 78% in collections who have been with Aavas for more than 3 years vintage.
- How it helps us? Firstly, we have a readymade talent pipeline which would go through and move on to take on succession planning, and make Aavas future-ready. And secondly, as was brought out by Siddharth also in his slides, while we grow geographically, while we expand our footprint across the nation, it's this talent pool which goes and replicates, and it helps us in terms of transmitting and transfusion of our DNA and our value processes, and makes that process of breakeven of our branches, establishing new branches, with a similar kind of look and feel, and similar employee or customer experience across our 345 branches.
- Now, taking our talent pool, and to unleash or unplug the talent, the potential of our people, at Aavas, as I said, we firmly believe in developing and investing in our talent over years of time; this was brought out by Manas also. He got the cat out of the bag right at the beginning, that Rahul has been one of the alumni sort of attended the course there. So, what we have done is we have curated Aavas specific programs at premier management Institutes. Now the process for nomination of the employees is an aspirational one, it's just not that everyone gets nominated or you get it by the seniority, it's aspirational journey for you to reach there.
- Well, we do two things, once we curate the program, other major aspects which we do or a major outcome, which we look forward for our employees is that it gives us an opportunity for this human capital, which we have nurtured over the period of time to look at a leadership at a managerial competency and get a strategic perspective while attending with the best of the class of academy are there. While they are interacting, and so, these programs are not one of the mills in the sense you go for five days like normally MDP programs are there and thereafter you come back and it's over. They last over six months to a year's duration where are there multiple interaction points with the professors from these institutes. Our people during the course of the program they are attending, they identify practical problems or I would

say practical opportunities or practical issues which are being faced by our company and obviously across the industry also and very case specific they would come down they will identify and they will divide them into projects, identify as a project and during what we are developing is giving them an outlook to do a research based project, wherein they do secondary research, tertiary research. When they come back, they would do a pilot at a small size of branches and thereafter go back and that's all done under the mentorship of the professors there. They would go back to these institutions have larger discussions, have presentations with the complete management team being there and thereafter they will come back and implement these lifetime projects, address the issues which our company is facing.

- So just to take you through one of the projects, these are the projects which have been christened as Utkarsh, Chetna, Saksham, Plugin, Parivartan. So, I would just take you through say Saksham wherein, “Enhancing productivity of underperforming branches “. The approach was taken was that this team came back, they identified a set of say about 20 branches, which has been consistently underperforming. They did a research which was not only restricted to one aspect, they looked at multiple aspects from the talent perspective, from the business perspective, which markets we were doing well and they are not doing well, they went down to in terms of identifying the PIN codes of the location where we have done, we were the market leaders are over the time how the competition has come in and taken over that market there. They will look at the marketing aspects as to what is the visibility of the branch, how are we positioned there, what is the customer feedback there. So, it's a 360-degree complete research which they did, they worked on it for another three months with these branches. And we were really surprised and we were pleasantly surprised rather that of these 20 branches, about 13 branches, they were able to turn them around within the pilot period. And once we got back and we reinforced the learnings, now we have two projects which are under implementation, under the guidance of the management team. So that's our talent framework, which I wanted to communicate in a very, very short time to you all.
- We would continue to develop, nurture our talent across. Another aspect is you saw that video actually, you know, a while ago in our employee engagement. We firmly believe that engaged employee is a productive and a contributing employee. We believe in intrinsic motivation of our employees and we give an opportunity for our teams to meet. This is a small glimpse of our engagement activities. I would like to highlight a project which is extreme left, Project Prerna. This is our focus on inclusivity and diversity. So, we have a leadership program for our women employees wherein we are investing about six months, a project which we are doing, building up our leadership pipelines across and to build upon our diversity focus there. With that, let me assure you that we are rightly poised in terms of our talent being there for Aavas 3.0 journey. I would now like to invite Ghanshyam ji to take you over the ESG journey. Thank you very much.
- **Mr. Ghanshyam Rawat – President & Chief Financial Officer, Aavas Financiers Ltd:**
- Thank you, Anshul. Now in last couple of years, ESG has become a buzzword. Everybody started to talk on the ESG but when I checked where are we at Aavas then governance is our top right from starting and we see in all presentation similar threat is that highest priority is governance, whether it is Ashu's presentation, whether it's

Siddharth's presentation, whether it's the collection presentation, whether the Anshul's presentation, governance is a top priority in Aavas basically. And since beginning we given topmost priority to the governance, since beginning and in more practical way. I'll give you a few example how we are managing since beginning. Like business is tilted towards the customers, but ultimately underwriter needs to get the document signed, underwriters ensures to customers they transparently disclose all terms and conditions, the charges and the EMIs with them basically not the business team. So, we bring transparency since beginning when customer onboards the company, basically. The collection team, how do they collect? They have to collect from the customer following transparent & fair practice code with humility, with the customer. If the customer has a real problem, we become very human, really at ground with the customers. Even finance team, never had a word, finance team also every quarter majority of vendors they talk and they discuss, call to them that all your payment due to Aavas has been paid on time. In a full year circle, almost every vendor they touch base, once or twice in their full year cycle basically. So that we adopted very practical approach to bring governance, built in the Aavas at each and every processes basically which gives us the long-term sustainable governance, good practices in the lending business.

- And last year, a couple of years back, we just two years back we raised one Social masala bond, unique in India basically, it got listed in gift city, CDC invested in that. That money was entirely for women empowerment. We keep on building on women empowerment. Today, we are very happy to share one data point here, today in Aavas 36%+ women are owning the property, or are co-owner of a property which we have funded to them basically, that shows how much women empowerment we worked in last couple of years. CDC shared the data with this because they drive the project they mentioned in India, it's average between 10 to 15%. And now Aavas today has 36%+ where woman are owner or co-owner of the property basically. We have made inevitable progress everywhere some hard work done to reach those levels.
- I think that industry started so we also had to, PwC made policy framework for ESG and stack our work under SDG developments as to where are we, so that all these we can disclose in a timely manner. And we had Churchgate partner also, it is a London based company, who independently review all our ESG works and disclose on our website independently, where we have stacked SDG, STSTB and IFC, all that they check our work and accordingly disclose on our website and those are purely independent work by them basically. ESG rating, as you know they do independent rating all the ESG works in our area, on financial sector. We are having very strong rating or we are let's say number two, in NBFCs and HFCs. After HDFC our ratings is number two, on the ESG framework basically. So that shows how we are seriously adopting these practices since beginning, whether it is social, it is governance, it is environmental, high level of governance we have given to that.
- This is I think of very, very unique thing, last two years we invested our time, our energy in this. Last year we signed a document with the IFC, how we can do self-constructions, single unit houses as a green home in India. They made last two years they have done a lot of progress in this thing. And we are very happy and proud to announce that yesterday this research has got launched with the dignitaries Deputy Governor of the Reserve Bank of India, Mr. Rajeshwar Rao and Chief Economic Adviser, Dr. Nageswaran, Amitabh Chaudhry, MD & CEO of Axis Bank, Mr. Dave, CEO

