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Date: June 27, 2022

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

**Sub: Annual Report for the Financial Year 2021-22 and Notice of the 12<sup>th</sup> Annual General Meeting of the Company**

This is to inform you that the 12<sup>th</sup> Annual General Meeting ("AGM") of the Members of Aavas Financiers Limited ("Company") will be held on Thursday, July 21, 2022 at 3:30 P.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the businesses as listed in the Notice of AGM. We are submitting herewith the Annual Report of the Company along with the Notice of AGM for the Financial Year 2021-22 which is dispatched to all the Shareholders, through electronic mode on Monday, June 27, 2022.

The Notice of AGM and Annual Report are also made available on the website of the Company at [www.aavas.in](http://www.aavas.in)

This is for your information and records.

Thanking You,

For Aavas Financiers Limited

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



Encl: As above



AAVAS FINANCIERS LIMITED

(Formerly known as "Au HOUSING FINANCE LIMITED")

An ISO 9001: 2015 Certified Company | CIN NO.: L65922RJ2011PLC034297

Regd. & Corp. Office: 201-202, 2nd Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur-302020

Tel: +91 141 661 8888 | E-Mail: [info@aavas.in](mailto:info@aavas.in), Website: [www.aavas.in](http://www.aavas.in)



# Shuruaat ek naye daur ki



Aavas Financiers Limited is preparing to  
address the second decade of its existence



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### The theme of this report

This is the fourth annual report of Aavas Financiers Limited following its initial public offer in 2018.

The company has selected to focus on how the various shock absorbers that it invested in across the ten years of its existence helped resist sectorial headwinds and grow in a sustainable manner.

Aavas' forward-looking investments in customer engagement and technology helped to create a platform that should translate into sustainable growth across the coming years.

### Forward-looking statement

This document contains statements about expected future events and financial and operating results of Aavas Financiers Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of the annual report.

“The magic  
in new  
beginnings is  
truly the most  
powerful of  
them all.”

Josiyah Martin



## CORPORATE SNAPSHOT

Aavas Financiers has been serving customers for more than a decade.

The Company's customer engagement has been marked by a obsession with service, delight and retention.

Besides, the Company has brought to its table a strategic discipline across vision, processes, systems and risk management.

This commitment has translated into consistent growth across economic and market cycles.



### **Vision**

Enriching lives of people by enabling them to achieve their dream of owning a home: SAPNE AAPKE, SAATH HAMAARA.



### **Mission**

To empower and upgrade the lives of low- and middle-income customers by providing them accessible home loans and setting pioneering benchmarks in unserved and underserved markets.



### **Values**

- Create customer delight with focus on ease and speed.
- Blend traditional ethics with modern outlook to create an environment of trust and transparency.
- Be responsive, professional and ethical in our approach towards customers.
- Nurture employees to perform passionately with a sense of ownership.

## Journey

**2011:** Incorporated as Au Housing Finance Private Limited and was awarded the license from NHB in August 2011

**2015:** The Company's Asset under Management (AUM) crossed the mark of ₹1,000 crore and active loan accounts reached more than 17,000.

**2017:** The Company's name was changed to Aavas Financiers Limited. The Company's branch network crossed the 100 mark.

**2018:** The Company successfully launched an Initial Public Offer (IPO) and listed its shares on the stock exchanges. The Company's branch network crossed the 200 mark. AUM crossed the mark of ₹5,000 crore with active loan accounts of more than 50,000.

**2020:** The Company's active loan accounts reached more than 1,00,000 and employees' strength crossed the 5,000 mark.

**2022:** The Company's AUM crossed the mark of ₹10,000 crore. The Company's branch network crossed 300+. The Company was certified as a Great Place To Work.

## Competent management

The management team at Aavas is spearheaded by qualified and experienced visionaries, with the support from competent professionals.

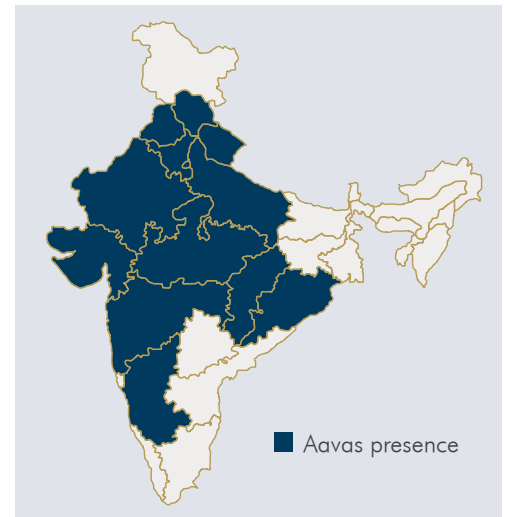
- With its Chairperson and Independent Director Mr. Sandeep Tandon, the Company possesses an industry stalwart with over 22 years of experience in the technology sector.
- Mr. Sushil Kumar Agarwal, the Founder, Managing Director and Chief Executive Officer, possesses over two decades of experience in retail financial services, business development and financial management.
- Mr. Ghanshyam Rawat, the Co-Founder and Chief Financial Officer has over two-and-a-half decades of experience in the retail financial services and other sectors.
- The company is backed by an experienced and dedicated team of professionals comprising IIT-IIM Alumni, Chartered Accountants, Technical Experts, Company Secretaries, and lawyers among others, working together to achieve a common goals.

## Human capital

With the motto, 'I am Aavas', the team of Aavas has diversified, experienced and talented employees. This is our strength in a highly competitive and volatile market. The skills of our people, their rich experience, ingenuity and superlative efforts, even in face of adversity, enables Aavas to achieve excellence in the marketplace and creating a future-ready workforce. The Company had 5,222 permanent employees as on March 31, 2022.

## Geographic footprint

Following the launch of the first branch in Jaipur in 2012, Aavas grew to 314 branches across the decade. These branches were distributed across Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Uttar Pradesh, Chhattisgarh, Delhi, Punjab, Uttarakhand, Himachal Pradesh, Karnataka and Odisha (as on March 31, 2022). Some 34 branches were added in FY 21-22.



## Performance

Aavas reported yet another year of business growth in FY 21-22. The Company's revenues grew 18.1%, while profit after tax grew 23.2%. The Company's net interest margin was 8.23% and gross non-performing assets were 0.99% as on March 31, 2022.

# 39.20

%, Promoter and Promoter Group's shareholding, March 31, 2022

# ~20,282

₹ crore, Market capitalisation, March 31, 2022

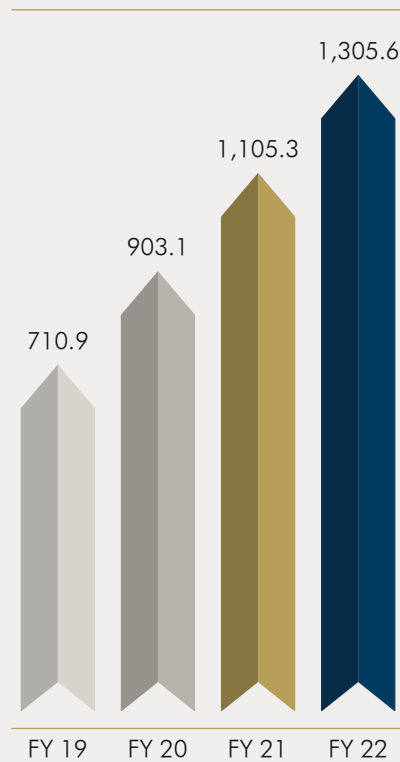
# 5,222

Permanent employees, March 31, 2022

# Aavas has reported growth year after year

## Total revenue

(₹ crore)



### What it means

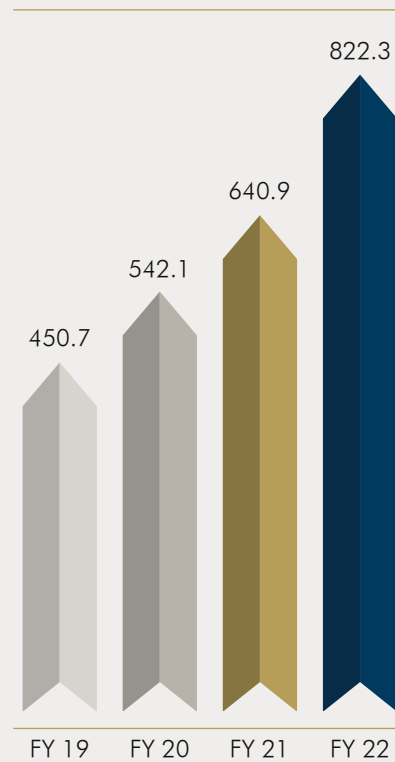
Revenue is a reflection of the Company's ability to leverage its distribution network with increased loan assets at a competitive price.

### Result

The Company's revenue grew 18.1% to ₹1,305.6 crore on the back of a wider customer base spread across a network of 314 branches and strong customer relationships.

## Net total income

(₹ crore)



### What it means

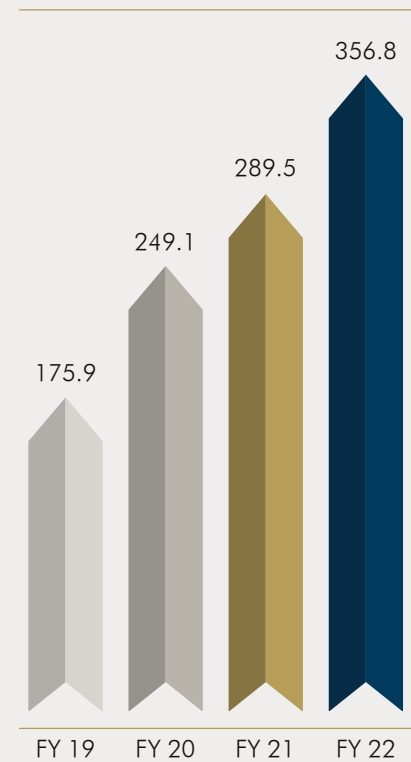
The Company prioritises net total income and strengthens it through superior underwriting and collection capabilities. The Company mobilised funds from domestic and international lending partners at competitive rates, providing customers with a risk-adjusted interest rate.

### Result

The Company's net total income grew 28.3% in FY 21-22.

## Profit after tax

(₹ crore)



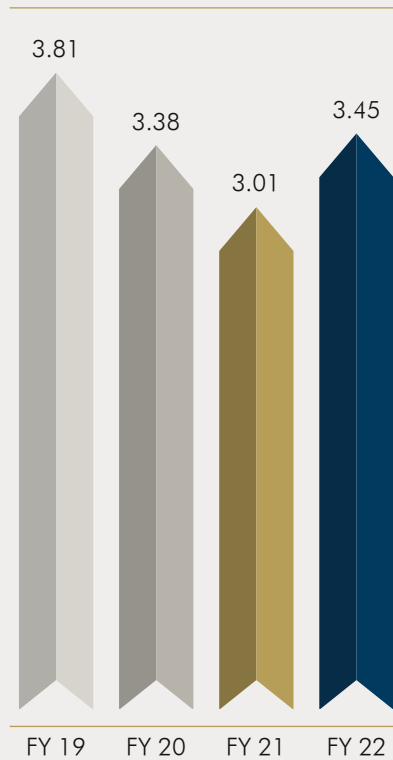
### What it means

Profit after tax is an important factor that reflects the Company's profitable business. It ensures that adequate profit is available for reinvestment and sustaining the growth of the Company.

### Result

The Company's net profit grew 23.2% in FY 21-22. The Company has demonstrated a consistent increase in profit after tax.

### Operating cost to average total assets (%)



#### What it means

At Aavas, we focus on expanding our footprint in return for economies of scale, increasing productivity and improving technology use.

#### Result

The Company is committed to strengthen competitiveness against market cycles through continuous geographical and technological expansion.

### Return on Assets (RoA) (%)



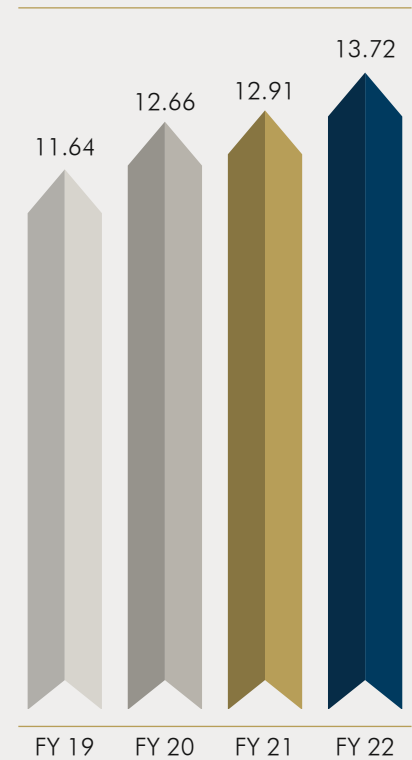
#### What it means

This represents the Company's profitability proportionate to its total assets. A higher RoA is a reflection of rising asset efficiency.

#### Result

The Company maintained RoA at 3.57%.

### Return on Equity (RoE) (₹ crore)



#### What it means

A growth in the RoE indicates the ability to reward stakeholders. On account of sustained growth, improved spread and consistent profitability, the Company's RoE is expected to strengthen.

#### Result

The Company's RoE increased by 81 bps in FY 21-22.



# How our credit rating has improved

## FY 17-18

### For long-term credit

A+/Positive from CARE  
A+/Positive from ICRA  
A+/Stable from CRISIL

### For short-term credit

A1+ from ICRA and  
CARE

## FY 21-22

### For long-term credit

AA-/Positive from CARE  
AA-/Positive from ICRA

### For short-term credit

A1+ from ICRA, CARE  
and India Ratings

**Achievement:** The Company's improved fundamentals translated into an improved rating for long-term credit: from A+/Positive from CARE and ICRA in FY 17-18 to AA-/Positive in FY 21-22. This provided the Company with a platform to diversify its borrowings and negotiate progressively lower costs from lenders.

# Our focus for the coming decade

How we intend to outperform in a new decade of existence

**New technological platform:** Aavas intends to make a decisive investment in a new technology platform. This is expected to reinforce the Company's position, scaling the business manifold without technological constraints. The new platform will empower the Company to manage the entire customer engagement and relationship around an advanced technology framework, enhancing organisational responsiveness and customer delight.

**Customer experience:** Aavas intends to further upgrade from being reactive to predictive of customer needs and reducing turnaround time in responsiveness through technological advancements, enhancing the customer experience.

**Distribution:** With technological support in place, the company expects to add around 30-35 branches each year over the next few years. The Company intends to expand into new geographical markets across the coming decade.

**Diversified loan products:** Aavas seeks to expand its portfolio of mortgage-backed retail home loans and MSME loans, focusing largely on the lower and middle income segments by investing in analytical strategies and advancements.

**Strengthening human capital:** Aavas seeks to strengthen its human resource practice through the evaluation and implementation of employee feedback, deepening an empowered culture of 'I am Aavas'.

**Credit growth:** The Company is optimistic of recording consistent and calibrated growth while ensuring pristine asset quality and robust operating metrics.

**Cyber Security and Data Protection:** The Company intends to build a secure system that can improve its ability to prevent cyber attacks and keep systems and data protected.

**ESG:** Aavas intends to build a strategic approach where environment, social and governance fundamentals are embedded into the business. Aavas will continue to imbibe ESG in its strategic direction and activities for enhanced business sustainability.



The housing sector is an important driver of national wealth owing to inter-linkages with almost 270 ancillary industries, giving housing finance a strategic importance

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**Sandeep Tandon,**  
*Chairperson & Independent Director*

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## From our Chairperson's desk

In a nation's economic development governments tend to focus on agriculture, or manufacturing services. The housing sector, however, is an important driver of national wealth owing to inter-linkages with almost 270 ancillary industries, giving housing finance a strategic importance.

It is a key driver of not just economic development but also social and civic development.

Housing markets have significant macroeconomic impacts. Housing generates expenditure outside the housing sector. This expenditure arises from two causes. i.e., housing represents a significant store of individual wealth, which is highly correlated to consumption. Housing formation, even without wealth effects, stimulates significant expenditure on housing-related and non-housing-related services and goods. Housing contributes to the generation of jobs even in industries other than housing construction. Lifecycle expenditures related to the arrival of children in a family are triggered by housing formation activity.

Housing, through property taxes, is a significant contributor to local government finance. There is a correlation between housing and public

participation in governance. Better housing provides better national health. A homeowner is more invested in the community, society and the nation, leading to an overall better governance and representation.

We, at Aavas, are the lender of choice for first time homeowners. Like our vision statement says Sapne Aapke, Saath Hamaara we are focused on being a partner in that nation building journey.

Aavas has always taken a proactive role in working with communities and people at the ground level. We help our customers fill applications, get support and be able to own the home of their dreams.

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

In addition to technology, we will continue to deepen our empathy and find ways to support our customer home owners to build their and our nation's future.

### Sandeep Tandon

Chairperson & Independent Director



PERSPECTIVE

When we started 11 years ago, we seeded the ethos of compassionate service; we support our customers with the same spirit today.

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Sushil Kumar Agarwal,  
*Founder, Managing Director & Chief Executive Officer*

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## Overview


Consistency is critical in the journey to success. Something done well, needs to be done again – and then again. I must emphasise that there is no other way to succeed.

As I reflect on the last eleven years we have been in business, I am filled with a sense of satisfaction in the way Aavas has consistently delivered record results and achieved milestones, countering the various challenges in its way.

At the outset, I must communicate that it is gratifying that our FY 21-22 disbursements surpassed the pre-Covid level. This spirit of outperformance has rippled across our operations. Sustained investments in distribution and technology empowered us to navigate the pandemic challenges effectively. The result is that we finished the year under review with an encouraging momentum that enabled us to exceed ₹11,000 crore assets under management. A robust 35.6% growth in our disbursement, coupled with a mere 0.99% NPA, resulted in a stronger Balance Sheet.