of HSBC, Mr. Ashwini Kumar, MD of SBI, They all were present and this research was launched yesterday in Mumbai which is available for everyone now. Basically, we want, when we designed this thing, we thought that this should be available to everyone because this is not our own work, everybody needs to get benefited all HFCs and NBFC, Banks to get benefited, how we can build more and more house as a green home in single unit houses. And I insisted to mention this thing to the entire forum, this is not in India this is across the world that this is the first project has gone live basically where green home for single unit houses. Nobody has worked so far in this project. But this data point was very important to see almost 100 houses which were funded in last couple of months got certified by EDGE, London based certified agency basically, who is certifying those things basically. Around 11,000 plus customers has shown the interest in last couple of months, they are interested to build their houses green, because the entire ecosystem need to build. We have the tutorial, we have the literature, we do lot of road shows also around it, around eight to nine road shows we had done in different cities, where we invite architect, contractor, Thekedar, who wants to build a home, then we give them the house, this house can be built as green home basically on the energy saving, on water saving, on material what they use basically the entire house basically. There is such formulas that it can be built with the minimum additional cost with some changes in the design, they can build the green home basically. So, this is I think one of the unique project and we hope this will be having both advantage as a green home also as well as I think a lot of demand from ESG funds. Once we build a house around here, we will have a good tie up of ESG fund for local and international also. Funding line wise, very competitive price will be available to us.

- This is I think some important CSR work which we keep on doing. We are 100% compliant with the CSR work, what we are entitled. We invest in the same year. We don't carry forward anything. Some of the project is very important, Gram Siddhi is very important project which is woman empowerment, where we go in the rural and semi urban area. We set up a stitching school there and we give them the training, then we give them stitching machine also so that they can earn their livelihood. Certain women /families are earning 3,000 - 10,000 rupees per month. Two years back, one of the women of Kaladera has participated, & her stiched clothes were selected and showcased in Lakme Fashion Show, Bangalore. She travelled in the air for the first time. So, such I think, it gives a lot of happiness when we see and they come and meet us.
- Project Vishwakarma is another very important project we do where we go in rural, semi urban area construction site. We engage with the construction worker. We give them a toolkit. We also give them a lot of literacy, on the financial literacy, open the bank account and we provide them health card also at the lowest price. And we provide a lot of knowledge of Government of India initiatives there which can help them basically. So, we do a lot of work around that.
- Kheloday is another important thing. I think, four students got selected in national level which we promoted in the rural and semi urban areas in that market basically. A lot of thing we keep on doing here Aavas AAHAAR is important, road safety is very important. I think, now we are all are excited to know about, our technology development, technology transformation. Now I invite Jijy to take us through presentation & what we're doing in the tech. Thank you, Jijy.

- **Ms. Jijy Oommen – Chief Technology Officer, Aavas Financiers Limited:**
- Very good evening, ladies and gentlemen. My name is Jijy Oommen. I manage technology and digital portfolio for Aavas, as the Chief Technology Officer. It's been more than two years since I have joined this great organization. Out of 25 years of my career journey, I've spent majority of the time in building, managing and transforming technology and digital ecosystems for financial services companies and FinTech organizations. I have come from the technology capital of India, Bangalore to Jaipur on this mission of making Aavas 3.0 possible. And it's a great honor and pleasure to be here and meeting you all today. I hope you will definitely find my presentation interesting and useful. There are three things that I'm going to talk about. One, what has been the Aavas evolution in the last couple of years with respect to our technology and digital journey. And then the second thing that I want to talk about is, what are the various tech initiatives that we are doing in Aavas. And then the third thing that I want to talk about, is that what it means to the business, what kind of results is it delivering to the business. Right, so we'll move forward.
- Just to re-emphasize the goals and priorities mentioned by our MD & CEO, Sachinder, in IT, whenever we take any decision, we keep three things in our mind. Number one, is this decision enabling Aavas to be scalable. You have heard when Manas and Nishant spoke from less than Rs 2,000 crores of AUM in 2016, today we are more than Rs 14,000 crores of AUM in our overall assets book size, right. So, it's a phenomenal growth and we want the technology to enable growth and that too sustainably. And as my colleagues mentioned, that as a business, we deal with customer segments, which needs definitely a touch and feel experience. So, how do we enable our team to be more efficient, to be more effective, and technology has a great deal to play there. And then the third thing is, by doing all of that, are we enabling the right kind of customer experience? Housing Finance business is a retention business. My colleague, Surendra spoke about it that, you know, we have to maintain the relationship with the customer for at least 8 to 10 years. And how do we make that journey enriching for our customers right from sourcing, to underwriting to disbursals, to collections, retentions, the entire lifecycle journey of the customer.
- Keeping these three things in mind, in the last couple of years, of course, Aavas has been an early adopter of technology in many ways. But over the last two, three years, we have really put in a lot of emphasize in building up our digital capabilities. So, starting from 2020 to 2021, we have brought in a lot of applications to make our field teams' job easy. Whether it is Managing the business opportunities and leads for the sales team, Assessment for the credit team, Risk assessment and Reporting for the risk team, Technical valuations and legal assessments for legal and technical teams, even our vendors as well. So today, every activity, business activity that is performed in the field, they are all happening through mobile applications. And on the other hand, as my colleague rightly said, our collection team is so much enabled with technology today, that they have not required to increase manpower, in the last three years, while the AUM has doubled. So, the opportunity for us to innovate by enabling the teams with the right kind of technology and solution is really phenomenal.
- So last couple of years on one side, we have enabled the team greatly on the other hand in 2021, we realize that post COVID the segment that we deal with they were not that tech savvy till sometime back, but post COVID the customers have become

far more tech savvy. And with our technology solutions coming together it really created a magic for us. In fact, I'll show you certain interesting numbers as well. But we have launched our customer application, highly interactive chatbot, our WhatsApp bot is also used by our customers for taking services and even for making the business inquiries. Similarly, our collection touch points, all the digital touch points have been enabled for collections and our social media presence is also helping us generate both leads as well as our customers. So overall, we have kind of in between 2020 and 2021, put a lot of emphasis in building the digital capabilities. And then in 2022, all these frugal innovations that we have done, we felt that this has definitely a great story behind it and we should definitely make it more scalable. And that's where we brought on board Deloitte to help us chart a complete digital roadmap for us looking at the next 10 years' growth journey.