It would be an understatement to measure the year's growth only through the financial prism. The qualitative growth in terms of technological reboot, automation and robust capacity building will enhance efficiency and resilience. We may not be a bank by license, but we are definitely one by processes.

The next stage of our transformation - building on what we have achieved - is to invest ahead of the curve. This may not be easily achieved as the future is marked by challenges. However, our assurance comes from the fact that we proactively prepared through an appreciation of four dimensions of the

 **The economy, geo-political unrest, pandemic and climate change will continue to challenge businesses, Aavas' included. In the past, we overcame these challenges and I am optimistic that the future continues to be ours to shape if we persevere with integrity.**

contemporary business world.

The first dimension is a recognition that challenges exist and what we may have done to grow the business in the past may not be the way we would need to conduct ourselves in the future. The Aavas of 2022 articulated a priority called 'Ek nayi shuruvaat' (a new beginning), which captures the importance of rebooting and taking fresh guard.

The second dimension is that there is a large premium on the ability to manage scale. While we have been augmenting operations constantly, we know that quality assurance is equally important. With every new disbursement, we remain conscious of incorporating adequate risk assessment, safety and quality checks throughout the product life cycle.

The third dimension is an understanding of what will get us there. The Aavas of tomorrow intends to grow in mortgage-backed financing through retail home loans and MSME loans, focusing largely on lower and middle income segment. The Aavas of today is preparing itself by investing in analytical strategies and advancement.

The fourth dimension of our journey is that we created and plugged all managerial positions required to get us to the desired size ten years from now. We are also investing deeper in professionalism and enhanced customer

service. This would require a proactive periodic engagement with customers and transition from one-off transactions to an ongoing financial relationship where we graduate from the role of a lender to that of a consulting friend-philosopher-guide focused on enhancing the client's prosperity.

With these four pillars, I am confident that we are opening the door to wide ranging possibilities that expand our reach and empower us to achieve our mission of reaching a million customers by the end of this decade.

**'We cannot think of flourishing on a planet that is itself depleting with disease, calamity or impoverishment'**

On the global dais, the lines between profit-making and community wellbeing seem to be blurring. The investment universe is putting a greater emphasis on environment, social and governance (ESG) considerations. It goes without saying that social and environmental impacts will redefine the level playing field among leading players in our industry as well. The result is that we cannot isolate ourselves from the problems that communities are facing.

Since we were founded, contributing to society has remained integral to the Aavas culture. We have aligned our CSR

strategy with Sustainable Development Goals of the 2030 – Global Agenda for Sustainable Development adopted by all UN Member States, with extensive initiatives in the areas of public healthcare, climate action, rural development, sport and quality education. As a responsible corporate citizen, we are keen to develop a richer understanding of - and a deeper commitment to - sustainability. On a nascent, yet significant, note, we emphasised the role of social responsibility and environmental care in our stakeholder engagements and communications.

To inspire others to act, we need to make sure that our house is in order. We always support and encourage women's ownership in the homes mortgaged against our financing. In continuation of this, another remarkable achievement during the last financial year was the issuance of our first Social Bonds to CDC UK with the objective to increase women's access to housing finance by encouraging property ownership.

We also embarked on a journey towards energy savings and emissions control through intensive education and awareness campaigns for transitioning our customers to homes with an environment-friendly architecture ('green homes'). We are providing technical guidance and one-to-one assistance to customers who wish to build such structures. With this learning, we are gradually making our Aavas 'a green home' and striving toward Green Building Certification for our offices in a phased manner.

**'If you want to walk fast, walk alone. If you want to walk far, walk together'**

Our success is built around the efforts

of our people. All the knowledge in the world will not help if our people do not believe in what I believe. It is important that our frontline employees, who represent our company before customers, should share my passion. I make sure to take time out and visit smaller pan-country branches, understand ground-level challenges, share my vision and articulate my dreams for the company.

I consider each corporate level as a spoke in our wheel: when one spoke is shorter, it can throw the whole wheel off balance. It is only by taking a bird's eye view that one can ascertain a room for excellence and improvement. The result is that even as we are growing, we continue to introspect across the components - risk management, governance, ethics, data protection and talent retention – that hold us together.

I would like to highlight one value that we have embraced as a growing organisation: While we are constantly striving for change, especially in terms of technology and process upgradation; we remain conscious of the need for empathetic change management. We ensure that our employees and customers are not overwhelmed by our technological developments. Our employees are adjusted to new technologies and processes through training, feedback and free flow communication. From incentives to motivation, from promotions to encouragement, we are constantly seeking to improvise on how we embrace change.

These are examples of ways in which we promote integrated growth and ensure that the Company's prosperity cascades to employees at the grassroots. It was a landmark that the Company was awarded the Great Place To Work

certification during the last financial year, strengthening our resolve towards employee happiness, wellbeing and development.

**'Flying high is not about losing your ground. We are progressing but core values remain intact'**

When we step beyond our comfort zone to give to others, we enhance our perspective, empathy and impact. What could be a better way of doing this than by extending a helping hand to a family building the first home of its life?

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

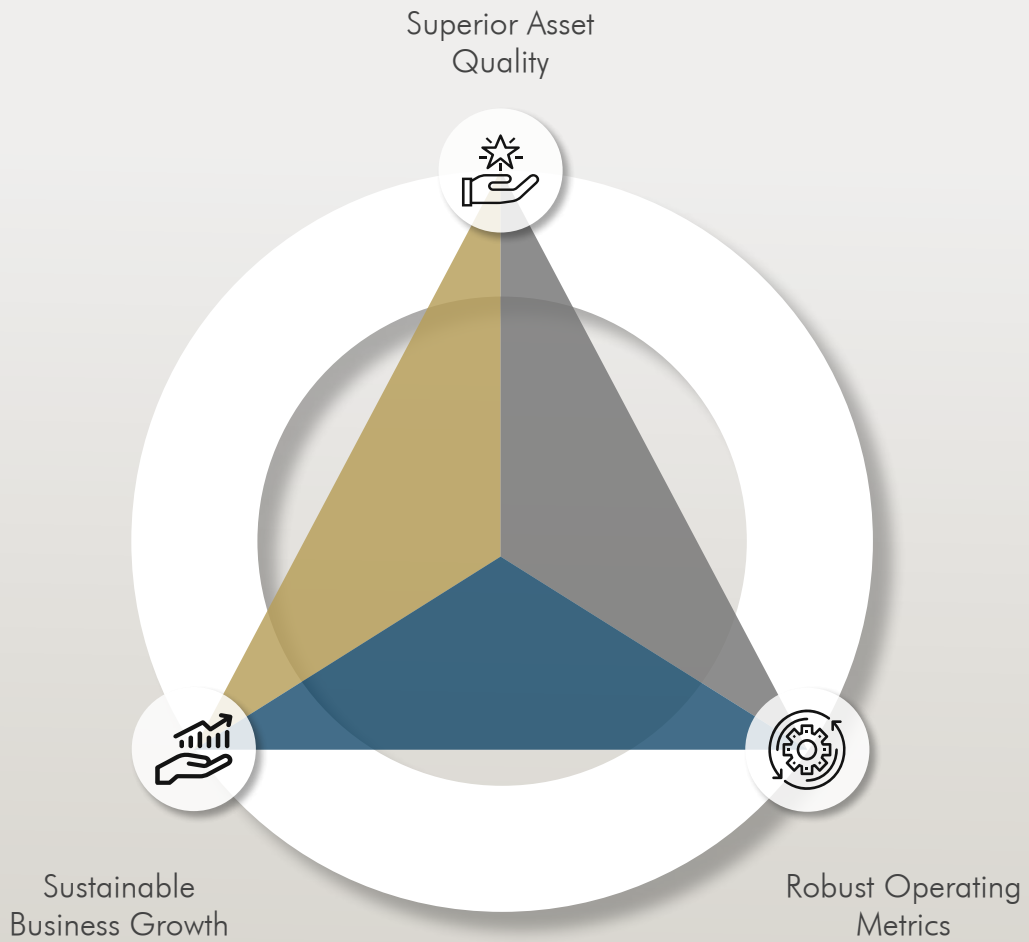
Looking ahead, we do not expect FY2022-23 to be easy. The economy, geo-political unrest, inflation, pandemic and climate change will continue to challenge businesses, Aavas included. In the past, we overcame these challenges successfully and I am optimistic that the future continues to be ours to shape if we persevere with integrity.

I must thank our shareholders and customers for their sustained confidence in Aavas. I am grateful not only to our employees but also to their families for support during difficult times. I speak for the Board of Directors and myself that it is a privilege to be on this journey.

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**Sushil Kumar Agarwal**, Founder,  
Managing Director & Chief Executive  
Officer

## THE FOUNDATIONS OF OUR STRATEGIC DIRECTION







## OPERATIONAL REVIEW

Our ten-year vision is to emerge as a reliable retail lender combining steady growth, consistent earnings and firm control of risk factors.

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**Mr. Ghanshyam Rawat,**  
*Co-Founder and Chief Financial Officer, analyzes the Company's  
FY 21-22 performance*

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### Q: Were you satisfied with the performance of the company in FY 21-22?

**A:** There was definitely a conviction that we had passed yet another test in our ten-year existence when we continued to outperform the growth of India's NBFC sector, sustain our double-digit percentage business growth and enhance stakeholder value in a comprehensive way during the year under review.

A context to appreciate what we achieved would in order. The year under review commenced with a weak quarter when India was locked down yet again on account of the pandemic is resurgence. This lockdown affected livelihoods, more so in the economic section addressed by the Company. In what proved to be the most challenging quarter for India's NBFC sector in general and the mortgage finance industry in particular, Aavas' loan asset portfolio showed resilience during the pandemic and by the year end reported a further improvement in the collection efficiency, which resulted in gross non-performing assets of 0.99%. The performance of the Company during this challenging quarter represents an index of our resilience, validating our strengths and competencies.

Thereafter, Aavas reported a quarter-on-quarter growth in disbursements and assets under management to finish the year under review with an impressive scorecard: Y-o-Y 35.6% growth in disbursements, 20.1% increase in assets under management, 22.7% increase in earnings per share and 23.2% increase in profit after tax.

The fourth quarter was the best across all quarters, marked a 35.4% growth in disbursement, 29.8% increase in earning per share and 29.8% increase in profit after tax over Q3 FY 21-22. This indicates that the leading averages are growing and if the Company sustains the momentum, it stands to carry its record performance ahead into the current financial year.

### Q: What achievements of the Company would you wish to highlight during the year under review?

**A:** Apart from the financial growth or operational excellence, I would like to take collective pride on how the Company rallied to protect employees and their dependents during the year under review. At the outset, let me state that we were not entirely successful; we lost eight employees to the pandemic and regret that we could not save them. Their loss can never be plugged, the Company responded with 24 months of ex-gratia salary to the affected families in addition to a job offer for a family member in the nearest Aavas office. Besides, the Company covered all its employees with insurance for amounts ranging from ₹20 lakh to ₹150 lakh. The Company created a panel of doctors for employees and their dependents to seek anytime access; the Company provided advice, emotional support and counselling during this challenging phase; we provided medical advice through tie-ups with a number of hospitals; we provided interest-free medical loans and support; we facilitated work-from-home for employees.

### Q: What was creditable about the Company's performance?

**A:** The most creditable feature of the Company's performance was its outperformance in a challenging year. At a time when the social environment was restricting, there was a premium on the Company to protect the quality of its numbers. In most circumstances, it would have been simpler to make an exception for the year and compromise on our established standards. Our commitment was tested and I am pleased to report that we delivered superior growth without compromising the integrity of our business model.

### Q: Can you explain the 'integrity of our business model'?

**A:** Take something as fundamental as gross non-performing assets. During the year, there was a lockdown cum slowdown within the economy, especially during the first quarter. It would have been usual for a decline in livelihoods to translate into higher gross NPAs. We could have excused this increase for reasons outside our control. However, Aavas worked harder and quicker: we engaged with our customers across the board; we listened patiently to what they had to say; we explained the importance of timely repayment that would protect their personal credit rating across the long-term. The result of this engagement paid off: our gross NPA in the first quarter was 1.14% and declined quarter on quarter to touch a low of 0.99% in the last quarter. We believe that the gross NPA of 0.99% that we achieved at the end of the year was one of the lowest in India's NBFC sector and compares favourably with companies larger than ours. This number represented the coming together of all our competencies during a challenging moment. The number also reflected the credibility of the undocumented Indian customer in addressing dues with urgency and protecting respect.

### Q: What other measures testify that the Company protected the long-term sustainability of its business model?

**A:** Let me start with the turnaround time with which we addressed our customers. The number of cases signed where the TAT was 10 days or lower increased from 54.6% in FY 19-20 to 58.4% in FY 20-21 to 68.0% in FY 21-22. This indicates that even in a stretched working environment we continued to enhance customer service.

Thereafter, let me address the cost at which the Company mobilised funds during the year under review. In our business where the principal resource is the money that we mobilise from lenders, there is a premium on the need to do so at the lowest cost. The lower the cost, the higher our ability to remain competitive in our lending rate and the bigger the possibility of widening our market (translating into higher revenues). In view of this, the cost of mobilised funds is critical to sustaining our competitive advantage.

During the year under review, the Company leveraged the quality of its Balance Sheet and credit rating to mobilise ₹4,388 crore at an average cost of 6.04%. This represented the lowest cost at which the company has mobilised debt, 56 bps lower than the previous low. The average cost of funds at the end of the year under review was 6.88%, 52 bps lower than the average cost of fund at the end of the previous year in 2020-21. Needless to say, the decline in cost of debt during the year under review translated into a core spread of 5.77% and a net interest margin of 8.23%.

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### **Q: How comfortably is the Company placed in its sector?**

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**A:** In a volatile business environment, there is a growing premium for safety. A number of analysts now ask, 'How secure is your Balance Sheet?' This is what I tell them: The first thing that a company needs in today's times is to be secured and growth-ready at the same time. We are secured in that we enjoy an access to more than ₹1,500 crore of undrawn funding lines in addition to a fixed deposit corpus of ₹1,498 crore at the close of the last financial year. This anytime access to a large funds pipeline positions us as growth-ready from a short-term perspective.

Now take the long-term perspective: for the last few years, Aavas has nursed a positive asset-liability mismatch where the tenure of its liabilities is considerably longer than its assets. This indicates a stability in our debt tenures: average maturity of liabilities of 126 months as against assets of 90 months behavioural maturity at the close of the last financial year. This indicates the long-term liquidity and the stability of our Balance Sheet.

These fundamentals translated into a credible credit rating – revised upwards from AA- /Stable to AA- /Positive by both ICRA and CARE during the year under review.

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### **Q: What is the Company's focus going ahead?**

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**A:** The Company intends to make a decisive investment in a new technology platform. This platform will serve as the Company's backbone, making it possible to scale the business manifold from the current level without altering the infrastructure. Besides, the new platform will empower the Company to manage the entire customer engagement and relationship around technology, translating into enhanced organisational responsiveness and customer delight.

Given this technology support, we expect to roll-out new branches and expand our customer base across new geographical markets; we intend to enhance people productivity in a substantial way, strengthening our margins.

The trickle-down effect of these initiatives is expected to be substantial: our ten-year vision is to emerge as a reliable retail lender, combining steady growth, consistent earnings and a firm control of risk factors.

# Shuruaat ek naye daur ki



Aavas Financiers has grown assets under management, profits and earnings per share every single year in its existence.

This was the result of a strategic vision that was directed to grow the Company in a sustainable way.

At the Company, it would have been usual to sustain this approach.

On the contrary, the Company has refocused with the objective to renew its personality.



# Integrated value-creation at Aavas

How we are structured to enhance value for all our stakeholders

## OVERVIEW

In the modern world, it is no longer adequate to enhance shareholder value. The operative term increasingly used is 'stakeholder value'.

By the very nature of the term, 'stakeholder' does not merely refer to the interest group that owns shares in the Company. It refers to every single individual or sentient that is likely to be influenced by the Company's brand, product or operations. It refers to everyone and everything, living or not.

This represents an understanding of how the value sought to be created needs to be integrated across all stakeholders,

the measure by which all companies are appraised. This Integrated Value-Creation Report is being increasingly respected for its appraisal of 'hard' and 'soft' initiatives in its reporting format. The report draws on diverse strands (financial, management commentary, governance, remuneration and sustainability reporting) in explaining an organisation's ability to create, enhance and sustain value.

Interestingly, the influence of an Integrated Report enhances an understanding across diverse stakeholders (customers, employees,

shareholders, partners and communities), underlining the need for an organisation to enhance value in a sustainable manner. As a forward-looking organisation, we have published an Integrated Report as a part of our reporting discipline.

## Our sustainability framework

### Priorities

- Growing need to enhance value for all stakeholders
- Transparent disclosures in the Annual Report
- Invest in business to achieve long-term outperformance
- Focus on customer experience and employee engagement

### Strategy

- Largely finances the ownership of homes
- Finance the needs of the customers in rural and semi-urban areas with undocumented income proof
- Adopting technology and data science to improve speed and quality of our processes

### Procurement economies

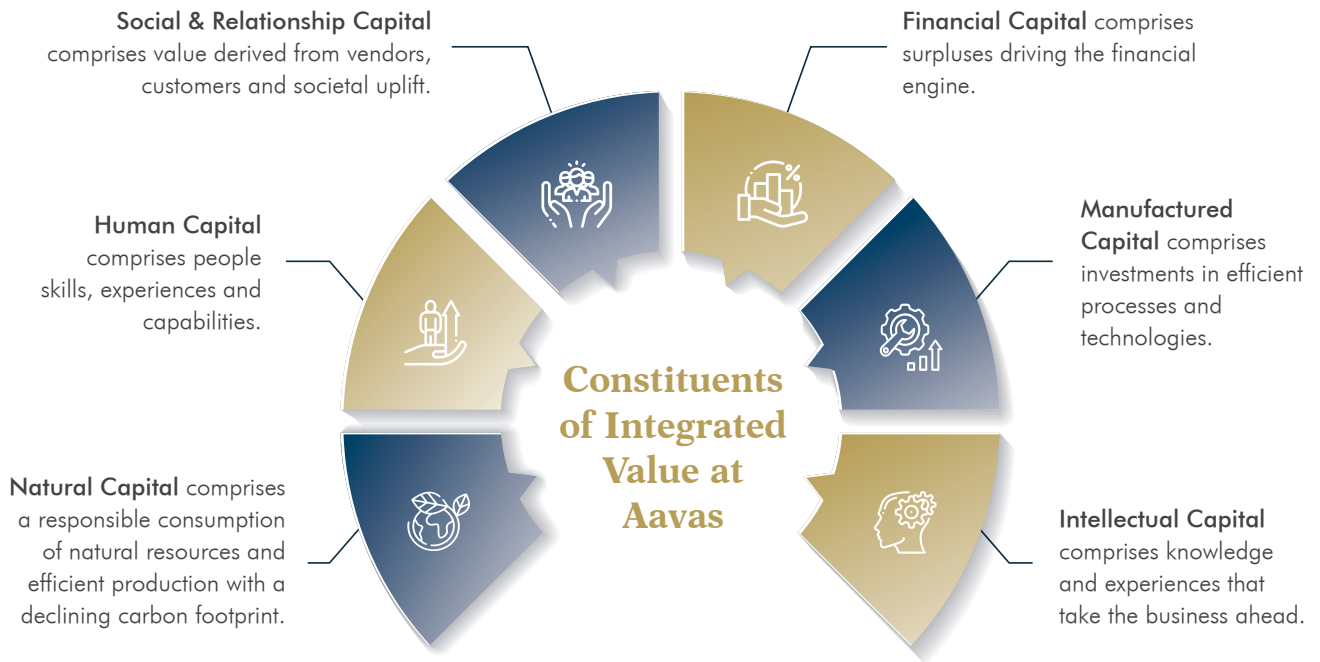
- Sources debt from large Indian and international institutions
- This debt is long-term in nature, enhancing resource stability
- The Company's cost of funds has progressively declined

### Distribution footprint

- Footprint in 13 states across India
- 65% customers were from low income group and economically weaker sections
- Presence in un-served and under-served areas

### Financing excellence

- Positive long-term asset-liability mismatch
- Access to ₹1,500 crore of sanctioned undrawn funds
- Annual principal and interest inflow financing debt repayment and business expansion



**Brand and customer capital**

- Recall around the word 'trust'
- Customer engagement marked by low turnaround time
- Emerged as a friend, philosopher and guide for the customers

**Financial structure**

- Un-drawn borrowing lines
- Business growth backed by strong distribution and capital adequacy ratio
- High collection efficiency

**Ethical integrity**

- Business driven by codes of conduct and ethical integrity
- Business marked by a culture of compliance
- Integrity extended to environment responsibility

**People competence**

- Enhance talent productivity
- Invest in knowledge, experience and passion
- Deepen a culture of outperformance

**Community support**

- Provide community support
- Focus on integrated development
- Engage in a sustainable way for extended impact

# How we enhanced value across our capitals in FY 21-22

## Drivers of value at Aavas

At Aavas, the interconnection of our stakeholder values has helped enhance business sustainability



### Our Customers

helped us stay in business by seeking housing finance and other loan products, generating financial resources to sustain our operations. Our focus has been on servicing a large number of customers around our preferred rate points, retaining them and serving them with our customised products as per their requirements.



### Our Employees

represented the total knowledge of growing the business across a range of functions (Sales, Underwriting, Operations, Legal, Technical, Treasury, Collection etc.). Our focus continued to be to provide an exciting workplace, generate stable employment and improve productivity.



### Our Shareholders

provided capital at the time of commencing the business. Our focus has been on generating sufficient revenues, growing RoE (Return on Equity) and, in doing so, enhancing their holdings value.



### Our Partners

provided a credible and continuous supply of goods and services. Our focus has been on maximising quality procurements at declining average costs with the objective to widen our market, strengthening our sustainability.



### Our Communities

provided the social capital (education, culture education, health, environment etc.). Our focus has been on supporting and growing communities through consistent engagement. Our focus has been on playing the role of a responsible citizen.

At Aavas, we believe that the value generated by each stakeholder ensures business sustainability and enhances our organisational value.

## The overall outcome of our Integrated Value approach

**33%**

Five years of CAGR  
in revenues

**44%**

Five years of CAGR  
in PAT

**27%**

Five years of CAGR  
in branch expansion

**33%**

Five years of CAGR  
in AUM

### Financial Capital

Financial Capital (shareholders' equity and debt) is the reflection of a critical driver of our business that helps in leveraging the aggregate value of other capitals. At Aavas, our financial capital was strong enough to help catalyse business expansion and sectorial leadership.



### Outcomes as on March 31, 2022

₹17,357 crore, Cumulative loan amount disbursed  
₹11,350 crore, Assets under management  
₹2,809 crore, Net worth

### Manufactured Capital

Manufactured Capital is the collection of physical, material and technological objects that are available to the company that facilitate value creation and enhance reputation and growth for our Company. We are judiciously managing our capital investments to create an asset portfolio that enhances value for our clients.



### Outcomes as on March 31, 2022

2,00,000+ Cumulative loan accounts addressed  
314 Branches in 13 States  
8 Trademarks registered against the misuse, copying or damage caused due to unauthorised use

### Human Capital

Human Capital represents an aggregate statement of the competencies, knowledge and experience of the employees. Aavas provides a work culture that encourages creativity; its has a diverse workforce, which ensures integrated and sustainable growth.



### Outcomes as on March 31, 2022

5,222 Permanent employees  
30.9 Average employee age (years)  
84 Overall Trust Index Score achieved in the Great Place To Work® assessment

### Social and Relationship Capital

Social and Relationship Capital indicates the value derived from relationships with customers, shareholders, partners and community.



### Outcomes as on March 31, 2022

1,00,000+ Youth engaged in education and holistic development  
5,000+ Rural women from 250 villages provided employability and entrepreneurship  
2,000+ Construction workers provided social security cover

### Natural Capital

Natural Capital indicates the natural resources that the Company uses to create stakeholder value, in addition to its efforts to promote natural resource preservation and environmental mitigation.



### Outcomes as on March 31, 2022

13,000+ Trees planted in the last two years  
28.12 Acres of land covered by our tree plantations  
275 Kwh Solar panels installed

### Intellectual Capital

Intellectual Capital refers to the aggregated knowledge, research, thought leadership, brand management and intellectual property utilised in supporting business activities. At Aavas, our intellectual capital consists of our strong brand, experienced professionals, cutting-edge technology and robust processes.



### Outcomes as on March 31, 2022

- 1st NBFC to list its Social Masala Bond of ₹360 crore on NSE-IFSC
- Head office certified with LEED-Silver Certification.
- Awarded the FE-EY Best Bank 2020-21 Award under the NBFC Category .



# Our business model has been woven around a sustainable fabric

## OVERVIEW

In line with the guidelines for United Nations for governments, NGOs and private companies, the business of Aavas is linked with 17 Sustainable Development Goals (SDGs)

The core of Aavas comprises SDG 11 on Sustainable Cities and Communities. Our business of affordable home loans to the low-income and middle-income groups is in direct alignment with SDG target 11.1 - of ensuring access to adequate, safe and affordable Housing for All.

This proves that our business is not only an economic catalyst but socially relevant as well.

Our SDG commitment coupled, with operating discipline, has been responsible for business sustainability in 11 years of our operations.

At a time when servicing the documented customers would have been easier, Aavas selected to service the mortgage financing needs of the unserved, underserved and undocumented.

At a time when it would have been easier to stay within an urban comfort zone, Aavas provided affordable housing finance to the middle- and low-income groups across rural and semi-urban India.

At a time when it would have been easier to fund male members, Aavas engaged with women and empowered them through home ownership.

The result is that we do not see our role only as mortgage finance providers but as social catalysts helping build an equitable society.

## RESPONSIBLE BUSINESS

**Corporate governance:** Aavas is strongly committed to SDG 16 that comprises provisions for peace, justice and strong institutions. Our governance approach is in alignment with SDG Target 16.5, focused on substantially reducing corruption and bribery in each form and with SDG Target 16.6 that develops effective, accountable and transparent institutions.

The Company followed an ethical, transparent and accountable conduct, which includes the Code of Conduct for Employees, Prevention of Insider Trading Policy, Whistleblower Policy, Policy on KYC, Fair Disclosure Practices Code etc, creating a culture where the Directors and employees are empowered to bring wrongful conduct to notice.

The Company implemented a Customer Grievance Policy for the redressal of customer grievances. The Company employed a zero tolerance towards sexual harassment at the workplace. Besides, it implemented the Vishakha Policy, keeping in mind women safety in the organisation.

**Risk mitigation framework:** The Company values prudent lending practices and has created a robust risk management framework with the help of technology and analytics. Risk mitigation at the Company includes verification of credit history from credit information bureaus, personal verification of customer's business place or residence, in-house technical and legal verification and conservative loan to value parameters in addition to property insurance cover. Aavas set up a Risk Management Committee and a Risk

Management Policy to identify, assess and mitigate material risks.

**Customer care:** Customer dignity is ingrained in the Aavas culture. The Company set up a Customer Grievance Redressal Mechanism to address customer complaints. It adopted a 'Customer First' approach and Fair Practice Code in the true spirit of customer engagement. The Company ensures customer data security and privacy with the help of robust database management and data protection system.

**CSR governance:** As a socially responsible corporate, the Company implemented a Board-approved CSR Policy to pursue sustained value creation for society. To carry CSR programmes ahead in a collaborative manner, the Company established Aavas Foundation.

## EMPLOYEE WELL-BEING

**Responding to the pandemic:** During the second year of the COVID-19 pandemic, Aavas continued to emphasise employee safety. The Company protected livelihoods through a policy of no retrenchment. It stipulated social distancing across branches and permitted employees to work from home. It engaged with doctors, who were available to address the needs of employees seeking medical advice. It assisted in instances when employees or their family members tested positive for Covid through the provision of medical examination and support (oxygen concentrators, treatment at home, hospitalisation, plasma arrangement and medicines) while being engaged with employees through its HR Connect initiative. The Company extended these services to on-roll and off-roll employees through interest-free loans for medical

treatment, reimbursements for pre-Covid and post-Covid testing. All the employees of the Company were fully vaccinated.

**Work culture:** The Company remained aligned with SDG 8, which focused on providing a secure workplace and career growth. Our employee approach was aligned with SDG Target 8.5 that provides a decent workspace for all including those with disabilities and equal pay for equal work. The Company engendered inclusion and mutual respect at all levels.

The Company remained aligned with SDG 5 on gender equality and aligned its gender approach with SDG Target 5.c that promoted equality for women. The Company professed zero tolerance towards sexual harassment through its Vishakha Guidelines.

**Training and personality**

**development:** The Company organised periodic virtual employee learning sessions (Gurukul) through an in-office training studio. Prevention on Sexual Harassment (POSH) training sessions were held. The Company has SEVA (Socially Engaged Volunteers at Aavas), a volunteering program that encouraged employee for CSR volunteering. The Company launched a special scholarship programme for Employees' children from Class 6th to 12th.

**Recreation:** The Company kept employees engaged through virtual employee engagements like motivational seminars, yoga and meditation sessions, Online Masala Bhangra, Virtual Marathon, Weight loss challenge, Aavas Kitchen Championship and drawing competitions. The Company also organised a Cyclothon for its employees.

## Our corporate social responsibility engagement

275

kWh, Solar panels installed

1,000+

People provided with daily food support

2,000+

Construction workers were provided with social security cover

3,000+

Construction workers were provided with safety kits and training

5,000+

Rural women were provided with employable skills

13,000+

Number of trees planted in the last two years

50,000+

Masks distributed

1,00,000+

Youth engaged in education and holistic development

16,00,000+

Number of lives touched

## How our strategic direction has been aligned with the UN's Sustainable Development Goals



**1 No Poverty:** Our Programme Vishwakarma supported construction workers, a vulnerable social class. Under Gram Siddhi, we addressed remote rural women seeking alternative livelihoods.



**9 Industry, Innovation and Infrastructure:** We created skill training laboratories and Silai schools cum production-centers (Gram Siddhi).



**2 Zero Hunger:** We provided fresh food to patients and their families outside government hospitals, those living in night shelters and slums.



**10 Reduced inequalities:** Our Programme Vishwakarma addressed awareness and knowledge gaps. Our Gram Siddhi approach helped enhance the confidence of women, making them financially aware and preparing them for entrepreneurship.



**3 Good Health and well being:** Our Programme Vishwakarma provided basic safety equipment and awareness to minimise construction mishaps. We provided nutrition and menstrual hygiene training to rural women under Gram Siddhi.



**11 Sustainable cities and Communities:** We seek to transform the way urban homes are constructed or renovated (in partnership with IFC). We are developing resilient and affordable sports facilities. Our skill-training labs provide sustainable infrastructure.



**4 Quality Education:** We provided holistic education for HIV+ve children through a computer lab, library and beauty parlour training lab.



**12 Responsible Consumption and Production:** We intend to transform the supply and demand sides of the housing construction industry by advocating home construction that moderates water, electricity and material consumption.



**5 Gender Equality:** Program Gram Siddhi provided training to women from vulnerable communities, helping them contribute to their family incomes; we also encouraged women empowerment through an emphasis on home ownership by women and gender diversity through employment.



**13 Climate action:** Our mass plantation initiative (13,000+ trees planted until the end of FY 21-22) helped offset carbon emission.



**6 Clean Water and Sanitation:** We installed water coolers at public places in Rajasthan, including bus stations, parks, hospitals and police stations.



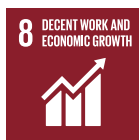
**15 Life on Land:** We planted trees extensively, developing forest gardens. Such forest ecosystems helped enhance fresh air, addressing the wellbeing of people living or working nearby.



**7 Affordable and clean energy:** We developed a business case for 'green loans' in partnership with IFC. We promoted home construction that helped reduce water and electricity consumption.



**16 Peace, Justice and Strong Industries:** We connected, interacted and empathised with HIV+ children by providing skill training.



**8 Decent work and Economic Growth:** Programme Vishwakarma provided a safe working environment for construction workers. The Silai School model prepared women to become entrepreneurs. Employable training was provided to HIV+ve children to help them earn a living.



**17 Partnerships for the Goals:** We entered into strategic partnerships with IFC, Usha International and Faith Sansthaan that would help us design and implement programmes for the marginalised.



## OUR FOCUS AREAS

With the objective of overall community improvement, the Company, through Aavas Foundation, seeks to service the underprivileged in. The key focus areas of the Foundation have been provided below.

### Rural development

The Company continued with the Gram Siddhi Program, where 250 rural women were identified and provided skill training, which could enhance their lives. Within a year, they started to earn through fixing machines, stitching and teaching children. This provided them with a monthly income of ₹3,000 to ₹10,000.

Under Project Vishwakarma, the Company took various initiatives for construction workers, which included the distribution of safety kits and learning for financial inclusion.

The Company implemented the Nirman Shramik Suraksha Yojana, which provided 700-800 labourers with insurance-linked schemes - accidental or death. The affected families were provided with a monthly remuneration of ₹2,500 for five years instead of giving a lump sum amount. Moreover, the scheme also includes paying for the hospital fees of ₹500 per day for a maximum of 30 days a year.

### Education and holistic development

The Company seeks to service underprivileged children studying in government schools.

Basic infrastructure support was provided to improve the school environment.

Sports grounds were developed in the rural areas to create sports facilities for the rural children. The grounds consisted of athletic tracks and outdoor games such as football, volleyball and khoko.

We supported students for national tournaments by providing scholarships.

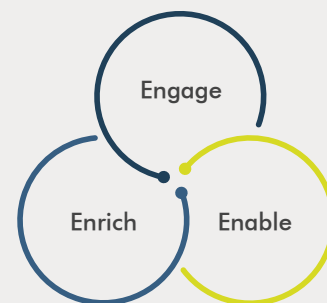
### Environmental sustainability

The Company commissioned a 240 KW of solar energy during the year, out of which 40 KW was distributed to the Govind Devjis' temple premises and 200 KW to the biggest gaushala in Jaipur city.

Earlier, the electricity cost at the gaushala used to be ₹2 to 2.5 lakh per month. Following the inception of solar energy, the gaushala saves ₹20 to 24 lakh per annum on electricity and will help fund more cattle rehabilitation in the next 20 years.

Aavas Foundation is creating small forests in the villages of Rajasthan. Some 5,000 trees were planted on a 45 Bigha land in a village and a water pond was created to facilitate drip irrigation.

### Principles of our CSR programme



# Our Corporate Social Responsibility engagement, FY 21-22



# How we built multi-tiered discipline to strengthen sustainability across the decade

1

## Niche presence; singular focus

### Overview

Aavas is driven by the vision to transform lives and lifestyles of those at the lower end of India's social pyramid. Aavas has consistently followed a contrarian route, resisting the temptation to fund the needs of urban house builders or real estate companies needing working capital

loans during construction. This would have enabled the Company to engage in high-ticket financing and avoided the need to commission rural and semi-urban branches. Aavas selected to invest in a distinct business model where it financed the homes of the underbanked and those with limited income

documents. The Company invested upfront in its business, simple customer onboarding through various interfaces that would be convenient for customers and in the event of an unforeseen death of our customer, the company assists in filing insurance claims to expedite and smoothen the claims process.