- So, we have actually crafted a three years roadmap plan which, we are in the process of execution, and some of the projects that we have initiated from 2022 have gone live, and some are in the process of implementations right now. And I'll talk more about it in a bit. So, two big projects that we have initiated post this Deloitte engagement, the first one being Gati, and Gati as you all know, Gati is speed. The meaning of Gati is speed, and the name was rightly chosen, because we want our entire loan origination process to be far more faster and efficient and how that is possible. Now, Salesforce is the world's leading digital platform, cloud based digital platform, scalability is not something that we need to worry about it. Also, we have tightly integrated this platform with multiple FinTech API frameworks. You can see the names of the API partners, you know, in the likes of Perfios, Karza, Signzy, you know, because of the positive space we could not add all the logos, but almost 11 FinTech partners have been integrated to this platform to make this journey enriching for our customers.
- And we have used again, the world's leading platform MuleSoft to do the entire API orchestration. And I'm very glad to tell you that we have commenced this project from April 2022 and we have gone live on pan India as on April 2023. And in eight weeks into production, the adoption is happening in a very, very phenomenal way. Almost 20,000 loan applications have been logged in with the first time right cheques, all the first time right cheques in place, in the system. 16,000 loan applications have been already decisioned and 6,000 loan applications have been already approved and 4,000 disbursals done. And we have clearly started, of course, this is too early for us to share any numbers with you but we clearly see a significant improvement in the turnaround time and experience of both our customers and our team between the login to the sanction process and sanction to disbursals. Because of the kind of product and customer segment that we deal with, you don't get the documents right that easily. So, it used to take a lot of time for our sales and credit team to go back and forth to collect information, collect documents, and that used to take a lot of time and delay in the disbursement process. So, with this journey, & these API integrations, all the validations verification is happening upfront, data enrichments happening through the digital way, with all these partner ecosystems we are looking at a tremendous improvement in our efficiency. By improving the efficiency, we are going to pull two more levers, one our operational leverage, and then the second is our customer experience. So, you know, we have already gone live with this system, it's under stabilization, the adoption is happening at a phenomenal speed, more and more features are also getting added as we speak. In few weeks down the line. We are also

looking at launching, connectors of this system with all our apps and portals and chatbots and everything so that customers can have a seamless journey and take the benefit of this new system.

- And then second project that we are working on is Unnati. Unnati rightly, you know, as its name suggests, it's for growth, right. And why we have chosen this name is this is the platform, which is going to help us scale. So, we could have actually chosen some traditional LMS, Loan Management System, but we have chosen the world class loan management system, which is Oracle FLEXCUBE. And the world class cloud-based ERP system, which is Oracle Fusion. And when you hear these big logos, you might be thinking that, hey, you guys have put in so much CapEx into the project. I would say no, all the contracts have been locked for five years. And what we have actually done is that it's all on cloud and paper use model. So today, we are at X number of loan accounts, Y number of users, and as we grow the numbers, our payouts will keep on getting increased. So that's how the structuring has been done.
- And these what these two systems are going to do for us is today, we may be at close to two lakhs loan accounts, active loan accounts, tomorrow if it goes to twenty lakhs loan accounts, technology is not going to cause any limitation to us. And all these systems have been designed to run from the leading cloud platforms, Salesforce, Amazon and Oracle Cloud. In fact, our data has also been moved to the Amazon Cloud, which is also enabling our analytics team to run their processes far more efficiently. I'll move on to the next slide.
- Okay, so, this is little bit of a repetition, but I thought it's very important that we re-emphasize on some of the results that we have achieved on the customer service, because I would definitely like to emphasize more on the customer experience. Today, all our customers are able to reach out to us, avail our services, not just only from our branches, but also from our omni channel enabled Customer Care Center, that's on one side. On the other side, our chatbot Pooja, she is able to guide the customers both new customers and existing customers with the service delivery or even the inquiry for the new loans. And our customer app, now with a company of our nature, where are our major focus is on the rural and semi urban customers and non-salaried customer segment, having 60% plus customers using our app is a phenomenal number. Also, more than 99% of the time, they are able to self-service without even calling us, without even any manual intervention.
- So the kind of journeys that we are trying to deliver to our customers, we are very glad to say that there is a great deal of acceptance from our customers; that's one side. Second, the partners with whom we work, the Mitras, for lead generations, the apps provided to them, directly they are putting in the leads from wherever they are, from their mobile phones and those leads are seamlessly coming to our CRM system centrally. It gets called within 15 minutes. So whether a customer puts in an inquiry or a partner puts in an inquiry, it gets immediately tracked. It comes to the CRM and call goes from the contact centre team. And today, I'm very happy to share that we are maintaining, our contact centre team is able to maintain an SLA of 75% you know, inquiries are being called within 15 minutes. So, which is something we feel is definitely doing great in terms of the closures. And as our colleague Siddharth said today, more than 10% of our disbursements are happening from the lead generated through the digital channel.

- On the other side, when it comes to collection, I would like to quote this figure one more time, that 95% of our collections have moved to digital, and if you correlate this with the statement that Mr. Surendra said that he was not required to add additional manpower despite the AUM has grown to double for collections and he has been able to improve the portfolio quality, and as you know, the portfolio quality of Aavas is best in the market. So, these are some of the things which are doing well for us. Of course, as I mentioned, 100% of the field activities are happening digitally even for collections, the field team who are going to the customer place for collection. Today, Mr. Surendra and team wherever they are, they are able to real time track where their collection team is, whether the collection executive is going to the customer or not, because every single property location and customer location is geotagged. Rajaram will also talk about how we are using this geotag data for even at the next level.
- So these are some of the numbers which I feel was important to share. With this note, I would like the team to play AV, which will explain to you little more about our technology portfolio and give you a little more real experience.
- ***[Audio Visual playing from 2.06.04 – 2.08.38]***
- Thank you so much ladies and gentlemen, for your keen listening. If you have any question, I'll be around during the Q&A session, or else we can chat over dinner and drinks too. I would like to call upon stage my colleague Rajaram Balasubramaniam, who is the Head of analytics and strategy for us. Rajaram, over to you.
- **Mr. Rajaram Balasubramaniam – Chief Strategy Officer & Head of Analytics, Aavas Financiers Limited:**
- Thank you. Good evening everybody. I'd like to thank Nishant for the introduction he made when he started talking. So, my name is Rajaram Balasubramaniam. I have about 24 years of experience in banking by way of introduction. I started my career with Standard Chartered in India for six years. Then I worked with Citi abroad for about 15 years. I was with them for 3 years in Dubai, 4 ½ years in Cairo & Egypt, and almost 7-7 ½ years in New York. So my experience has largely been in risk management, sales, business, and P&L management and like I said, it spans multiple countries, right? So today it's my pleasure to be here to give you insight into something that has taken the financial world by storm over the last decade or so, and with the growth in technology and tools is continuing to do so and you've seen the thing. So, yes, I'm talking about data and analytics.
- When you talk about data and analytics and Aavas 3.0, it's a very integral pillar for us and we are excited to have it here. And I'm equally as excited to give you a little peek into how we are approaching this within that. What you're looking at behind me is a schematic of an analytics landscape that traces right across our customer experience. This has been expressed here in terms of very specific capabilities that we want to equip the business with. This goes right from sourcing to underwriting to risk, and all the way to servicing, retention and collection. Let's talk about this for a couple of minutes, right? So all of you know, Descriptive analytics is kind of analytics where you look at a problem, you understand its nature, and then you are able to express it in context. Today, if you take an example, say bounce analytics. What we've been able to do is, we've been able to take demographic, product, bureau, transaction, behaviour data and provide the business with not just bounce rates or trends, but also