### Asset under Management (AUM)

7,796.09

₹ crore, on  
March 31, 2020

9,454.29

₹ crore, on  
March 31, 2021

11,350.21

₹ crore, on  
March 31, 2022

### Number of Branches

250

As on March 31, 2020

280

As on March 31, 2021

314

As on March 31, 2022

2

## Deepening customer engagement

### Overview

Aavas deepened its customer engagement following loan disbursement with the objective to build a life-long relationship that would also result in generating referral business from them.

The customer engagement was deepened through the following initiatives: the Company's service hours were extended from 7:30 a.m. to 8 p.m. to serve customers better; it widened the size of its customer engagement team; it invested in robotics and upgraded chatbots; it addressed customer queries within 24 to 48 hours in normal course;

resolved loan applications within an average turnaround time of 10 days (FY 21-22). Besides, the Company invested in understated branches, loans personalisation and a preference for servicing small amounts that emphasised retail-focused mortgage financing.

### Active loan accounts

1,04,700+

As on March 31, 2020

1,25,500+

As on March 31, 2021

1,50,800+

As on March 31, 2022

## 3

## Investing in a value-chain

### Overview

At Aavas, our in-house execution model was spread across three levels – Lead generation & sourcing, Risk management and Collections. Company invested in IT infrastructure to generate leads through digital and social media. Its proprietary Application Scorecard evaluated risk profiles, which helped minimise errors. The Company's under-writing team engaged in income

assessment and a risk-based pricing of loans to customers. The in-house legal and technical team verified proper mortgage creation and property valuation respectively. The Company risk-tested files through its resident risk containment unit. The Company's collection architecture focused on identifying early delinquencies. The company's call centres were operated in local languages, deepening customer

engagement and responsiveness. The direct engagement reduced loan processing turnaround time, helped price risks accurately, helped create a culture of responsibility ownership, enhanced collections efficiency and moderated delinquencies.

During the year, the Company's AUM grew 20.1% to ₹11,350.2 crore and total income grew 18.1% to ₹1,305.56 crore.

### Average loan ticket size

8.40

₹ lakh, As on March, 2020

8.49

₹ lakh, As on March, 2021

8.64

₹ lakh, As on March, 2022

### Gross non-performing asset (Stage III)

0.46%

As on March, 2020

0.98%

As on March, 2021

0.99%

As on March, 2022

## 4

## Controlling our yield, borrowing costs and spreads

### Overview

At Aavas, an attractive spread makes it possible to enhance business sustainability. This spread is derived from attractive loan pricing, progressively stronger credit rating and mobilising debt at a low cost. The Company

mobilised higher quantum of debt at declining costs: from a weighted average debt cost of 12.28% in FY 13-14 to 6.88% in FY 21-22. The result was consistent spread management: 5.85% in FY 13-14 to 5.77% in FY 21-22. Yields declined from 13.16% as on March 31, 2021 to 12.65%

as on March 31, 2022. The average borrowings cost declined from 7.40% as on March 31, 2021 to 6.88% as on March 31, 2022. The Company delivered a spread of 5.77% during the year under review, an improvement of 1 bps over the previous year.

### Yields

18.13%

As on March, 2014

13.99%

As on March, 2018

12.65%

As on March, 2022

### Cost of borrowings

12.28%

As on March, 2014

8.62%

As on March, 2018

6.88%

As on March, 2022

## 5

## Enhancing overall profitability

### Overview

At Aavas, we believe that successful companies usually work around the lowest cost, which makes them competitive across market cycles. Aavas decided to invest upfront in infrastructure

and technologies, which could not be immediately monetized. During the last few years, the Company began to leverage superior value from its erstwhile investments. Besides, as customer acquisition costs declined, operating expenditure moderated.

Operating expenses to average total assets stood at 3.45%, Return on Assets (RoA) was 3.57% and Return on Equity (RoE) was 13.72% during the year under review.

### Return on Assets

**2.49%**  
FY 15-16

**3.64%**  
FY 18-19

**3.57%**  
FY 21-22

### Return on Equity

**22.12%**  
FY 15-16

**11.64%**  
FY 18-19

**13.72%**  
FY 21-22

## 6

## Strengthening our liquidity

### Overview

At Aavas, we created a comfortable multi-year asset-liability platform to enhance lender confidence, broad-basing the lending consortium and moderating borrowing costs. The Company strengthened its asset-liability profile by diversifying its funding mix (term loans, assignment, NHB refinancing and non-convertible debentures), broad basing its lender mix to 30 lenders as on March 31,

2022 and resisting commercial paper mobilisation. The positive asset-liability mismatch indicated long-term stability. Besides, the Company consistently maintained the positive asset-liability mismatch starting from less than three months to less than six months thereafter to every single year across the coming decade. The Company remained adequately capitalised at a 51.93% capital adequacy ratio (as on March 31, 2022), which was far above the statutory

requirement. The Company's liquidity position was ₹3,205 crore (cash, cash equivalents, unavailed CC limits, documented and unavailed sections from other banks) as on March 31, 2022. This long-term surplus provides the Company with a comfortable platform to grow sustainably. The company borrowed ₹4,388 crore for 102 months at 6.04% during the year under review.

### Average borrowings tenure (months)

**134**  
As on March, 2020

**130**  
As on March, 2021

**126**  
As on March, 2022

### Our diversified funding mix, March 31, 2022

**37.9%**  
Term loans from Banks  
and Financial Institutions

**22.9%**  
Securitisation/Direct  
Assignment

**21.5%**  
NHB refinancing

**17.7%**  
Debt capital market



## OUR PEOPLE MANAGEMENT

# We are creating an 'I am Aavas' ownership across every employee

### OUR PRIORITIES

To protect and nurture our biggest asset (people) in a pandemic environment

To provide an inspiring and outperforming workplace

To stress the importance of a work-life balance in enhancing productivity

### Overview

At Aavas, differentiated and positive employee management represent the key to sustainable outperformance. In line with this, the Company prioritised selective recruitment, training,

workplace enthusiasm and work-life balance, leading to high retention.

High retention, in turn, holds the key to customer retention, which translates

into enhanced profitability. The Company has consistently managed people retention, strengthening revenue and profit growth.

### Challenges and counter-initiatives

The COVID-19 pandemic affected the entire industry, the Company included. The Company turned this to its advantage by bringing the employees emotionally closer. The company provided counselling, medical advice, medicines, medical reimbursement and other support to employees, which enhanced solidarity. The Company facilitated work-from-home for employees, which made it possible to remain customer-responsive irrespective of the location. The result of an assured workforce resulted in Aavas opening 34 branches during the year following the pandemic onset.

### Approach

At Aavas, we have often described the first decade of our existence as a plant deepening its roots and expecting its foliage to bloom in the second decade.

This optimism is based on the outcomes of the Company's HR-centric initiatives: 100% vaccination covering all employees; putting employee safety over business priorities and continuing to underline the need for a work-life balance.

The Company delegated extensively, empowering individuals with the means to take decisions closest to their operating terrains, which enhanced motivation and decision-making effectiveness.

### Employee well-being

At Aavas, we adhered to the local guidelines to restrict employee presence in our offices by allowing them to work from home to enhance the well-being and safety of employees and their families.

We organised virtual competition for the employees through a motivational webinar on the goal of life, yoga session and financial planning, National Pension Scheme and Vishakha Guidelines.

We covered each employee with medical insurance. We introduced an on-call doctor helpline with company-empowered doctors to provide employees and their families with medical consultation through phone and

video call during the pandemic. In case any employee or their family member tested positive and was in need of medical care, we ensured support to the employees and their family.

We organised webinars - 'Let's talk about health awareness on COVID' and 'Q&A session on COVID' with prominent doctors - so that employees could remain aware of advancements in disease management.

### Employee engagement

The Company conducted an employee survey, utilising the findings with the objective to graduate towards a 'Great Place To Work' certification.

The Company continued to train around an established discipline in collaboration with the famed Indian Institute of Management. The Company continued to invest in employee training with the objective for their overall growth.

The Company started the practice of a senior manager addressing the Company's employees during the first weekly working hour ('Monday Learning Hour').

The Company sustained its work-life balance commitment, shutting offices and systems by 7 P.M. on each working day.

The Company built on its appreciation culture, the Managing Director sending signed letters to employee families as a token of the Company's gratitude for their emotional support.

The Company conducted 65 POSH training sessions including webinar which covers all our employees during the year under review.

The Company invested in a technology-driven HR department workflow, supported by leading HR management company called PeopleStrong.

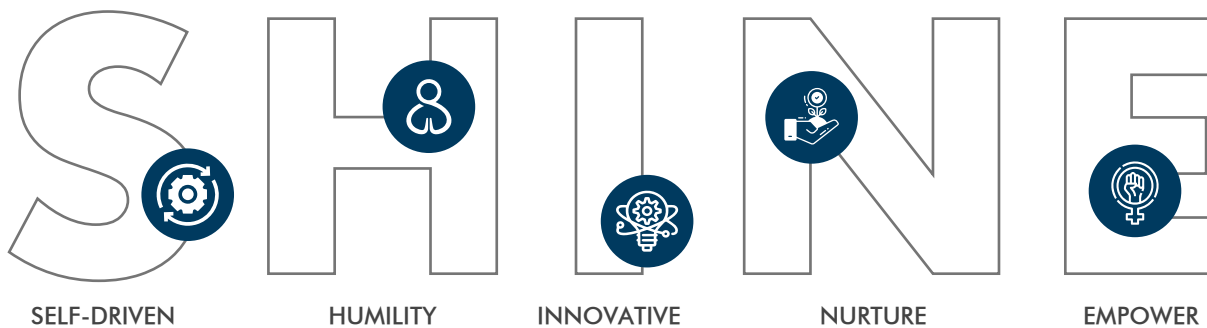
### Outlook

Aavas intends to strengthen its human resources practice through an evaluation and implementation of employee feedback.



## OUR CORE CULTURAL VALUE PROPOSITION

At Aavas, we follow the five principles encapsulated in the word SHINE





**45,000+**  
Training hours invested in knowledge and the skill development of employees

**100%**  
Employees covered through our employee engagement activities

**84**  
Overall Trust Index Score achieved during the Great Place To Work® assessment

# “I am Aavas!”



**f** “The best part about Aavas: its customer-orientation. As long as decision flexibility is exercised in favour of the customer, the management will back it. When we service customers differently, all we are asked is ‘Was the customer happy?’ and if the answer is ‘Yes’ then management immediately approved. You won’t find too many structured companies of this size with this flexibility.”

**Sonu Sharma**, *Assistant Vice President, Sales*

**f** “Aavas combines corporate seriousness and friendliness. Even though we have been in business for more than a decade, we work with the passion of a start-up. The Company provides financial, mental and medical assistance. My description of Aavas in one line: ‘A place of opportunities’.”

**Aabhash Agarwal**, *Senior Manager, Information Technology*

**f** “I have benefitted from the company’s learning opportunities, work flexibility and growth. The workflow is not monotonous as roles change within the job profile. The Company’s training upgrades skill sets. We recently conducted a training programme around ‘How to manage your work!’ in Jaipur. Every year, an annual party is organised by the company to thank the families of employees for their indirect contribution to Aavas’ success. When my family members were called on stage to be appreciated, I was emotionally moved.”

**Paras Arya**, *Senior Manager, Operations*

**f** “A customer thanked us that when no one financed his home construction, Aavas was the only one that did. A woman, on the verge of selling her house, was saved when she approached Aavas and now lives with *izzat* as the loan amount is repaid in small periodic amounts. We live the line ‘Sapne Aapke Saath Hamara’ and ‘Adjust nahi, Upgrade Karo’.”

**Pratibha Sharma**, *Assistant Vice President-Policy, Process & Product Risk*

**f** “Even though I was the only lady in the Mumbai branch when I relocated from Jaipur, I never felt uncomfortable. The files I need for the day and a water bottle are placed on my table before I reach. My colleagues are welcoming, enquiring if I need more help. *Mujhe kabhi aisa laga hi nahi ke main apna office chhorkar kahi aur baithi hoon.* My cherished memory: a gift on my table on International Women’s Day!”

**Sharvari Nitin Kamat**, *Senior Manager, Legal*

**f** “In my 4-5 years of journey, there were instances when I was in stress and needed mental support. In those difficult times, I got not just the mental support but also the motivation from Aavas, which helped me to deliver on time in line with the best interest, of the company.”

**Tanay Rastogi**, *Manager, Compliance*

## OUR TECHNOLOGY CAPITAL

# How cutting-edge technologies are creating a 'smart' Aavas

## OUR PRIORITIES

Investing in cutting-edge digital technologies

Graduating the Company from reactive to predictive analysis using technology

Scaling the role of robotics in addressing routine functions

### Overview

Aavas intends to emerge as India's most loved and trusted home finance company. Technology is expected to play the role of an effective enabler delivering a seamless engagement

across stakeholders on the one hand and enhancing the company's scale on the other.

Aavas seeks to leverage technology capabilities with the same effectiveness

of modern banks, investing in futuristic technologies (data science and analytics) to predict customer behaviour and embark on proactive course-correction.

### Strengths

Over the years, Aavas invested in technology capabilities and digital assets in line with evolving customer priorities and aspirations. The Company digitised its customer onboarding and service processes through apps, conversational AI BOTs and multilingual contact centres.

A large part of the Company's customer service requirements was serviced through these digital channels; nearly

60% of subsequent disbursements took place through the digital mode and the majority within 24 hours. The entire repayment process was automated through ACH/ payment gateway/UPI. The Company's social media presence helped customers onboard seamlessly.

The Company's business partner ecosystem (sourcing and underwriting side) was empowered with mobile apps integrated with corporate systems.

The Company is not only building

a robust mechanism to strengthen customer service processes but also building a data security awareness mechanism for protecting the Company. In this regard, the Company has trained its employees on various threats such as phishing, malware, ransomware and drive-by-downloads, among others. The Company is making an employee the first line of defense in the cyber security chain that is strong enough so that any cyber-attacks does not pass through the system to harm the Company.

Aavas will continue to invest in technologies that enhance operational speed, efficiency and experience on the one hand while moderating risks on the other. The Company's business processes - field, front, middle, and back office – remained digitised and synchronised.

The Company's digital platform is a mix of web and mobile interfaces, which enhanced operational efficiency.

### Technology investments

In FY 21-22, the Company rebuilt most of its customer-facing digital assets and platforms to enhance the customer's experience.

The Company rolled out a conversational BOT called 'Pooja' to enhance self-service through its website and WhatsApp, strengthening function convenience.

The Company upgraded its collections and technical apps with advanced capabilities like real-time location tracking and analytics.

The Company invested in a strong internal team and a complement of technology partners, which enhanced responsiveness to changing business realities.

The Company made significant investments in the areas of cyber security and technology governance.

The Company embraced an aggressive cloud adoption strategy to enhance business scalability and speed.

### Outlook

At Aavas, we intend to invest extensively in technology in the next couple of years to graduate the Company into the next orbit.

The Company engaged an external consultant to converge customer onboarding, underwriting and customer service operations onto a single platform leading to a seamless customer experience.

The Company intends to build a secure system which can improve its ability to prevent cyber-attacks and keep systems and data protected.

The Company intends to upgrade its loan management system, data platform and integration layer; it intends to leverage external data sources and analytical models to enhance the efficiency of its underwriting process.

At Aavas, we intend to invest extensively in technology in the next couple of years to graduate the Company into the next orbit.

## RISK MANAGEMENT

# How we manage risks effectively at Aavas

### Our vision

Aavas is engaged in a business marked by risks outside its control,

making it imperative to comprehend, measure, price and mitigate risks

in a responsible manner leading to business sustainability.

### Overview

The housing finance business warrants robust risk management; the affordable financing segment even more so, as it addresses customers who have never taken a loan and possess minimal documentation that can establish the veracity of their income. This makes comprehensive risk management integral to business success.

The year FY 21-22 was path-breaking from a risk management perspective. The first quarter of the year under review was affected by the second wave of the COVID-19 outbreak, resulting in the apprehension in India's housing finance industry that existing customers would not be able to repay on schedule that could, in turn, impair loan book quality and profitability, affecting credit rating.

The Company responded to this reality by strengthening its system to identify emerging risks, assess their materiality and take protective measures. The Company strengthened its risk management across every business level while strategic responsibilities and outcomes were monitored by the Board of Directors along with the senior

management. The Company sustained its conservative discipline towards liquidity, marked by an exposure to long tenure debt. The Company continued to remain aligned with its enunciated long-term directions, minimising knee-jerk reactions. It continued to examine prevailing macro realities and their trickle-down impact, strengthening the management of risks wherever considered necessary.

The Company prepared operation matrices that were presented to the senior management at intervals, reflecting the status of various risks and the Company's responsiveness in addressing them. This approach helped the Company track spreads, costs, delinquencies and customer retention almost in real time, strengthening managerial responsiveness.

The effectiveness of the Company's risk management function was enhanced through the appointment of different teams addressing specific matrices, tracking pre and post-disbursal imperative documentation, hind-sighting various underwriting and operational processes, tracking risk parameters and

the operations risk team. The teams comprised qualified and experienced professionals, supported by a periodic engagement of the Chief Risk Officer with team members.

The Company's risk management framework comprised an understanding of underwriting, legal, valuation and operational risks covering all verticals.

The Company strengthened its risk management through proactive technology investments related to document verification and data entry, which minimised the role of manual intervention for routine activities, thereby improving employee efficiency.

## How we enhanced the effectiveness of our risk management structure



### Risk identification

The Company considers quantitative and qualitative means, using the likelihood and impact criteria developed by the Company for the identification and measurement of risk.



### Risk assessment

The Company identified and assessed various risks, including credit, operational, financial, strategic, compliance and reputational.



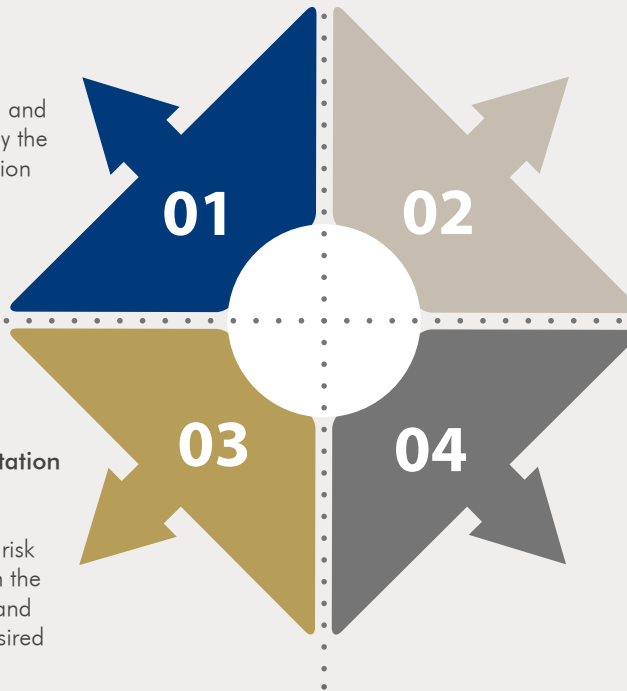
### Development, implementation and follow up

The company develops, implements and follows up risk management initiatives with the objective to achieve goals and align the system around desired risk appetite levels.



### Monitoring

The company supervises the identification, assessment, implementation and follow-up of risk management activities



## What we have achieved





## Prominent risks and mitigation initiatives, FY 21-22

Risk	Potential consequences	External stimulus and our strategic response
<p><b>Economy risk:</b> The Company's performance could be affected by an economic slowdown</p>	<ul style="list-style-type: none"> <li>Regulatory uncertainty</li> <li>Lower revenues and Increased costs</li> <li>Weaker credit rating</li> </ul>	<ul style="list-style-type: none"> <li>India's economy grew by 8.7% in FY 21-22; Aavas reported 35.6% increase in disbursement and 23.2% increase in PAT</li> <li>Lower credit penetration in the geographies of the Company's presence could counter restrained market conditions</li> <li>The credit rating of the company improved from AA-/Stable to AA-/Positive by ICRA and CARE</li> </ul>
<p><b>Customer risk:</b> The Company's inability to provide adequate service could dissatisfy customers</p>	<ul style="list-style-type: none"> <li>Customer attrition</li> <li>Delayed repayments</li> </ul>	<ul style="list-style-type: none"> <li>The Company strengthened its service team to enhance customer experience.</li> <li>The Company invested in technology to reduce turnaround time and improve collection efficiency</li> </ul>
<p><b>Financing risk:</b> The Company's inability to mobilise funding at competitive costs may affect the margins</p>	<ul style="list-style-type: none"> <li>Reduced NIM</li> <li>Increased opportunity costs</li> <li>Higher borrowing cost</li> </ul>	<ul style="list-style-type: none"> <li>The Company had a net worth of ₹2,808.6 crore</li> <li>The Company reported a positive ALM surplus</li> <li>The Company moderated its average cost of funds from 7.40% as on March 31, 2021 to 6.88% as on March 31, 2022</li> </ul>
<p><b>Underwriting risk:</b> The Company's inability to accurately assess customer credibility could increase delinquencies</p>	<ul style="list-style-type: none"> <li>Increased delinquent loan assets</li> <li>Inaccurate earning assessment</li> <li>Increased repayment defaults</li> </ul>	<ul style="list-style-type: none"> <li>The Company possesses strong customer assessment standards</li> <li>The Company's underwriting team comprised experienced professionals including Chartered Accountants</li> <li>The Company created adequate risk provision during the pandemic</li> </ul>
<p><b>Employee risk:</b> The Company's inability to retain experienced talent could affect growth</p>	<ul style="list-style-type: none"> <li>Increased training investment</li> <li>Mismatch in employee skills and business targets</li> <li>Decline in talent productivity</li> </ul>	<ul style="list-style-type: none"> <li>The Company's long-term growth-driven business plan provides for an extensive career growth opportunity</li> <li>The Company achieved 84 Overall Trust Index Score in Great Place To Work® assessment</li> <li>A majority of middle and senior employees have been associated with the company for a long time</li> </ul>
<p><b>Reputation risk:</b> The Company's inability to service customers might affect the brand image</p>	<ul style="list-style-type: none"> <li>Increase in customer attrition</li> <li>Weak market reputation</li> </ul>	<ul style="list-style-type: none"> <li>The Company takes immediate action against customer under-servicing</li> <li>The Company engages in a detailed situation analysis to appraise customer claims</li> </ul>
<p><b>Regulatory risk:</b> The Company may be unable to fulfill norms and conditions</p>	<ul style="list-style-type: none"> <li>Penalisation by the regulatory body for non-conformances</li> <li>Impaired reputation, functions and outcomes</li> </ul>	<ul style="list-style-type: none"> <li>The Company monitors all compliances using software</li> <li>The Company made sure all responses are given in a timely manner and with due diligence to regulators</li> </ul>

## CREDIT PROFILE MANAGEMENT

# How Aavas strengthened its credit profile, creating a competitive advantage

## Overview

The pandemic, more than any other reality, highlighted the role of portfolio quality in housing finance

companies. There was a premium on the ability to protect the Balance Sheet from probable repayment defaults,

warranting a tighter focus on lending and collections.

## Challenges and counter-initiatives

**Lockdown restrictions:** The Company's operations were affected by the April-May 2021 lockdown arising out of the second pandemic wave.

**Mitigation:** The Company leveraged the role of technology in staying connected with its clients – majority in Tier-3 and Tier-4 towns – that provided alerts on probable defaults.

**Checks:** The Company's technology upgradation proved challenging in the initial stages.

**Mitigation:** With the ability to analyse the features of credit appraisal, the Company was able to connect the right person to the right job profile.

**Delinquencies:** The Company faced the challenge in dealing with delinquencies amidst the pandemic.

**Mitigation:** The Company had a default model algorithm to leverage the bureau report information for predicting the default risks. Besides, the credit team

visited every case that fell under the 90 days-past due category and engaged with the customers to achieve a solution.

**Restricted visits:** Physical visits to customers were restricted during the lockdown, affecting fresh disbursements.

**Mitigation:** The Company leveraged the use of digital technologies and utilised customer-facing digital assets and platforms such as Tele PD and video interactions to enhance the customer experience.

## Initiatives, FY 21-22

**Construction:** The Company focused more on under-construction cases to grow its business.

**Telecommunication:** The Company accreted new clients through its tele-personal engagement.

**Customer centricity:** The Company categorised customers based on profiling, which helped standardise processes, proposals understanding and documentation support, strengthening overall service.

**Service speed:** The Company showcased timely customer service; a record ~94% customer service requests were addressed within 24 hours.

**Payment methods:** On account of the strict lockdown, it was not possible to deliver cheques to customers, so the Company released payments through RTGS to catalyse construction. The Company digitised systems with the implementation of ECS and NACH. The result is that customers are not required to physically visit branches and 90% payments were carried out digitally.

**Compliance:** The RBI notified that for NBFCs, once a loan account becomes NPA it would remain NPA till it achieved zero day pass due (DPD). Aavas had proactively initiated this before competition.

## Outlook

The Company is optimistic of sustaining consistent growth with the launch of 30-35 branches, creating a wider critical mass of superior portfolio quality and related profitability.

# A milestone in our existence: The listing of ₹3,600 million Social Masala Bonds



During FY 21-22, Aavas issued Social Rupee Denominated Bonds (Social Masala Bonds) equivalent to ₹3,600 million. These bonds were listed on NSE IFSC, Gift City, Ahmedabad

# Our Stamp of Trust: Being recognised as a 'Great Place To Work'

At the heart of building a great  
workplace culture lies TRUST.

We are now



# Glimpses of Aavas, FY 21-22





# Profile of Board of Directors



## Mr. Sandeep Tandon

*Chairperson and Independent Director*

(DIN 00054553)

He is the Chairperson of the Board and an Independent Director of Aavas. He holds a Bachelor's degree in Science (electrical engineering) from the University of Southern California. Additionally, Mr. Tandon completed the Harvard Business School YPO President Program. He previously served as the Managing Director of Tandon Advance Device Private Limited and as a Director on the Board of Accelyst Solutions Private Limited. At present, Mr. Tandon is acting as the Executive Director of Syrma Technology Private Limited and serves as a Director in various private companies.



## Mr. Sushil Kumar Agarwal

*Managing Director and CEO*

(DIN 03154532)

He is the Managing Director and CEO of Aavas. He has been associated with Aavas since its incorporation in 2011. Mr. Agarwal is a qualified Chartered Accountant and had secured the tenth rank in his final examination. Further, he is a qualified Company Secretary and has also completed Owner/President Management Program(OPM) from Harvard Business School. He was previously associated with AuSFB as its Business Head - SME & Mortgages. Mr. Agarwal has previously worked with ICICI Bank Limited as its Chief Manager and with Kotak Mahindra Primus Limited as an Assistant Manager. He has more than 21 years of versatile experience in the areas of retail finance, business development, financial management, administration and manpower management.



## Mrs. Kalpana Iyer

*Independent Director*

(DIN 01874130)

She is an Independent Director of Aavas. She holds a Bachelor's Degree in Commerce from the Madurai Kamaraj University. She is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of India. Mrs. Iyer was previously associated with Citibank N.A., India as its Senior Vice-President, where she was responsible for women's banking and microfinance. She previously held the position of a Director at IncValue Advisors Private Limited. At present, she is acting as a Managing Director of Svakarma Finance Private Limited.



### **Mrs. Soumya Rajan**

*Independent Director*

(DIN 03579199)

Mrs. Soumya Rajan is the Founder, MD and CEO of Waterfield Advisors, India's largest independent multi-family office that advises on assets of ~USD 3.5 billion. She previously worked at Standard Chartered Bank India for 16 years, where she headed their Private Banking division from 2008 to 2010. She served as Vice Chairperson of Reach to Teach, a UK charity focused on primary education for disadvantaged children in India. Mrs. Rajan is currently serving on the Boards of several other non-profit organisations - Peepul, a charity focused on creating a school transformation platform for government schools; the Indian Institute of Technology (IIT) Gandhinagar's Research Park and Entrepreneurship Centre and CSTEP, a research think tank that recommends public policy on the use of new and emerging technologies for social and economic development in the areas of energy, environment and infrastructure. Mrs. Soumya Rajan was recognised by AIWMI in 2019 amongst India's Top 100 Women in Finance.



### **Mr. Ramchandra Kasargod Kamath**

*Non-Executive Nominee Director*

(DIN 01715073)

He is a Nominee Director appointed on the Board of Aavas by Lake District and Kedaara AIF-1. He holds a Bachelor's Degree in Commerce from the University of Mysore. He is a honorary Fellow of the Indian Institute of Banking and Finance. Further, Mr. Kamath is a certified associate of the Indian Institute of Bankers. He was previously associated with Corporation Bank as its General Manager and with Punjab National Bank as its Chairman and Managing Director. Mr. Kamath has also served as the Chairman and Managing Director of Allahabad Bank and as an Executive Director of Bank of India.



### **Mr. Vivek Vig**

*Non-Executive Nominee Director*

(DIN 01117418)

He is a Nominee Director appointed on the Board of Aavas by Partners Group ESCL and Partners Group Master Fund. He holds a post-graduate diploma in management from Indian Institute of Management, Bangalore. Mr. Vig previously served as the Managing Director and Chief Executive Officer of Destimoney Enterprises Limited. Further, he was previously associated with the Centurion Bank of Punjab (which was subsequently merged with HDFC Bank) as its Country Head - Retail Bank and also acted as a Director on the Board of PNB Housing Finance Limited. In the past, he was associated with Citibank N.A., India, where he held various positions across the consumer bank.





### **Mr. Nishant Sharma**

*Non-Executive Promoter Nominee Director*

(DIN 03117012)

Mr. Sharma is a Promoter Nominee Director appointed on the Board of Aavas by one of our promoters, Lake District Holdings Limited. He is the Chief Investment Officer (CIO) and Managing Partner of Kedaara Capital and co-founded the firm in 2011. Mr. Sharma has over 17 years of investment experience, encompassing the full life-cycle of private equity from sourcing investments across sectors, driving value creation to successfully divesting investments over this period. Before co-founding Kedaara, Mr. Sharma was at General Atlantic (“GA”) and co-led GA’s investments across financial services, healthcare, business services and technology including investments in IndusInd Bank, Jubilant Lifesciences, IBS Software among others. Prior to GA, Mr. Sharma worked as a management consultant with McKinsey & Company, serving clients across IT/BPO, financial services, healthcare and public policy. In addition, Mr. Sharma worked at the Bill & Melinda Gates Foundation in setting up the largest HIV/AIDS prevention program in India. Mr. Sharma holds the Economic Times 40 under 40 Award given to business leaders in India. Mr. Sharma holds an M.B.A. from Harvard Business School and a dual degree (B.Tech. and M.Tech) in Biochemical Engineering and Biotechnology from Indian Institute of Technology, Delhi. He is a member of the Mumbai chapter of the Young Presidents’ Organisation (YPO).



### **Mr. Manas Tandon**

*Non-Executive Promoter Nominee Director*

(DIN 05254602)

Mr. Tandon is a Promoter Nominee Director appointed on the Board of Aavas by Partners Group ESCL and Partners Group Master Fund. He is Head of Partners Group’s Mumbai office and Co-Head of the Private Equity Goods and Products business unit. He has 23 years of industry experience, also serving on the Board of Directors of the firm’s other portfolio companies Ecom Express and Vishal Mega Mart. Prior to joining Partners Group, Mr. Tandon co-led TPG Growth’s investments in India, having started his investing career with Matrix Partners, where he was responsible for investments in mobility and financial services. Before that, he was engaged in designing and selling cutting-edge telecom solutions for start-ups such as MaxComm Technologies (acquired by Cisco Systems) and Camiant Inc. (now part of Oracle). Mr. Tandon holds an MBA in Finance from The Wharton School of the University of Pennsylvania, where he was a Palmer Scholar and a Bachelor’s Degree in Technology (Electrical Engineering) from the Indian Institute of Technology, Kanpur, where he was awarded the General Proficiency Medal for outstanding academic performance. Mr. Tandon holds eight US patents and is a member of the Mumbai chapters of the Young Presidents’ Organisation (YPO) and the Entrepreneurs’ Organisation (EO).



### **Mr. Kartikeya Dhruv Kaji**

*Non-Executive Promoter Nominee Director*

(DIN 07641723)

Mr. Kaji is a Promoter Nominee Director and is appointed on the Board of Aavas by one of our Promoters, Lake District Holdings Limited. He is a Director at Kedaara Capital, a leading India focused private equity firm, where he leads the financial services investing practice. Mr. Kaji has over ten years of investment experience, encompassing the full lifecycle of private equity across geographies and sectors. Prior to Kedaara, Mr. Kaji was at the Mumbai office of the global investment firm Temasek Holdings, where he focused on public and private market investments across sectors. Previously, he worked as investment banker in New York, first at Merrill Lynch & Co. and then at leading boutique firm Perella Weinberg Partners. Mr. Kaji holds an MBA from The Wharton School of the University of Pennsylvania, and a Bachelor of Arts in Economics from Dartmouth College. He is a member of the Mumbai chapter of the Entrepreneurs’ Organisation (EO).

# Profile of our Key Managerial Personnel



## Mr. Ghanshyam Rawat

*Chief Financial Officer*

He is the Chief Financial Officer of our Company. He is associated with the Company since 2013. He presently heads our Finance and Treasury, Accounts, Internal Audit, Compliance, Budget and Analytics departments. He holds a Bachelor's degree in Commerce from the Rajasthan University and is a fellow member of the Institute of Chartered Accountants of India. He received the best "CA-CFO for the year" award under the category "Emerging Corporate (BFSI)" by ICAI in the 13th ICAI awards held on January 14, 2020 at Mumbai. He has been previously associated with First Blue Home Finance Limited, Accenture India Private Limited and Deutsche Postbank Home Finance Limited. Further, he has also worked with Pan Asia Industries Limited and Indo Rama Synthetics (I) Limited.



## Mr. Sharad Pathak

*Company Secretary and Compliance Officer*

He is our Company Secretary and Compliance Officer. He holds a Bachelor's degree in Commerce from the Rajasthan University and is a qualified Company Secretary. He has been previously associated with Star Agri warehousing & Collateral Management Limited as its Company Secretary. He has been associated with our company since its inception, having experience of more than ten years in corporate sector.

# Our Leadership Team



## **Mr. Ashutosh Atre**

*Chief Risk Officer*

He holds a Diploma in Finance from NMIMS and Diploma in Mechanical Engineering from M.P Board of Technical Education with an experience of around 31 years. Previously, he has worked with Equitas Housing Finance Private Limited, Equitas Micro Finance India Private Limited, ICICI Bank Limited, ICICI Personal Financial Services Company Limited, Cholamandalam Investment & Finance Company Limited, Apple Industries Limited and Sanghi Brothers (Indore) Limited.



## **Mr. Ripudaman Bandral**

*Chief Credit Officer*

He has done Masters in Finance and Control from Punjabi University, Patiala. He possesses around 26 years of experience in the fields of business development, strategic planning, credit and risk assessment, client relationship management and team building. He was associated with ICICI Bank Ltd., HDFC Ltd., India bulls Home Loans, Transamerica Apple Distribution Finance and Trident Group.