emerging risks that could be big in the future. And the credit team and collections team together have actually been able to address that problem proactively. So that's one use case that we can talk about here. And when you go into prescriptive analytics, it's similar to the first one I told you, but here the emphasis is more on actionable insights, not just on data monitoring or data analytics, right? Let's look at a practical example that the business is using today. Let's take Pricing analytics, one of my favourites. So what we do in Pricing analytics is that we take our rack rate, we take what the rate we actually gave to the customer, we add a ton of variables and we throw it into a machine learning model that does a decision tree analysis and out pops a bunch of correlations which we can then break into logical business segments, logical groups where the business can then go and actually have targeted actions. Whether you want to avoid something, whether you want to do more of something, it all depends on how you set up the target variable, right? The point I'm trying to make here is this gives us today so much power for us to harness. 25 years ago, doing a decision tree like this when I was with Citi, it would take us weeks to do it. But today I have teams that just drag and drop the file and I can do it in days or hours actually. So that's where we are today.

- Let's talk a little bit about the next one. When I talk about predictive analytics, and I was telling you how much power we have....any Spiderman fans in the room here today? Uncle Ben tells Peter Parker, with great power comes great responsibility, right? Everybody knows that line. Why I talk about that here is a story that I keep telling my team. My team has heard it more than once, right? When you come to predictive analytics, while today you have tools where literally you can drag and drop and make ML models, you have to be very careful about what you're asking the model to do, and I keep giving this practical example to everybody I talk. Let's say you go into the supermarket and you want to get a carton of milk. You want to have the best coffee experience tomorrow morning. But your model is meant to give you the best pineapple money can buy. The model will work, it will work spectacularly. But your coffee experience is not going to match your expectation. The reason I bring that up here is because I want to talk about three things that we are putting in place to make sure that all of this ties in with the business. Number one is, to get over these kind of problems, we need the skills. The skills need to be there in place. You can buy technology, but unless you're able to connect the business, the function, the technology and the analytics, you won't get your outcome. I'm very happy to tell you that over the past year and a half we have built a decision sciences team in Bangalore and we've been able to attract very good talents. With the help of my colleague here on the HR side, we've been able to attract very good talent there. The second pillar that we are building all of this on, we worked with Deloitte and we created a data strategy and we are going to implement a state of the art cloud scalable architecture from end-to-end, built a completely end-to-end automated data architecture system that is comparable to any large NBFC, any bank. So we are going back to our pillars, what Sachinder said, what Manas and Nishant said, what Jijy said, we want to invest in technology, we want technology to be one of our pillars and we want technology to grow with us whether we are 14,000 crores or 1,40,000 crores or even ten times that. The last pillar important to me, close to my heart is that we need to ensure that we are doing analytics at the level of maturity that we are today. Because it's too little and people lose interest. Too much and they burn out, they lose interest. So how we are approaching that is to what I call a Assist Recommend Autonomous strategy. What does that mean? You start out by saying analytics will assist a human operator. Once

they build that maturity, analytics will then recommend to a human operator which they can choose. And then you come to the last stage, which is prevalent in much of the world outside, is where analytics can take autonomous decisions with or without human intervention. It's a journey. So we are looking at it from those three pillars. So I hope I've been able to give you a little bit of how we are doing that.

- Now I come to a little bit of the exciting part where I want to show you what we have actually done. We're not waiting for all these technologies to come, that will come. But we've been able to have some...we have some use cases for you. Some of them in deployment, some of them in development, right? I want to show you some things. Let's talk about these two predictive used cases. So let's first talk about application score. The application score, as the name suggests is a predictive score that tries to predict the performance of a pile even before it is booked. Now this is based on past data. It's a log with logistic regression model that we have developed for Aavas, it's the custom score. And what this does is able to differentiate performance across deciles up to 10X, which means that at the lowest risk end, it could be 2.6% and the highest risk could be 26%. Question is, all right, what do I do with that information, right? Suddenly the business is not making decisions based on an average of 11%, but they can take risk based decisions at every segment. What can you do with that? On the acquisition side, you can do entry barriers, which is you can choose where your entry barrier is, which is above your risk appetite, which is below your risk appetite. You can take different actions there. Second, you can combine that or replace that with pricing decisions, which are risk based. So suddenly, pricing is not just a rack rate, but pricing could be very intelligently driven with technology. You could price on a base rate, you could have deviation based pricing, risk based pricing. You could do so many things with this. On the underwriting side, this is something I want to talk about, prioritization for about 30 seconds here. I mentioned to you that we are going in this Assist, Recommend and Autonomous mode, right? That's what I mean by prioritization. So let's say, for example, for the underwriting team. If they have a lot of volume that day, or they have a case where they're on the proverbial fence, where they don't know what to do, that's where we start with the assist mode and tell them, here's the app score. The app score will tell you, is it a low risk, high risk, or a medium risk customer, you decide what you want to do. So that's the assist part we want to do. The second one that we are trying to deploy is trying to use the app score for reject review. What we are trying to do there is, we are trying to bring accounts back that were rejected recently so that we're not leaving any money on the table that competition can take away. It's like a catch all. So that's another thing we can do with that, right? So that's on the app score front.
- The second one again, I have anecdote for you here. We started this out a year ago. So when I called everybody and I was trying to explain to them what we are trying to achieve here, when I say Churn prediction, today we start our retention efforts when somebody comes and asks us for a foreclosure letter. So a year ago I said, look, that's good, but we need to be able to go and tell the business who are the people who will come. How can we predict that? So my thought process, from my experience no one wakes up, no customer wakes up in the morning and says, 'today I'm leaving Aavas', no. The human inertia is just too much. That doesn't happen. What happens is that they call you, they tell your problem, they talk to other people, they contact you, their transaction behaviour changes, and if their problem is not solved, then they leave. So over the last eight months, we actually collected data for the last 3-4 years to stitch

all of this story together. And now we have a model that are the top deciles, it's more than 90% accurate to predict who will come with a foreclosure request in the next 60 to 90 days. So then suddenly we are going from a reactive retention management to a mix of reactive and proactive retention management. So that's some of the power that we have in the hands. Again, like I said, understanding the business, understanding what drives the customer, those things are important when you do analytics. So that's on the predictive side.