## **Mr. Sunku Ram Naresh**

*Chief Business Officer*

He is MBA and B.Sc. from Sri Krishnadevaraya University, A.P. His last assignment was with Bajaj Finance Ltd. and he has also worked with companies like Bajaj Auto Finance Limited, Consumer Financial Services, Future Capital Financial Services Limited, ICICI Bank Limited, GE Money Financial Services Limited, Nestle India Limited and Mala Publicity Services Private Limited.



### **Mr. Surendra Kumar Sihag**

*Executive Vice President - Collections*

He holds a Bachelor of Arts degree from the University of Rajasthan, LLB degree from the University of Rajasthan and Master of Business Administration from the Periyar University. He has an experience of 20 years and was formerly associated with Cholamandalam Investment & Finance Company Limited and Bajaj Finance Limited.



### **Mr. Rajeev Sinha**

*Executive Vice President - Operations*

He is a Physics graduate with certification in Fintech from Harvard Business School and Management of Customer Relationship from IIM Ahmedabad. He has an experience of 22 years and was formerly associated with ICICI Bank Limited, Indiabulls Housing Finance Limited and Cointribe Technologies Private Limited.



### **Mrs. Jijy Oommen**

*Chief Technology Officer*

She is a Computer Science graduate with M. Tech in Computer Science from BITS, Pilani, MBA from SMU, PMP from Project Management Institute – USA and trained in Strategic Management from IIM Bangalore and Advanced Project Management from IIM, Kozhikode. She has an experience of 24 years with Kinara Capital, Wonderla Holidays Ltd., Manappuram Finance Limited and Bajaj Capital Limited.



### **Mr. Rajaram Balasubramaniam**

*Chief Strategy Officer and Head of Analytics*

He is a Chartered Accountant and holds 37th all India rank and also holds Bachelor of Commerce degree. He has over 21 years of experience in the field of consumer banking covering risk management, product and P&L management, sales and finance. Prior to joining Aavas, he was associated with Citibank, having worked in UAE, Egypt and US and with Standard Chartered Bank in India.

# Corporate Information

## Board of Directors

**Mr. Sandeep Tandon**

*Independent Director and Chairperson*

**Mr. Sushil Kumar Agarwal**

*Managing Director & CEO*

**Mrs. Kalpana Iyer**

*Independent Director*

**Mrs. Soumya Rajan**

*Independent Director*

**Mr. Ramchandra Kasargod Kamath**

*Non-Executive Nominee Director*

**Mr. Vivek Vig**

*Non-Executive Nominee Director*

**Mr. Nishant Sharma**

*Non-Executive Promoter Nominee Director*

**Mr. Manas Tandon**

*Non-Executive Promoter Nominee Director*

**Mr. Kartikeya Dhruv Kaji**

*Non-Executive Promoter Nominee Director*

## Chief Financial Officer

**Mr. Ghanshyam Rawat**

## Company Secretary and Compliance Officer

**Mr. Sharad Pathak**

## Investor Relations

**Mr. Himanshu Agrawal**

E-mail: himanshu.agrawal@aavas.in

## Statutory Auditors

**M/s Walker Chandio & Co LLP,**

Chartered Accountants

11th Floor, Tower II, One International Center,

S B Marg, Prabhadevi (W), Mumbai,

Maharashtra 400013, India

Telephone: +91 22 6626 2699

Fax: +91 22 6626 2601

E-mail: Manish.Gujral@WalkerChandio.in

Firm Registration No.: 001076N/N500013

## Secretarial Auditors

**M/s. Chandrasekaran Associates**

Company Secretaries

11F, Pocket-IV, Mayur Vihar-I, Delhi, India

Telephone: 011-22710514

E-mail: rupesh@cacsindia.com

Firm Registration No.: P1988DE002500

## Internal Auditors

**M/s G.M. Kapadia & Co.**

Chartered Accountants

S B – One, Bapu Nagar, Near J.D.A. Circle,

Jaipur 302004, Rajasthan, India

Telephone: 0141- 2270 6925

E-mail: jaipur@gmkco.com

Firm Registration No.: 104767W

## Branch Auditors

**M/s Tibrewal Chand & Co.**

Chartered Accountants

90, Nemi Sagar Colony, Vaishali Nagar, Jaipur

302021, Rajasthan

Telephone: 9509744546

E-mail: tibrewalchandjpr@gmail.com

Firm Registration No.: 311047E

**M/s Maheshwari & Co.**

Chartered Accountants

10-11, Third Floor, Esplanade Building,

3 A. K. Naik Marg (Bestian Road),

Near New Empire Cinema, Fort,

Mumbai, Maharashtra - 400 001

Telephone: +91 22 22077472/22072620

E-mail: info@maheshwariandco.in

Firm Registration No.: 105834W

**M/s S.K. Patodia & Associates**

Chartered Accountants

229 Second Floor, Ganpati Plaza, M I Road,

Jaipur- 302001, Rajasthan, India

Telephone: 0141-4542400

E-mail: info@skpatodia.in

Firm Registration No.: 112723W

**M/s P. Dangayach & Associates**

Chartered Accountants

12, Bandhu Nagar, Kanji Sweet Lane, Sikar Road

Jaipur, 302023 Rajasthan, India

Telephone: 0141 4042612; +91 9610 612 612

E-mail: capd.office@gmail.com

Firm Registration No.: 0013709C

## Registered & Corporate Office

201-202, 2nd Floor, Southend Square,

Mansarovar Industrial Area, Jaipur-302020

Rajasthan, India

Telephone: +91 141 661 8800

Fax: +91 141 661 8861

Website: www.aavas.in

# Financial Institutions and Banks

## Principal Bankers

Axis Bank  
Bank of Baroda  
Bank of India  
Canara Bank  
Central Bank of India  
Federal Bank  
HDFC Bank  
ICICI Bank  
IDBI Bank  
IDFC FIRST Bank  
Indian Bank  
Indian Overseas Bank  
Indusind Bank  
Karur Vysya Bank  
Kotak Mahindra Bank  
National Housing Bank  
Punjab National Bank  
SBM Bank (India)  
South Indian Bank  
State Bank of India  
UCO Bank  
Union Bank of India  
Yes Bank

## Financial Institutions / Debt Capital

International Finance Corporation (IFC)  
Asian Development Bank (ADB)  
Kotak Mahindra Bank  
ICICI Prudential Mutual Fund  
AU Small Finance Bank  
British International Investment (Erstwhile known as CDC)  
SBI Life Insurance

## Debenture Trustee

### IDBI Trusteeship Services Limited

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400 001.  
Maharashtra, India  
Tel: +91 22 4080 7015  
Fax: +91 22 6631 1776  
Website: [www.idbitrustee.com](http://www.idbitrustee.com)

## Registrar & Transfer Agent

### Link Intime India Private Limited

C-101, 1st Floor, 247 Park  
L.B.S. Marg Vikhroli (West) Mumbai 400 083  
Maharashtra, India  
Tel: +91 22 4918 6200  
Fax: +91 22 4918 6195  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

# Management discussion and analysis

## GLOBAL ECONOMIC OVERVIEW

According to IMF's World Economic Outlook (Apr'22), the world economy is projected to grow by 3.6% both in 2022 and 2023 from a growth of 6.1% in 2021. The growth is expected to normalise in the range of 3.3%-3.4% over the medium term. This improvement was largely due to increased vaccination rollout the world over and a revival in economic activity based on catch-up consumption. The global economic recovery is attributed to accelerated vaccine rollout across 4.4 billion people, around 56% of the global population (single dose).

The spot price of Brent crude oil increased 53.34% from USD 50.37 per barrel at the beginning of 2021

to USD 77.24 per barrel at the end of the calendar year, strengthening the performance of oil exporting countries and moderating growth in importing nations. Global trade growth is expected to slow from an estimated 10.1% in 2021 to 5% in 2022 and further to 4.4% in 2023.

The global economy was affected by prohibitive shipping freight rates and a shortage of shipping containers and semiconductor chips in 2021, affecting global economic recovery. Inflation was at its highest since 2011, especially in the advanced economies, catalysed by a run up in commodity prices. Some emerging and developing economies were compelled to withdraw policy

support to contain inflation even as the economic recovery was still incomplete.

The prominent feature of the global economic activity during the year under review was a sharp revival in commodity prices to record levels following the drop at the time of pandemic outbreak. The commodities that reported a sharp increase in prices comprised steel, coal, oil, copper, foodgrains, fertilisers and gold.

A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.

Regional growth (%)	2021	2020
World output	6.1	(3.3)
Advanced economies	5.0	(4.9)
Emerging and developing economies	6.3	(2.4)

(Source: IMF, World Bank, UNCTAD)

## PERFORMANCE OF MAJOR ECONOMIES

**United States:** The country reported a GDP growth of 5.7% in 2021 compared to a de-growth of 3.4% in 2020, following the government's investment of trillions of dollars in COVID relief.

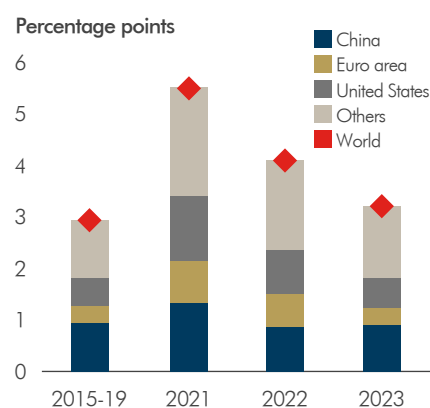
**China:** The country's GDP grew 8.1% in 2021 compared to 2.3% in 2020 despite it being the novel coronavirus epicentre.

**United Kingdom:** The country's GDP grew 7.5% in 2021 compared to a 9.9% de-growth in 2020.

**Japan:** The country reported a growth of 1.7% in 2021 following a contraction in the previous year.

**Germany:** The country reported a GDP growth of 2.9% in 2021 compared to a decline of 4.9% in 2020.

(Source: World Bank, IMF, Business Standard, Times of India)



## INDIAN ECONOMIC OVERVIEW

The Indian economy reported an attractive recovery in FY 21-22, its GDP rebounding from a de-growth of 6.6% in 2020-21 to a growth of 8.7% in FY 21-22. By the close of FY 21-22, India was

among the six largest global economies, its economic growth rate was the fastest among major economies (save China), its population at around 1.40 billion the second most populous country in

the world and its rural under-penetrated population arguably the largest in the world.

### Y-o-Y growth of the Indian economy

	FY19	FY20	FY21	FY22
Real GDP growth (%)	6.5	3.7	(6.6)	8.7

### Growth of the Indian economy, FY 21-22

	Q1, FY22	Q2, FY22	Q3, FY22	Q4, FY22
Real GDP growth (%)	20.3	8.5	5.4	4.1

The Indian economy was affected by the second wave of the pandemic that hindered economic growth towards the fag end of the previous financial year and across the first quarter of the financial year under review. The result is that after a growth of 2.5% in the last quarter of 2020-21, the Indian economy grew by 20.3% in the first quarter of FY 21-22 due to the lower base during the corresponding period of the previous year.

India's monsoon was abundant in 2021 as the country received 99.32% of a normal monsoon, lower though than in the previous year. The estimated production of rice and pulses recorded volumes of 127.93 million tonnes and 26.96 million tonnes respectively. The total oilseeds production of the country recorded a volume of 371.47 million tonnes. Moreover, based on the spatial and temporal distribution of the 2021 monsoon rainfall, the agricultural gross value added (GVA) growth in FY22 is anticipated to be 3-3.5%. The country's manufacturing sector grew an estimated 12.5%, the agriculture sector by 3.9%, mining and quarrying by 14.3%, construction by 10.7% and electricity, gas and water supply by 8.5% in FY 21-22.

India received the highest annual FDI inflow of USD 83.57 billion in FY 21-22, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget FY 21-22.

The Indian government launched a four-year ₹6 lakh crore asset monetisation plan (roads and highways, pipelines, power transmission lines, telecom towers, railways station re-development, private trains, tracks, goods sheds, dedicated freight corridor, railways stadiums, airports, projects in major ports, coal mining projects, mineral mining blocks, national stadia, redevelopment of colonies and hospitality assets).

In 2021, India was the largest recipient of global remittances. The country received USD 87 billion during 2021, with the US being the largest source (20%). India's foreign exchange reserves stood at an all-time high of USD 642.45 billion as on September 3, 2021, crossing USD 600 billion in foreign exchange reserves for the first time.

India's currency weakened 3.59% from ₹73.28 to ₹75.91 to a US dollar through FY 22. The consumer price index (CPI) of

India stood at an estimated 5.7% in FY 21-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of FY 21-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at ₹1.42 lakh crore, which is 15% higher than the corresponding period in 2021.

India ranked 63 in the 2021 World Bank's Ease of Doing Business ranking. The country received positive FPI inflows worth ₹51,000 crore in 2021 as the country ranked fifth among the world's leading stock markets with a market capitalisation of \$3.21 trillion in March 2022.

The fiscal deficit was estimated at ~₹15.91 trillion for the year ending March 31, 2022 on account of a higher government expenditure during the year under review.

India's per capita income increased 18.3% from ₹1.27 lakh in 2020-21 to ₹1.5 lakh in FY 21-22 following a relaxation in lockdowns and increased vaccine rollout.



India's tax collections increased to a record ₹27.07 lakh crore in FY 21-22 compared with a budget estimate of ₹22.17 lakh crore. While direct taxes increased by 49%, indirect tax collections increased by 30%. The tax-to-GDP ratio jumped from 10.3% in FY21 to 11.7% in FY 22, the highest since 1999.

(Source: Economic Times, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)

### Indian economic reforms and Budget 2022-23 provisions

The Budget 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The government is emphasising the role of PM Gati Shakti, inclusive development, productivity enhancement and investment, sunrise opportunities, energy transition and climate action, as well as financing of investments.

The capital expenditure target of the Indian government expanded by 35.4% from ₹5.54 lakh crore to ₹7.50 lakh

crore. The effective capital expenditure for FY 23 is seen at ₹10.7 lakh crore. An outlay of ₹5.25 lakh crore was made to the Ministry of Defence, which is 13.31% of the total budget outlay. A boost was provided to India's electric vehicle policy 'Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India'. An announcement of nearly ₹20,000 crore was made for the PM Gati Shakti National Master Plan to catalyse the infrastructure sector. An expansion of 25,000 km was initiated for 2022-23 for the national highways network. To boost the agricultural sector, an allocation of ₹2.37 lakh crore was made towards the procurement of wheat and paddy under MSP operations. An outlay of ₹1.97 lakh crore was announced for the Production Linked Incentive (PLI) schemes across 13 sectors.

### Outlook

The Indian economy is projected to grow by 8% in FY 23, buoyed by tailwinds of consistent agricultural performance, flattening of the COVID-19 infection curve, increase in government spending, favourable reforms and an efficient roll-out of the vaccine leading to a revival in economic activity.

India received the highest annual FDI inflow of USD 83.57 billion in FY 21-22, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget FY 21-22.

## HOUSING FINANCE SECTOR OVERVIEW

The Indian housing finance sector is recording multi-year growth on account of a growing population. A rise in economic activities and reduction in the home loan interest rates, coupled with the organic demand for housing, has resulted in optimistic projections for the Indian housing finance sector post the onset of the pandemic. Every ₹1 lakh invested in housing leads to an addition of ₹2.9 lakh to the GDP, owing to inter-linkages with almost 270 ancillary industries, which consequently, leads to promoting housing finance, gaining strategic importance.

A robust appetite for new homes, growing economic activity and increasing vaccinations led to strong disbursements and profitability growth in FY 21-22. The result is that housing finance companies could grow 8-10% in FY 21-22 following an economic rebound and increased home demand. Collection efficiency witnessed a revival during the end of June 2021 and further improvements were seen thereafter. During FY 21-22, the MSME and infrastructure sector witnessed a strong credit growth of ₹2.3 lakh crore whereas credit to housing and NBFC sector remained close to ₹2 lakh crore. As housing credit demand revived,

most home financing companies neared their pre-Covid disbursements and were poised to deliver record disbursements in FY 22-23.

The recovery in the second half of FY 21 following release of pent-up demand after relaxation of the Covid-19 lockdown, reinforced revenue and earnings growth. This recovery was hindered by the second Covid-19 wave in Q1 FY 22. The effect was comparatively less than the previous fiscal, with the sector rebounding in Q2 FY 22 following enhanced disbursements and AUM.

From a sectorial perspective, asset quality was affected by an acute increase in overdues and restructured books during Q1 FY2022, which was only partially rectified in Q2 FY2022. Housing finance companies embarked on proactive measures to address the COVID-19 challenge by utilising digitally-enabled services for sourcing, processing and disbursing loans. An increasing population and under-penetrated market could continue to lead the growth of the affordable housing finance segment. From a liquidity perspective, the housing finance companies maintained healthy liquidity through the quarters, moderating their dependence on short-term financing sources like commercial paper that improved asset-liability mismatches in near-term buckets.

Credit rating agencies (India Ratings in this case) elevated the outlook for housing finance companies from Stable to Improving for the second half of current financial year (H2 FY22) on the grounds that they possessed substantial liquidity, adequate capital buffers, stable margins on account of reduced funding cost and on-Balance Sheet provisioning buffers. ICRA anticipated securitisation volumes for housing finance companies and NBFCs to be more than ₹120,000 crore in FY2022.