- This one on top, I know it is Sachinder's favourite. He always lights up when we show this to him. He has given us a lot of input, he talks to us about this. And now Surendra is very excited about this one as well, and Jijy mentioned that, right? What we're trying to do here is the ask was, let's say today collection agents travel x number of kilometres based on their current allocation. What we asked our data scientists to do was to ask them can you using clustering optimization while keeping all of the constraints, because if you see a collections was the first thing I did outside finance when I was 23. So collections is very close to my heart. So I do know collections. So we have a lot of constraints in collections. You have accounts to collector ratio - how many accounts can one collector handle, branch cannot have enough capacity. You also have skill levels because you have flow, you have GCL, you have different collectors need to handle. So you have a lot of constraints. So this is a mix of clustering and optimization with constraints. So we listed all of them down and we told the model, can you come up with an allocation that can reduce effort. So in our development testing so far, we've been able to see that we can reduce 25% to 30%. This model is right now being deployed on the field and we hope to see the results very soon and we'll see how best to take it forward. But this is what we can do with technology when we implement technology that has real time geotagging, 100% geotagging of properties etc.
- The next one is what my friend Surendra mentioned, is on the bounce prediction. This is a model that we have had for a long time and here again on the collection side, I know I'm speaking a little bit on his behalf, but I have worked across the world. This is one of the strongest collection strategy and infrastructure thought process wise, implementation wise that I have seen, and I'll tell you why. We are approaching this in three parts. If you look here on the left hand side chart, we are able to tell the business practically what accounts are going to bounce next month. And we just don't tell them we don't apply our strategy on everybody. What we are telling them is high risk, medium risk, low risk, and each of those you can actually apply a differential strategy and somebody who gets past that gate let's say, we have a collection team that maintains such a tight relationship with the customer that we are the first to get that money and we have proven that with numbers. Now, if you look at just like Maslow's theory, the pyramid, there is a pyramid that you can draw for asset products. Bottom of the asset products, credit cards. Next to that is personal loans, above that is auto loans and above that is mortgages. The size of the loans of these types change, but if a customer is defaulting in mortgages, it very likely means they have defaulted on everything else before they hit the mortgage. And even there if you are able to get the priority, that shows that you're able to maintain the relationship with the customer. The third thing that we do, let's say they get past that gate, is that we have a very strong NPA legal team. So on the right side to support that NPA legal team, what we are trying to do is while this is a tactical model for the next month, we are trying to see if we can predict if someone's going to go to 90 plus in the next 90 days. So what Surendra can do here is, he can focus on today and tomorrow and also have

a long term view on a bunch of customers who will be three times or eight times more likely to go to NPA and he can have a longer term view. He now have 60 days to work on them, not just 30 days or 10 days. So these are the ways in which we hope to build this infrastructure.

- In conclusion, I want to say one thing. In my view, for the kind of scale that we want to achieve with Aavas 3.0, there are three things we need - consistency, reliability and standardization. What we want to do with that chart we showed you here and all of the things that we're doing is to help these elements and give business the right arsenal to use in the right spot to achieve that. I hope in the coming months, years, you will see that we are able to do that. And that's all I had for now in the time that we had to present this. Once again, thank you for giving me the opportunity to take you through this. Have a wonderful day. Thank you.
- **Moderator:**
- Thank you everyone for this wonderful presentation, which was fairly detailed and exhaustive in nature. For everyone please bear with us for a couple of minutes as the stage is being set for the Q&A session wherein the management has to be invited here so that they can take your questions right in front of you. So, I now request the management to come over to the stage and take their seats, please.
- So while this is happening once one more data point. In addition to whatever has been presented. In addition to the people present here physically, there are about 65+ more participants present virtually. So probably that gives an insight as to what we are in for today. We just wait for Mr. Sachinder to join us.
- That's the energy with which Aavas is moving. [Applause]
- So before we begin a small request. I would like to state, in fact, clarify one thing that, this event is about showcasing Aavas 3.0 and that is fairly evident from the presentation. So what we would like to request is, let us discuss more about this, the strategies and the future prospects and how this company is going to move ahead. So with this, I would like to open the dais and open everyone to join us for the Q&A.
- So just one more addition. Before you ask a question, kindly spell out your name and the organization that you belong to. Thank you.
- **Ms. Shweta – Elara Capital:**
- Sir Shweta here, from Elara Capital. I have a couple of questions. So we presented on scalability and market size, which is understandable. But what I've been always wondering is, because we bring in underserved customers in banking ambit, then wouldn't our customer base be easily poachable after 2 to 3 years for any other PSU bank or NBFC/HFC and hence then the churning would increase. So what is the long term scalability and sustainability with this kind of model? Because if I would be an NBFC, I would definitely like to rope in Aavas customers, say 3-4 years down the line after demonstration of good asset quality and built up of trade history.
- **Mr. Siddharth Srivastava—Chief Business Officer, Aavas Financiers Limited:**

- I think it's a part of the industry thing. But we at Aavas are very critical about this aspect of customer retention. So what we have done is that we have created an entire team under our customer service and we are using technology and analytics as Rajaram, I think took us through during his presentation, no one fine morning stands up and says 'Hey, I want to move out of Aavas', okay? We have a complete data trend line experiences available which we are using through digital and analytics piece to identify those customers, those segments which may move out of Aavas and device strategy case wise how to stop and retain them within the organization. So if you look at our retentions has actually helped us, we had about 6% to 5.5% about churning going out and it is a decent churning which has reduced with respect to last year and we will continue our effort in terms of identifying people, identifying segments, and then using analytics and technology beforehand if we have an information, I can give solution to the customer and retain within Aavas. I hope it answers.
- **Ms. Shweta – Elara Capital:**
- Yeah, yeah, this was satisfactory. My second question is a little generic, but again you know your outlook on growth because we are sitting on heavy capital adequacy, low leverage, I understand we cater to perceivably the most vulnerable segment of the society, but given that now we have backup of technology, data and analytics, so don't you think we can still go beyond 25% growth CAGR so that there is full utilization of capital and in that regard just to follow up when are we expecting ratings upgrade, so is it that we are waiting for ratings upgrade and hence maintaining that high CAR and slightly lower growth vis-à-vis the high capital adequacy.
- **Mr. Sachinder Bhinder – Managing Director & Chief Executive Officer, Aavas Financiers Limited:**
- Thanks, Shweta you have two questions. I'll go for the first and second, I'll have GSR answer to that. To your question of growth, I think you have to really look at the industry growth and Aavas growth. I think in the industry growth, Aavas growth has been higher in those multiples. Now, you really bifurcate the growth in three segments, the geographies which we are in already and that's got represent in Sid's presentation. The growth has been higher than 25% and that's really where we've understood the customer, we understood the geography, we understood the collateral, and that's one side which is there. Second, where we are already there in five year term their growth is lower than what the normal average growth is and the third piece is the investment in the new states and our investment philosophy of really going across doing granular work, understanding the customer segment, understanding the collateral, understanding the personas, and having invested then only then accelerating and as a result of this three parameters which I talked about, which is already there geographies we are present, the geography which we want to accelerate, and then one we want to invest. I think the moderated average growth comes to in the range of 20% to 25% and I think this is the growth which actually helps us to give the financial metrics on 1+, on 30+ DPD, and stuff. I think balancing growth with profitability and with quality is a mantra and as I said that the opportunity is there, the opportunity is very, very granular, very modular, and we would like to grow in a sustainable quality manner and second question I'll have GSR answer.
- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited:**

- As you know rating is obviously independent agencies are there ICRA and CARE, who rates us basically and last 10 years we've seen five time rating upgrades has happened basically and it's separate independent agencies, but business is not linked to rating agencies basically let me tell you, lending business is not only lending business, but it's basically quality business, how you maintain your quality, how you maintain your metrics is very important in the long-term business basically. Our focus in both the area where we have invested in mature market we grow better, where we are investing we remain calm and quiet and watch how we are able to establish our fundamental in that market then we grow in that market basically, but high capital ratio is not account of anything all this because in a home loan this weight is just 33%, otherwise you see it was IPO when we went last time for capital raising , at that time basically our size was just Rs 4000 crore, today we have Rs 14,000 crores, we grew 3½ time without raising any capital basically. As I mentioned, we are not going to raise any capital short to midterm also basically, and retain capital I've shown in our presentation here, no further capital we have raised, Rs 1600 crore + capital has been intact– and company has made a profit. So, out of all these combinations it looks capital adequacy ratio is very high, but we want to grow very consistently where we can maintain quality and long-term growth is very important for this business.
- **Ms. Shweta – Elara Capital:**
- Right. Sir, one last question. You made a fleeting mention in your opening remarks on maintaining 5% spreads & 15% to 20% ROEs, can you give a ballpark rundown of your ROEs, because your cost to income has also been higher maybe because you were building up the technology stack, so how do you see the entire ROE stack over next two years? Thank you.
- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited:**
- I think this is a long-term business and we generally don't give very short term let's say a forward-looking anything, but if you see like we've seen we have invested in a branch, we have gone out of our comfort zone and not only Rajasthan, MP, Gujarat, we have spread in 13 states, last year, we have gone in 2020 in Karnataka, UP is almost five-year-old, so seeing all these things now we see 20% to 25% CAGR growth we see for next year is very much feasible, possible, we are confident on that basically. Tech has been happened, development is already invested, investment is going on that field. Branch size we see the next 10 year we don't see branch growth more than 10% every year. Topline will grow 20% to 25%, branches will grow 10%, headcount will grow 10% to 12% odd basically. All these matrixes will give us a better ROA and better ROE metrics Leverage is kicking in the - every year leverage is kicking basically. So, we are already let's say closing 16% plus, ROE zone we are already there in the network basically. Certain branches which are more than three-year old in the system basically 85% to 90% branches giving 20% ROE, that shows maturity of the branches, maturity of the business basically, it will start to kick in, but we need to still grow, we need to invest further basically in those new markets, we have to keep patience, wait and watch in the new market before they're giving the high double digit ROE business in that period.
- **Ms. Shweta – Elara Capital:**

- Sir, thank you very much for putting up this event. We were longing to meet you. Thank you and all the best.
- **Mr. Namit – Ingrowth:**
 - Hi, this is Namit from Ingrowth. I have a couple of questions. Firstly, you know compliments on putting together a very sort of experienced management team with as many as 10 CXOs of whom 9 are here. So, my question is to Sachinder and Anshul, what is the plan around retention - some thought process around the retention of this high-powered team, some color around that. Second question is in one of your slides you had mentioned about some triangles and boundaries where on the upper end you had mentioned 1 crore as a loan ticket size potentially, some color around any thoughts on sort of expanding the maximum ticket size of the loans that you might pursue? My final question is again around people not specific to the current experienced CXO team, but given the recent MD, CEO departure are there any non-competes and non-poach sort of understandings in place? Thank you.
- **Mr. Sachinder Bhinder – Managing Director & Chief Executive Officer, Aavas Financiers Limited:**
 - I think from a segment perspective when you talked about, I think we are looking at 25 lakhs to 1 crore. Again, there we have been very clear. This is a customer segment which is unserved and underserved. We are not getting into a customer segment which is directly in conjunction or in competition with any of the banking space. So, I think we are very clear and we will expand the segments which are in the range where we understand and the customer being unserved and underserved in those categories. I think that's very clear from us. From a perspective of, I think the kind of depth and the kind of job enrichment which the current franchise and institution is able to offer, I think that is drawn across the best of the talent or the right talent what Anshul talked about to be there. I think it is the purpose, it's the passion and the job enrichment followed by the long-term incentive plan, the ESOP plans, and all those. Those are the parts which are there as on the monetary side, but I think at a CXO level what you really, really look at is what is the drive. I think the drive is the purpose and the passion and why would you have somebody from a Kotak or an ICICI or an HDFC, or from city New York for that matter. New York to Jaipur is a long journey by flight, so you're talking about all those jet lags, but the guy doesn't seem to have any of them, it's very well settled, and we are taking advantage of that. I think over a period of time that is one which is very important for the job enrichment and as I said that gets twitched with lot of other incentive plans, which are monetary in nature and to the second line I'll have Anshul to answer that which is about the strong middle management and the strong lines and how do you do that, how do you plant talent, how do you retain talent, and how do you upskill that? Anshul, can you dwell upon that?
- **Mr. Anshul Bhargava -- Chief People Officer, Aavas Financiers Limited:**
 - Thank you, Sachinder for taking us through on the top management. For the middle management that was purposely done by me to give you a talent framework and a flavor of how we are managing. Just to re-emphasize, the team has been and I showed you with figures that we have a talent pool which has been there with the company across the business functions for more than three years vintage and the driving force

for all this while and that's the reason for understanding the culture and the DNA and that's the reason you would not be able to link up with that. So, apart from the monetary benefits, the ESOP benefits or other monetary long-term cash based plans to retain the key talent, the major driver has been on intrinsic motivators itself and since the organization has been in the growth phase and we have a long runway which we visualize and we give the vision to our team, so team sees a lot of opportunity with Aavas and so we are pretty confident that even with whatever has happened over the period of time, the team is going to stay with us given this kind of talent progression that we are giving and the kind of opportunities that we are giving to our people in terms of engaging with premier educational institutions. So, it's a complete bouquet of things which we are offering to our people there and obviously the major force behind the team to stay over the period of if you see any organization lies with the kind of trust and the credibility of the top management team which is there because this team the credible and the credibility is not really what you do, it's your background what you bring along as a management team as a complete package. So, with this team it gives a lot of comfort to our people to continue with Aavas on a long-term basis. Please be assured on that. Thank you.

- **Mr. Namit – Ingrowth:**

- Thank you. Regarding Sushil ji exit recently?

- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited::**

- I'm very transparent and honest to give that answer to you basically. Yes, there is a non-solicit understanding with Sushil, there is a gentleman promise for not doing the similar business from his side, but apart from that this market is very huge basically, a very big market opportunity exist. We are just on housing penetration at 3% where we operate, still we are just scratching the market not let's say having a sizable market share. So, market is huge for everyone, but there is a very gentleman promise for me, non-solicit any employees, non-solicit anything, he is not willing to start any similar sort of business in near future. That's before we went to let's say Singapore, Hong Kong roadshow I think I had a dinner with him, there is a clear cut I think message from his side. Ultimately, this is I think, Sushil has done lot of contributions to this company and he, like lot of other colleagues, senior management, or even middle management consider it as our baby and nobody has any intention to harm this baby that's I think the message from his side.