The outstanding loan portfolio of home loans in India stood at a sizable ₹22.4 lakh crore a couple of years ago. The

Indian home loan market grew by 32% between FY17 and FY21 and the market is expected to witness robust growth of 22% CAGR between 2021 and 2026, catalysed largely by the affordable housing market. (Source: *Business Standard, Hindustan Times, Economic Times*)

## The affordable housing finance segment

### Tier 2 to Tier 5 cities

The affordable housing finance segment accounts for the biggest share within India's housing finance sector. A majority of India's affordable housing finance customers stay in Non-formal Tier-2 and Tier-3 cities and are newly introduced to the facility of credit. These customers have a shallow informal income and are usually self-employed without formal income documents.

While affordable housing companies have seen a 140 bps spike in gross non-performing assets, other housing finance companies saw their gross NPAs rising to 3.3% by December, 2021, up from 3% in September 2021. This is primarily because of the November 12, 2021, circular on recognition and calculation of NPAs, rather than any real mark-down in asset quality, according to a report by CRISIL.

As per the estimates of India Ratings and Research, housing finance companies are expected to register a 13% growth

in 2022-23 compared to 11% growth in FY 21-22. The outlook for the sector remains positive due to improved affordability for borrowers driven by low interest rates coupled with stable property prices and the low impact of the pandemic on job losses and wage growth in the salaried segment. (Source: *Business Standard, Economic Times, Business World, the hindu business line*)

**The general features of the affordable housing finance segment comprised the following:**

**Low average ticket size:** Around 70% of the segment was accounted by loans of ₹10 lakh or less.

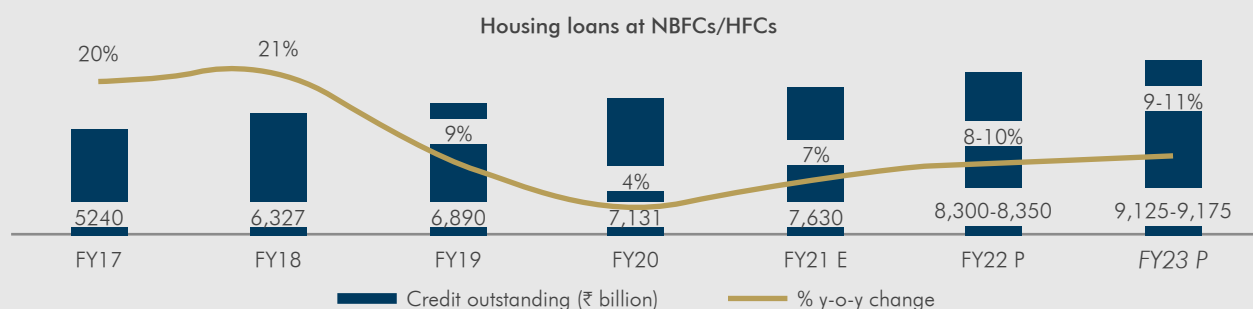
**Self-employed:** Almost all HFCs addressed the increasing needs of self employed segment generating higher yield over the salaried segment.

**Composition:** A majority of the funds were allocated to single units and self-occupied houses, validating that loans catered to actual use and not investment.

**Low loan to value:** More than 60% loans possessed a Loan To Value of less than 70%, signifying a greater involvement of the borrower and lower risk for the lender.

**Paperless income:** Most borrowers did not have a documented formal income and were brought by customers with fresh exposure to credit. The process mandated a cash flow-based assumption.

### Housing loans credit growth slowed in fiscal 2021, to rebound this fiscal



E: Estimated; P: Projected | Source: Company reports, RBI, CRISIL Research

## SECTORIAL DEMAND DRIVERS

**Housing shortage:** India's urban population is expected to nearly double its size between 2018 and 2050. Over half of the population will need affordable and sufficient housing. This will be coupled with rising per capita income and nuclearisation of families. Affordable housing is the need of the hour. The government acted as a facilitator to make the segment an alluring venture for private developers and introduced several incentives and schemes over the years.

**Mortgage penetration:** The mortgage penetration in India from formal lending sources stood at a meagre level as most of the houses are built with own funds and informal borrowing sources, indicating a growth headroom for housing finance companies.

**Awareness:** A growing awareness is seen across the salaried / self-employed segments that residential rental payments are equal to monthly installments that would be paid against home loans, catalysing the growth of housing finance sector.

**Monetary support:** The Reserve Bank of India extended fresh support under Special Liquidity Facility-2 of ₹10,000 crore to the National Housing Bank for one year to support the housing finance

sector. NHB initiated Special Refinance Facility - 2021 with the objective to offer short term refinance support to housing finance companies and other eligible PLIs on flexible terms and conditions. (Source: *nhb.org*)

**Government support:** The Government supported its 'Housing for all' vision under the Pradhan Mantri Awas Yojana (PMAY). The Credit Linked Subsidy Scheme (CLSS) for the EWS and LIG were extended to March 2022.

**Growing urbanisation:** India's urbanisation is expected to address around 60 crore Indians in urban cities by 2030. The country requires 700 to 900 million square meters of residential and commercial space to be built annually to accommodate this number.

**Demographics:** More than 50% of India's population is below 25 years and 65% of its population is below 35 years both are considered economically productive age group. The number of nuclear families is increasing due to job dispersal and social realities.

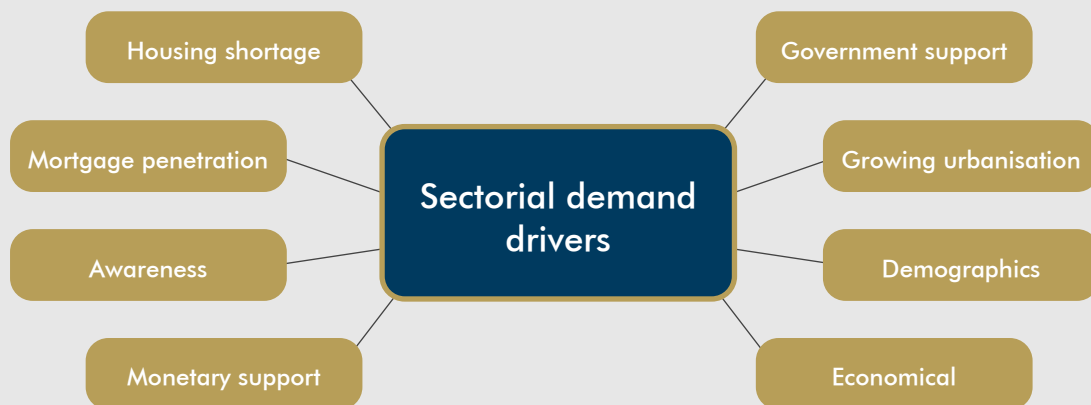
**Economical:** The cost of housing finance in India is the most economical across developing economies, drawing investments from alternative asset classes.

### Country-wise mortgage penetration (%)

Denmark	88%
UK	67%
USA	56%
Singapore	52%
Hong Kong	45%
Germany	40%
Malaysia	34%
Korea Republic	31%
Thailand	20%
China	18%
India	11%
India (FY23 Estimated)	13%

Note: ^ India data for FY19, others for CY15

Source: MOSPI, United Nations Department of Economic and Social affairs, IMF, European Mortgage Federation, HOFINET, NHB, Company reports, CRISIL Research



## GOVERNMENT SUPPORT

The RBI issued a master circular called 'Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021' on February 17, 2021, replacing directions issued earlier by NHB and RBI. The circular offers a consolidated regulatory framework applicable to housing finance companies.

- To qualify as housing finance companies, 60% of the total assets (net of intangible assets) should comprise housing finance, of which at least 50% should be directed towards individual housing loans.
- RBI authorised lending to individual home buyers or construction of the same project
- Capital market exposure was capped at 40% of the net worth for housing finance companies
- Housing finance companies will need to achieve a minimum net owned fund of

₹20 crore by March 31, 2023

The Government of India implemented the special liquidity scheme of ₹30,000 crore to increase NBFC/HFC liquidity through a special purpose vehicle to minimise systemic risks. The eligible non-bank lenders were offered short-term liquidity through a special purpose vehicle that would purchase short-term paper from eligible NBFCs/HFCs and use proceeds for extinguishing liabilities (Source: PIB)

### Government policies

**Atmanirbhar Bharat 3.0:** The Atmanirbhar Bharat 3.0 package comprised income tax relief measures for real estate developers and home buyers for primary purchase/sale of residential units of value up to ₹2 crore from November 12, 2020 to June 30, 2021.

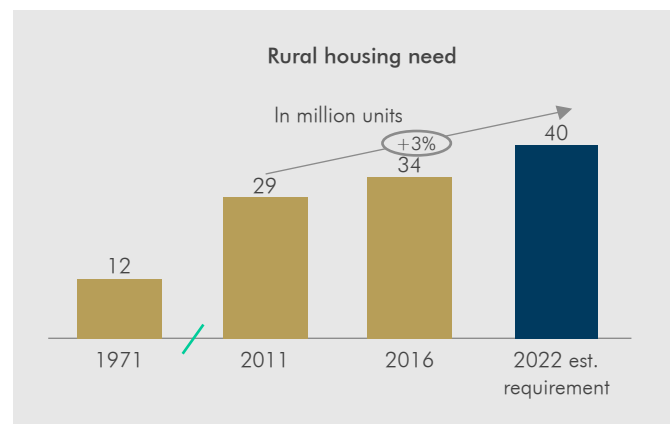
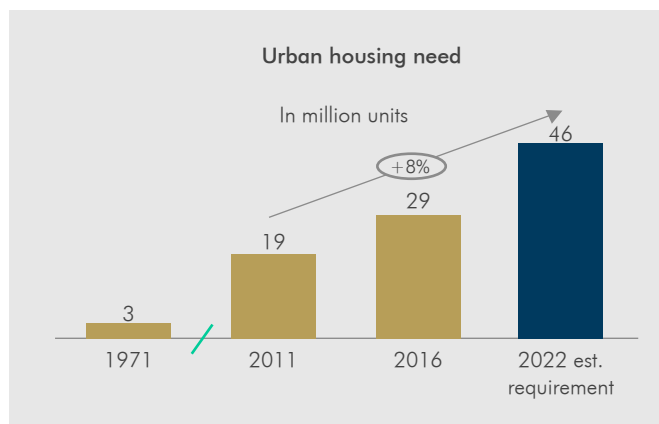
**Affordable Housing Fund:** The Government created an Affordable

Housing Fund in National Housing Bank with an initial ₹10,000 crore, using the priority sector lending shortfall of banks/ financial institutions for the micro-financing of housing finance companies

**Alternative Investment Fund:** The Union Cabinet set up an Alternative Investment Fund with a corpus of ₹25,000 crore to revive ~1,600 stalled housing projects across prominent Indian cities.

**Pradhan Mantri Awas Yojana (Urban):** As per the Union Budget 2022-23, the Indian government sought to complete the construction of 80 lakh houses for eligible PM Awas Yojana beneficiaries (rural and urban). An allocation of ₹48,000 crore was made for this purpose.

**Tax moderation:** GST Council reduced tax to 5% from 12% on premium houses and to 1% from 8% for affordable houses.



Source: India Infrastructure Research, Socio Economic and Caste Census (2011), Deloitte analysis

### Budgetary provisions

A budget allocation of ₹48,000 crore for the Pradhan Mantri Awas Yojana (PMAY) has been announced for the fiscal year 2022-23, which is 75% higher than the ₹27,500 crore budget allocation made in FY22 and marginally higher than the ₹47,390 crore in the revised estimate for

the current fiscal. A goal of completing 80 lakh houses has been set by the end of the fiscal year 2022-23.

The government announced an outlay of ₹20,000 crore towards Gati Shakti for integrated logistics planning and coordinated implementation of infrastructure connectivity projects.

The Union Budget 2022-23 proposed that 1% TDS would be applied to non-agriculture immovable property of more than ₹50 lakh on the basis of sale price or stamp duty value, whichever is higher, post an amendment in the Income Tax Act. The new change will come into effect from 1st April 2022.

## Outlook

The prospects of India's housing finance sector are expected to remain strong across the long-term as more Indians construct or purchase homes. As the Indian economy revives, the mortgage-to-GDP ratio of 11% (substantially less compared to other nations) could correct itself upwards, growing the sector to USD 750 billion in five years. The housing finance sector is anticipated to expand due to continuous population growth, increased non-metro growth, higher per capita income, home ownership preference, affordable home costs, continuous government support and sectorial under-penetration.

## Projected Indian housing finance market growth

Year	Loan assets (₹ Trillion)
FY13	7
FY14	9
FY15	10
FY16	12
FY17	14
FY18	17
FY19	19
FY20E	22
FY21E	26
FY22E	31
FY23E	37
FY25E	54

\*Estimate.  
Source: Aventus

## COMPANY OVERVIEW

Aavas Financiers Limited (Aavas) is a housing finance company based in Jaipur, Rajasthan. The Company is principally involved in offering housing loans in rural and semi-urban

under penetrated markets in states of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Uttar Pradesh, Chattisgarh, Uttarakhand, Punjab, Himachal Pradesh, Delhi,

Odisha and Karnataka. The Company has a branch network of 314 (as on March 31, 2022) and assets under management of ₹11,350.21 crore as on March 31, 2022.

## SCOT analysis of Aavas

### Strengths

- In house sourcing and execution model
- Deep market presence with extensive branch network
- Strong technology framework and data analytics
- Positive ALM in all time buckets with no commercial paper issuances
- Low Balance Sheet leverage

# S

### Challenges

- Inflation and rising interest rate scenario
- Overall macro liquidity scenario
- Real estate sector slowdown

# C

### Opportunities

- Low mortgage penetration
- Increasing urbanisation will lead to surge in housing units
- Increased early age home ownership
- Growing aspirations in rural and semi urban areas

# O

# T

### Threats

- Adverse macro economic situation
- Growing market players and increasing competition
- Political instability and global economic slowdown

## AAVAS PERFORMANCE REVIEW, FY 21-22

### Financial performance

#### Income and profits

Total Income of the Company for the year ended March 31, 2022 was ₹1,305.56 crore compared to ₹1,105.34 crore in the previous year, growing 18.1%. During the year ended March 31, 2022, the Company reported a Profit Before Tax of ₹454.86 crore as against ₹353.33 crore for the year ended March 31, 2021, growing 28.7%. The Company reported a Total Comprehensive Income of ₹357.51 crore for the year ended March 31, 2022 as against ₹290.33 crore for the year ended March 31, 2021, a growth of 23.1% over the previous year.

#### Statement of profit and loss

Key features of the Statement of Profit & Loss for the year ended March 31, 2022 were:

- Profit Before Tax increased 28.7% over ₹353.33 crore in the previous year.
- Total Comprehensive Income enhanced 23.1% compared to ₹290.33 crore in the previous year.
- Net Interest Margin stood at ₹822.34 Cr
- The Company's Return on Average Total Assets stood at 3.57% for the year ended March 31, 2022.
- Total Expenses increased 13.1% during the year under review.
- The Earnings per share (Basic) stood at ₹45.31 compared to ₹36.94 in the previous year.
- Return on average net worth was 13.72% compared to 12.91% in the previous year.
- Debt-equity ratio stood at 2.84 times compared to 2.65 times in the previous year.

- The Company's Operating Expenses ratio (to average total assets) stood at 3.45% for the year ended March 31, 2022.

- Net profit margin stood at 27.33% compared to 26.27% in the previous year.

### Operational performance

Aavas is a retail affordable housing finance company serving the low- and middle-income self-employed customers in the semi-urban and rural areas of India. The Company offers its customers home loans for the purchase or construction of residential properties and the extension and repair of existing housing units.

As of March 31, 2022, majority of the home loans disbursed by the Company were for single-unit properties, out of which, almost all of them were to be occupied by the borrowers. A majority of the Company's customers have limited access to formal banking credit.

**Loan products:** The Company offered customers home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units. In addition to home loans, the Company offered customers other mortgage backed loans including loans against property, which accounted for 27.92% of Gross Loan Assets as of March 31, 2022. As of March 31, 2022, 65.4% of our Gross Loan Assets were from customers who belonged to the economically weaker section (EWS) and low income group (LIG), earning less than ₹50,000 per month

**Sanctions:** The Company sanctioned ₹3,762.09 crore loans during the year compared to ₹2,812.94 crore in the previous year, a growth of 33.7%. The

cumulative loan sanctions since inception stood at ₹18,221 crore.

**Disbursements:** The Company disbursed ₹3,602.24 crore mortgage loans during the year compared to ₹2,656.85 crore in the previous year, a growth of 35.6%. The cumulative loan disbursement since inception stood at ₹17,357 crore by the end of the year.

#### Asset under Management (AUM):

The AUM of Company stood at ₹11,350.21 crore (including assignment of ₹2,343.78 crore) as of March 31, 2022 compared to ₹9,454.29 crore in the previous financial year, a growth of 20.1%. As of March 31, 2022, the average loan sanctioned was ₹8.64 lakh and average tenure was 178.33 months in the AUM (on origination basis).

**Spread on loans:** The average yield on loan assets as on March 31, 2022 stood at 12.65% per annum compared to 13.16% as on March 31, 2021. The average all-inclusive cost of funds stood at 6.88% per annum as on March 31, 2022 as against 7.40% as on March 31, 2021. The spread on loans was 5.77% as on March 31, 2022.

**Non-performing assets:** The Company maintained its gross NPAs at ₹90.36 crore (0.99% of the loan assets) as on March 31, 2022. The Company reviewed its delinquency and loan portfolio on a regular basis. The Company confirmed to a defined policy with procedures to address delinquencies and collections. As a result, Gross NPA and Net NPA as at March 31, 2022 were 0.99% and 0.77% respectively (compared to 0.98% and 0.71% respectively as at March 31, 2021).

**Capital adequacy ratio:** The Company is required to maintain a Capital adequacy ratio of 15% on a standalone basis from March 31, 2022. The

Company's capital adequacy ratio as of March 31, 2022 stood at 51.93% as against 54.38% in the previous financial year, which was far above the minimum required level of 15%.