- **Mr. Namit – Ingrowth:**

- Yeah, thank you very much for all the detail and candid responses and all the very best. Thank you, Sir.

- **Mr. Atul Mehra -- Motilal Oswal Asset Management:**

- Yeah, Hi. Sir, just one connected question. This is Atul Mehra from Motilal Oswal Asset Management. Just one connected question to the previous one, so I remember at the time of IPO, Sushil ji used to have a 10-year plan,, 15-year plan of business ahead, so what led to his exit if you can elaborate on that because as a startup in that sense when IPO was there it was more like a startup and the founding team is one of

the key things to back when you're looking at that kind of a business, so could you elaborate on what led to his exit?

- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited:**
- I think in few investor's meeting and on investor call we mentioned that Sushil ji has significantly contributed to this company and there we are, I think board level all have appreciated his contribution for where we are today. You see Aavas has seen a different journey at different point of time basically. First, we have seen where it is in AU domain where we have seen from Rs 0 to Rs 1000 crore, then we have seen Kedaara Partners Group joined, we seen a different level of growth at that point of time, management investment from 1 CXO to 4 CXOs, branch expansion- from 15 branches to we have seen 100 branches expansion, we went to IPO at Rs 4000 crore balance sheet, now we are at Rs 14,000 crore balance sheet size basically. Yes, Sushil ji across the journey remained center point. Sometime, I mentioned he used to sit in Jaipur, sometime come to Mumbai also, Singapore, Hong Kong, UK, US, etc. I think a lot of things around strategy, executions, moved around him. The growth at that level is very good to some extent till the time you have to make DNA of the company, you have to build the foundation. But you think if you grow by 20% se 25% also, in 10 years just think what will the balance sheet be? it's around 1½ lakh crore balance sheet size, 10 lakh plus customers, 1000 branches, that number is seen. There was a discussion at board level at the last couple of quarters about management to expand, invest in technology because ultimately that is big differentiator between bank and HFCs, why HFC get stuck at Rs 15,000 crore, Rs 20,000 crore because tech is not there, whereas bank grows into 5000 branches, 5 lakh crore AUM basically, and that was there, the decision was taken for tech investment. The role of Sushil ji was split, because he has brought so much knowledge, experience to build this company, focus on more strategy piece, vision piece, tech transformations, let's say some merger and acquisition opportunity coming in the market, let's see seriously that aspects and day-to-day affairs to Sachinder, he was in the company 3½ years with the company and hence given to see day-to-day affairs of the company, so that we can have a very good team work and we can move ahead in the journey basically. I think I was also in that board meeting and Sushil was excited on that day, saying I have worked a lot roaming around the branches, now I will look after the strategy, vision, I will have some my time, but I think some of you know Sushil ji very well and Sushil ji is like you know all I think he was very close to execution basically across the life. He loves meeting with the customers even today when he goes in the branch. Even today also, he would sit behind a motorcycle and go, so first he felt very nice, then he realized this is a different role which in my nature, in my personality not suiting basically. That was, I think drive him, he thought he should separate and there is a big management bandwidth available to take forward this company and we all wish to him good luck and he also wish to everyone in the company good luck, now you grow the company, it will be a good company. It will be big. I think otherwise there were many rumours but - there was no dispute, no disagreement on the growth, on the quality, on the expansion, on IT investment, no nothing, all the incubators that you see are done at the time of Sushil. Just think, it is not that in 10 days, 15 days, 25 days, we have got new incubators. I hope I remain very fair and open to answer your questions and let's have a more focus on the new I think entire management team is here. I request all of you let's have more questions around growth, opportunity & tech piece

- **Moderator:**
- And you just adding to what he says because we have to cut short the Q&A session, so request you to restrict your number of questions to just one. Can I have the microphone here, please? We can interact with the management in informal session during the dinner time and drinks time.
- **Ms. Pallavi Deshpande – Sameeksha Capital:**
- Sorry, Sir, just to stick to the previous question - I'm sorry about that, but just because that is at the top of the mind of investors right now you know so why the roles you know I mean you explained that it was a role split which you know the exercise started from there, so why did we go for the role split if everything was running smoothly and I mean you said he was happy with the growth plans of the company, the expansion of branches, or the expansion in technology, so then just wanted to understand why a role split?
- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited:**
- We will take this question during dinner time– I'm available here. I think we can separately connect if any more question around that.
- **Moderator:**
- Let us not sound repetitive in nature because they have answered this one, but can I have your name and organization name please.
- **Ms. Pallavi Deshpande – Sameeksha Capital:**
- Pallavi Deshpande from Sameeksha Capital.
- **Moderator:**
- Can someone pass on the mic there? Yeah please.
- **Mr. Rahul Maheshwari -- Ambit Asset Management:**
- Yeah, Rahul Maheshwari from Ambit Asset Management. I just have one question as you emphasize more on Aavas 3.0, can we get some sense of clarity regarding the promoters which has driven the company from and the kind of avatar they have changed, can we get clarity at what is the engagement that will continue to be there or is there any milestone target or etc., it would be very helpful to know regarding that aspect too? Thanks.
- **Mr. Manas Tandon – Promoter Nominee Director, Partners Group:**
- Will take the question at the end.
- **Mr. Rahul Maheshwari -- Ambit Asset Management:**
- Sure. Thank you.

- **Mr. Nitin Gandhi:**
- Yeah, hi I am Nitin Gandhi. Jijy, commendable job explaining what you do- can we have some clarity on Unnati when is it going to live and what are the next two more initiatives which we are planning and what are the expectations you are building and maybe how do you benchmark against the leaders and how far you are from them and what is the time frame by which you should be hitting them?
- **Ms. Jijy Oommen – Chief Technology Officer, Aavas Financiers Limited:**
- Sure, sure. So, as I mentioned the project Gati which is the loan origination is already gone live and you know we started seeing some results there and of course the journey will continue, but I think your question was primarily on Unnati which is the loan management system and the ERP system implementations. We kicked off these two projects from November last year and our plan is okay so the system had to go through multiple phases right your design phase, your process reengineering phase, the development, integrations, testing, the system integration testing, then user acceptance testing, then go live right. So, we are right now as we speak, we are in the user acceptance testing commencement phase, so as we speak the trainings are going on with the core team who will start the system testing very soon. We are looking at go live of this system between quarter 2 and 3. Of course, this will have a huge data migrations, multiple cycles of data testing because we need to move the data from the old system with 100% accuracy to the new system right, so we may need to run at least five to six cycles of data migration testing, we have already done with 2 or 3 cycles, so we are targeting to take it to production between quarter 2 to quarter 3 and then you asked about the plan.
- The next big no take that initiative that we are driving with Rajaram is on the data infrastructure and analytic infrastructure upgrade with the current setup that we have the data lake which is running on Amazon cloud, the analytics team is able to do a fabulous job, but we want to make it more integrated because now the new systems are coming in and some of the use cases that Rajaram spoke about we want to make it more real time, more integrated with the decisioning journey on real time basis, so to make that happen we are actually going to do a bigger transformation on the data and analytics infrastructure side and that's where the next focus is going to be on. Of course as I mentioned during my presentation to take the Gati to the next level, we will be enabling a lot of unassisted and semi-assisted journeys for customers to extend the lot of parts of the loan origination process for our customers.
- So, people who are extremely digital savvy can we limit the dependency on our sales team to do certain basic works if customers can do a lot of themselves right. So, those are the areas that we will continue to focus on the further developments of Gati also. I hope that answers your question. Rajaram, you want to add?
- **Mr. Rajaram Balasubramaniam – Chief Strategy Officer & Head of Analytics, Aavas Financiers Limited:**
- Thank you. I wanted to add one point to what Jijy you said right, so you asked about how do we benchmark ourselves against market etc., I would give you a personal example. I came back from the US, I didn't have a credit score here so we were talking sitting one day at dinner I was going to buy a TV, Ashutosh suggested if you wanna

have score why don't you buy the TV from Bajaj, take a loan, so at least you'll get a score, you'll get a CIBIL, so I said okay, not bad, yeah let's do it right. So, I go to call Bajaj and they told me go to this Reliance Digital, so I go into the store and they say Sir I need your rent agreement, I need your Aadhar, I give it to him and I say okay I'm going to go look at the TV I want, believe it or not he took less time to approve my loan than I took to choose my TV in the store, I had to tell him please can you please wait I haven't picked my model yet, that's how we want to do it, that's our vision. I know mortgage in India is still a paper driven, touch driven, field driven, but our benchmark will be to see how do we make that easier, faster, better than everyone does it right. So, whenever we talk about Gati internally, whenever we talk about Unnati that's how we want to see it, make it easy, faster for customer experience. So, what does it mean from an analytics perspective, right. I started working with rules engines, analytics etc. 25 years ago, back in the day you had a batch process, sales will book an account, takes a batch run, comes to me, I apply intelligence, batch run, goes back to sales, 36 to 40 hours, 48 hours to get back information, but today with APIs, I have an orchestration layer that I'm building today, I can get back to the business. So, two things done for me; two important things, one I'm able to give data back to the process in the business when it's required not tomorrow not day after.

- The second thing what we need to do is we need to keep ahead of the curve. So, faster we can like Jijy said we can understand the past and faster we can feed that back into the process that's how I can achieve that goal of being faster and better. So, I think that's where the next project is coming from. I hope this helps understand a little bit more.

- **Ms. Jijy Oommen – Chief Technology Officer, Aavas Financiers Limited:**

- And maybe I can add one more point to Rajaram that might be helpful. Another thing that you're building on Gati is to build a command center for every single middle management person right whether it's a State credit manager or a State sales manager or an NSM, the people at multiple layers of the management we are working on building a command center. So, wherever they are they will be able to exactly see where each file is and there, they will be able to get the file moving faster. So, that is another aspect which is going to bring in a lot of efficiency across all the layers.

- **Moderator:**

- Thank you. Can I have one last question from that side please?

- **Mr. Mangesh Kulkarni – Almondz Global Securities:**

- Sir, thank you. My name is Mangesh Kulkarni from Almondz Global Securities. We in our presentation said that around 10% of our business will be coming from

- **Moderator:**

- Sir, can you be please a little louder?

- **Mr. Mangesh Kulkarni – Almondz Global Securities:**

- Yeah, our 10% will be coming from the co-lending. So, have you identified any tie-ups for this and by when we will be able to achieve this 10%?

- **Mr. Ghanshyam Rawat - President and Chief Financial Officer, Aavas Financiers Limited:**
- We are exploring the co-lending with a large PSU and private bank. Still it's yet to be tie up, but we will do progress in this year and in next 3-5-year time horizon movement will be seen in total AUM in the co-lending model.
- **Moderator:**
- So, that was the last question. I now ask Mr. Bhinder to give his closing remarks please.
- **Mr. Sachinder Bhinder – Managing Director & Chief Executive Officer, Aavas Financiers Limited:**
- Dear all present, thank you very much for your valuable time. Thank you once again for taking time out from your busy schedule and have a nice engaged full discussion. On behalf of the entire management of Aavas and Board of Directors, I want to express heartfelt gratitude for your unwavering support and trust in your company. With that, God bless you and your family health and happiness always. In God, we trust. Thanks.
- **Moderator:**
- Thank you, Mr. Bhinder. I now invite all of you to join us for the cocktail and dinner. So, over to you Manas and Nishant.
- **Mr. Manas Tandon – Promoter Nominee Director, Partners Group:**
- Guys, thanks a lot. This has been a very engaging session. Thank you all for all the effort that everyone's put in over the last few weeks. Genuinely, it's good to just see everyone come together like this and thank you for all the questions. Just on the specific questions on promoter plans, I would say two or three things. Firstly, for Nishant and I personally and for many of our colleagues here from both Partners Group and Kedaara, this is obviously been a professional journey, but it's been an intensely maybe you saw some of this today on the stage and in our interactions it's been an intensely personal journey as well. So, this is frankly for Nishant and I and for Karthik and Murli and Rahul and Purab and Lakshya this is as much our baby as well and we've taken great pride in the way Aavas has shaped up over the last seven years with us kind of as custodians of that journey.
- The second thing I would say to your questions specifically is I'm assuming you're referring specifically to share, sale, exit all of that right, so we haven't sold a single share in Aavas since August of 2021 and we personally feel this has been a long-term journey at 20% plus compounding well into the future. The last point I would say to your specific question is we know there has been a transition and it's a transition that has recreated questions in many of our partners' minds and so I just want to say that till this transition is fully stabilized and we can show you several quarters of really good performance and till you believe that this transition is complete, we are gonna be there till all of that is in fully steady state. I hope that answers your question.

- **Mr. Nishant Sharma - Promoter Nominee Director, Kedaara Capital**
- Yeah. I think just a couple of things to add to what Manas said. I think it started with what we elucidated earlier which is that we're committing to building an institution and I think institutions obviously not necessarily a function of one or two people, but really a team. In our mind I mean you saw everyone really play their part and that's how the organization will continue its ride into the future. Even as promoters, we talk about technology, data science, analytics, the kind of investments we've made in six, seven, or eight of our investment and we will continue to do that because ultimately in order to build a lasting institution, investments have to continue. There is no stop to those investments that continue and to Manas' point we'll continue to build Aavas into the institution that we're all dreaming of and proud of that investment.
- Also wanted to take the opportunity to thank Sushil, Ram who've been members of the management team from the beginning and have played in really valuable role and we'll build on that legacy and take the institution forward. So, just wanted to make sure we acknowledge their contributions and really thank them and take the batten forward in the future. Thank you. Thanks for being here. I really appreciate your time. Thank you.
- **Moderator:**
- Please join us for dinner and drinks outside. Thank you.

End of Transcript