**Lending operations:** The Company's lending operations remained strong with the growing demand for housing loans. Loans to the EWS and LIG segment increased by 18.6% and 21.5% respectively, in value terms compared to the previous year. The average home loan to the EWS and LIG segment was ₹4.78 lakh and ₹9.05 lakh.

**Branch network:** Aavas adopted contiguous on-ground expansion across regions; as of March 31, 2022, the Company conducted operations through 314 branches out of which, Aavas enjoys a strong presence in four states (Rajasthan, Gujarat, Maharashtra and Madhya Pradesh). The Company's registered office continued to be located in Jaipur, Rajasthan.

## Resource mobilisation

**Share capital:** The issued and paid-up Equity Share Capital of the Company as on March 31, 2022 stood at ₹78,93,64,510 (Rupees Seventy eight crore ninety three lakh sixty four thousand five hundred and ten) consisting of 7,89,36,451 (Seven crore eighty nine lakh thirty six thousand four hundred and fifty one) Equity Shares of ₹10 each compared to ₹78,50,45,510 (Rupees Seventy eight crore fifty lakh forty five thousand five hundred and ten) consisting of 7,85,04,551 (Seven crore eighty five lakh four thousand five hundred and fifty one) Equity Shares of ₹10 each in previous year.

**ESOP allotment:** The Company issued and allotted 4,31,900 Equity Shares during the year pursuant to the exercise of stock options by the eligible employees of the Company under ESOP plans.

**Term loans:** During the year under review, the company received aggregate fresh loan sanctions amounting to ₹1,650 crore and has availed loans aggregating to ₹1,635 crore. The outstanding term loans from Banks and Financial Institutions as on March 31, 2022 stood at ₹3,883.93 crore with average tenure of 9.15 years.

### Securitisation/Assignment of Loan Portfolio:

During the year under review, the Company received a purchase consideration of ₹778.37 crore from assets assigned in pool buyout transactions. The pool buyout transactions were de-recognised in line with RBI guidelines on the securitisation of standard assets.

### Refinance from National Housing Bank (NHB):

During the year under review, the Company received fresh sanction of refinance assistance of ₹750 crore under the NHB refinance scheme and ₹417 crore under Special Refinance Scheme. The Company availed funds of ₹1,416 crore under various refinance scheme such as for affordable housing fund, regular refinance scheme and special refinance facility. Total outstanding refinance at the end of the current Financial Year stood at ₹2,206.76 crore (previous year ₹1,872.39 crore).

### Non-Convertible Debentures (NCDs):

NCDs were issued to banks, domestic Financial Institutions and multilateral/development financial institutions. During the year under review, the Company diversified its borrowings by issuing NCDs to mutual funds. The NCDs of the Company are listed on Wholesale Debt Market segment of the BSE Limited. As on March 31, 2022, the Company's outstanding NCDs were from:

- Multilateral/development financial institutions stood at ₹878.86 crore as compared to ₹911.38 crore as on March 31, 2021.

- Domestic Mutual Funds stood at ₹98.87 crore as compared to ₹109.41 crore as on March 31, 2021

- Banks stood at ₹174.93 crore as compared to ₹244.92 crore as on March 31, 2021.

The subordinated debt in the form of NCDs stood at ₹99.83 crore as against ₹99.74 crore as on March 31, 2021.

## Bond issued to multilateral institutions

**Masala Bond:** As on March 31, 2022, the outstanding balance of Masala Bonds issued to multilaterals stood at ₹199.29 crore.

**Social Masala Bond:** During the year under review, the Company issued its first's Social Rupee Denominated Bond of INR 360 crore under the Social Bond Program to British International Investment ("erstwhile known as CDC"), the United Kingdom's Development Finance Institution which were listed on NSE International Exchange. As on March 31, 2022, the outstanding balance of Social Masala bond stood at ₹357.54 crore.

**Commercial Paper (CP):** The Company had not issued any commercial paper and short-term instrument during the Financial Year FY 21-22 and as on March 31, 2022, the Company's commercial paper outstanding was nil.

**Credit rating:** During the financial year under review, ICRA Limited and CARE Ratings Limited have upgraded the credit rating outlook of the company from AA-/Stable to AA-/Positive.

The details of the same are mentioned below:

Nature of debt instrument	Rating Agency	Term	Credit ratings
Non-convertible Debentures	CARE	Long Term	AA-/ Positive
	ICRA	Long Term	AA-/ Positive
Bank loans	CARE	Long Term	AA-/ Positive
	ICRA	Long Term	AA-/ Positive
Subordinated debt	CARE	Long Term	AA-/ Positive
Commercial paper	CARE	Short Term	A1+
	ICRA	Short Term	A1+
	India Ratings	Short Term	A1+

The ratings validate the Company's healthy earnings profile, substantial capitalisation, robust net worth base and gradual improvement in its scale of operations.

## HUMAN RESOURCES

The Company believes in its competitive advantage lying in its people. The people at Aavas possess multi-sectoral experience, technological experience and domain knowledge. The HR

culture of the Company is embedded in its ability to disrupt legacy norms to enhance competitiveness. The Company takes decisions aligned with employees' professional and personal goals,

achieving an ideal work-life balance. The Company's permanent employees count stood at 5,222 people as of March 31, 2022.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal financial control of Aavas over financial reporting is a process that is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with the generally accepted accounting principles. The Company's internal financial control over financial reporting consists of the policies and procedures:

(1) Pertaining to maintenance of the records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company

(2) Providing reasonable assurance that transactions are being recorded as mandatory to permit the preparation of financial statements according to the generally accepted accounting principles and that the receipts and expenditures of the Company are prepared only in accordance with authorisations of management and Directors of the Company, and

(3) Providing reasonable assurance to prevent or timely detect unauthorised acquisition, use or disposition of the Company's assets which may have a material effect on the financial statements. The Company has a

robust internal audit programme, where the internal auditors, an independent firm of Chartered Accountants, conduct a riskbased audit to not only test the adherence to policies and procedures but to also suggest improvements in the processes and systems. The audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

## CAUTIONARY STATEMENT

This statement describes the objectives, projections, expectation and estimations of the Company, which may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions

and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. The actual result may differ materially from those expressed in the statement or implied due to the influence

of the external factors, which are beyond the Company's control. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.





# Statutory



# Reports

# Director Report

To,  
The Shareholders,  
AAVAS FINANCIERS LIMITED ("COMPANY")

Your Directors are pleased to present the 12<sup>th</sup> Annual Report on the operational and financial performance of Aavas Financiers Limited ("the Company" or "Aavas") together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2022.

## FINANCIAL PERFORMANCE

During the Financial Year under review, your Company has delivered yet another year of resilient performance.

The standalone financial performance for the Financial Year ended March 31, 2022 and a comparison with the previous year is summarized below:

Particulars	(₹ in crore)	
	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A Total Income	1,305.56	1,105.34
Less:		
- Total Expenditure before Depreciation & Amortization and provision	(804.34)	(694.26)
- Impairment on financial instruments	(22.61)	(37.14)
- Depreciation & Amortization	(23.76)	(20.60)
B Total Expenses	(850.70)	(752.01)
C Profit Before Tax (A-B)	<b>454.86</b>	<b>353.33</b>
D Less: Provision for Taxations (Net of Deferred Tax)	(98.06)	(63.83)
E Profit After Tax (C-D)	<b>356.80</b>	<b>289.50</b>
F Add: Other Comprehensive Income (Net of Tax)	0.71	0.83
G Total Comprehensive Income (E+F)	<b>357.51</b>	<b>290.33</b>
Transfer to Statutory Reserve	71.50	58.07

Your Company posted Total Income (Total Interest Income and Other Income) of ₹ 1,305.56 crore and Total Comprehensive Income of ₹ 357.51 crore for the Financial Year ended March 31, 2022, as against ₹ 1,105.34 crore and ₹ 290.33 crore respectively for the previous Financial Year.

## COVID-19 AND ITS IMPACT

### Operations and business continuity

The resurgence of COVID cases in first quarter of FY 2021-22 led to increase in challenges due to restricted movement and the disrupted economic cycle. The situation gradually improved by the end of the first quarter because of lower restrictions and increased pace of vaccination. The Company protected

livelihoods through a policy of no retrenchment. It stipulated social distancing across the branches and permitted Employees to work from home. All the Employees of the Company are fully vaccinated. The Company opened 34 new branches even during the tough phase of COVID-19 and achieved milestones of crossing ₹ 10,000 crore AUM during the FY 2021-22.

### COVID-19 Regulatory Packages and Resolution Framework for COVID-19-related Stress

The RBI issued 'Resolution Framework for COVID-19-related Stress' ("Resolution Framework – 2.0") dated May 05, 2021, June 04, 2021 and August 06, 2021 for granting relief to borrowers impacted by COVID-19, by providing the facility of rescheduling of payments and/or for conversion of outstanding

interest accrued or to be accrued into a separate credit facility, revisions in working capital sanctions, granting of moratorium etc. The Company has in place a 'Policy on Resolution Framework for loans of borrowers affected by COVID-19'.

## DIVIDEND

The Board of Directors have considered to conserve the resources of the Company in order to build a strong reserve base for the long-term growth aspects of the Company and maintain a liquidity pool. Hence, the Board of Directors do not recommend any dividend for the Financial Year ended March 31, 2022.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('SEBI LODR Regulations') and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI Master Directions) the Board of Directors of the Company (the 'Board') formulated and adopted the Dividend Distribution Policy ('Policy'). The Policy is available on the website of the Company at <https://www.aavas.in/dividend-distribution-policy> and forms part of this Report as 'Annexure-5'.

## CAPITAL STRUCTURE OF THE COMPANY

### Authorized Capital:

There was no change in the Authorized Capital of the Company during the year under review. The Authorized Capital of the Company is ₹ 85,00,00,000/- (Rupees Eighty Five crore Only) divided into ₹ 8,50,00,000 (Eight crore fifty lakh) Equity Shares of ₹ 10/- (Rupees Ten only) each.

### Issued, Subscribed & Paid up Capital:

The issued, subscribed and paid up Capital of the Company as on March 31, 2022 stood at ₹ 78,93,64,510 (Rupees Seventy eight crore ninety three lakh sixty four thousand five hundred and ten) consisting of 7,89,36,451 (Seven crore eighty nine lakh thirty six thousand four hundred and fifty one) Equity Shares of ₹ 10/- each.

During the Financial Year under review, the paid-up Equity Share Capital of the Company has been increased on account of issuance and allotment of 4,31,900 Equity Shares of ₹ 10/- each pursuant to the exercise of stock options by the eligible employees of the Company under Employee Stock Option Plans (ESOPs) of the Company.

## SPECIAL RESERVE (U/S 29C OF THE NHB ACT, 1987)

Your Company has transferred ₹ 71.50 crore i.e. 20% of net profits to Statutory Reserves during the Financial Year under review as required under the provisions of Section 29C of the NHB Act, 1987 read with Section 36 (1) (viii) of Income Tax Act, 1961.

## REVIEW OF OPERATIONS

Your Company is registered as a Housing Finance Company (HFC) with National Housing Bank (NHB) to carry out the housing finance activities in India. The Company chose to serve the growing needs of housing finance customers in the low and middle income segments of sub-urban and rural India, going contrary to the industry's preference to serve the customers in the metro cities and urban regions of the country. The majority of your Company's customers have limited access to formal banking credit facilities. Aavas uses a unique appraisal methodology to assess these customers individually and delivers financing solutions.

The details with respect to operating and financial performance of your Company has been covered in the Management Discussion and Analysis report (MDA), which forms part of this Annual Report.

During the Financial Year under review, your Company delivered a resilient performance, which is reflected in the following financial snapshot.

### Income & Profits

Total Income grew by 18% to ₹ 1,305.56 crore for the Financial Year ended March 31, 2022 as compared to ₹ 1,105.34 crore for the previous Financial Year. Profit before Tax (PBT) was 28.73% higher at ₹ 454.86 crore as compared to ₹ 353.33 crore for the previous Financial Year.

The Total Comprehensive Income for the Financial Year 2021-22 increased by 23.14% from ₹ 290.33 crore in the previous Financial Year to ₹ 357.51 crore in the current Financial Year.

### Sanctions

During the Financial Year under review, your Company has sanctioned housing loans for ₹ 3,762.09 crore as compared to ₹ 2,812.94 crore in the previous Financial Year with an annual growth of 33.74%. The cumulative loan sanctions since inception



of your Company stood at ₹ 18,221.23 crore as at March 31, 2022. Your Company has not granted any loan against the collateral of Gold Jewellery.

### Disbursements

During the Financial Year under review, your Company disbursed housing loans for ₹ 3,602.24 crore as compared to ₹ 2,656.85 crore in the previous Financial Year registering an annual growth of 35.58%.

The cumulative loan disbursement since inception as at March 31, 2022 was ₹ 17,357 crore.

### Assets Under Management (AUM)

The AUM of your Company stood at ₹ 11,350.21 crore (including assignment of ₹ 2,343.78 crore) as at March 31, 2022 as against ₹ 9,454.29 crore (including assignment of ₹ 2,004.68 crore) in the previous Financial Year, with a growth of 20.05%.

As of March 31, 2022, the average size of loan sanctioned was ₹ 8.64 lakh and average tenure was 178.33 months in the AUM (on origination basis).

### Affordable Housing

The Company has received subsidy under PMAY of ₹ 108.23 crore in respect of 4,923 beneficiaries and the same had been credited into the respective customer's loan account.

### Non-Performing Assets (NPA)

Your Company is in adherence to the provisions of Indian Accounting Standards ("Ind AS") with respect to computation of Stage-3 Assets (NPA). Your Company's assets have been classified based on expected performance. Exposure at Default (EAD) is the total amount outstanding including accrued interest as on the reporting date. Further, in compliance with Ind AS accounting framework, interest earned on NPA's is recognized net of expected losses, if the present realisable value of the security is greater than the outstanding loan dues.

Using a pro-active collection and recovery management system supported by analytical decision making and consistent engagement with the customers during the period, the GNPA and NNPA as at March 31, 2022 were 0.99% and 0.76% respectively (against 0.98% and 0.71% respectively in the previous Financial Year).

### CAPITAL ADEQUACY RATIO

Your Company's Capital Adequacy Ratio as at March 31, 2022 was 51.93% (previous Financial Year 54.38%) which is far above the minimum required level of 15% as per the provisions of the RBI Master Directions.

### CREDIT RATING

Your Company's financial prudence is reflected in the strong credit rating ascribed by rating agencies. The ratings also derive strength from adequate risk management and control systems put in place by the Company, pristine asset quality and strong corporate governance.

During the Financial Year under review, the long-term credit ratings of the Company has been upgraded from 'AA-/Stable to AA-/Positive' by both CARE Ratings and ICRA Limited.

Further, all the other credit ratings assigned to the Company have been reaffirmed by respective credit rating agencies. For more details please refer Corporate Governance Report forming part of this report.

### REGULATORY & STATUTORY COMPLIANCES

The Company has complied with all the guidelines, circular, notification and directions issued by RBI and NHB from time to time. The Company also places before the Board of Directors at regular intervals all such circulars and notifications to keep the Board informed and report on actions initiated on the same.

The Company has also been following provisions of the Companies Act, 2013 including the Secretarial Standards issued by ICSI, SEBI LODR Regulations, 2015, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Income Tax Act 1961, and other applicable statutory requirements.

There were no orders passed by any regulator/courts nor any fine/penalty levied on the Company during the year under review.

### Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs

The contribution of NBFCs towards supporting real economic activity and their role as a supplemental channel of credit intermediation alongside banks is well recognized. Over the years, the sector has undergone considerable evolution in terms

of size, complexity, and interconnectedness within the financial sector. Many entities have grown and become systemically significant and hence there is a need to align the regulatory framework for NBFCs keeping in view their changing risk profile.

The SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation, etc., the RBI decided to first issue an integrated regulatory framework for NBFCs under SBR providing a holistic view of the SBR structure, set of fresh regulations being introduced and respective timelines.

Regulatory structure for NBFCs comprises of four layers based on their size, activity, and perceived riskiness. Your Company being a Housing Finance Company falls under Middle layer category. Detailed circulars will be issued in due course by the RBI on different facets of regulation and it will be implemented as per the timelines.

## DEPOSITS

During the Financial Year under review, your Company has neither invited nor accepted nor renewed any fixed deposits from public within the meaning of Chapter V of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. Therefore, the disclosure in terms of RBI Master Directions is not required.

## AWARDS AND RECOGNITION

- Certified as “Great Place To Work” during the FY 2021-22.
- 1<sup>st</sup> NBFC to list its Social Masala Bond of ₹ 360 crore on NSE-IFSC.
- Head Office certified with LEED Silver Certification.
- Awarded with “FE-EY Best Bank 2020-21 Award” under NBFC category.

## RESOURCE MOBILIZATION

Your Company has in place a borrowing policy framework to cater its borrowings needs. The objective of this policy is to diversify the liability portfolio of the Company and to reduce risk of overdependence on any particular lenders and instrument.

Your Company has vide Special Resolution passed on August 10, 2021, under Section 180 (1) (c) of the Act, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up

share capital and free reserves of the Company up to an amount of ₹ 14,000 crore (Rupees Fourteen thousand crore only) and the total amount so borrowed shall remain within the limits as prescribed by RBI.

During the Financial Year under review, your Company continued to diversify its funding sources by exploring the Debt Capital Market through private placement of Secured NCDs to Mutual Funds, Issuance of Masala Bonds, NHB Refinance, Securitization/ Direct Assignment and banking products like Priority Sector/Non-Priority Sector Term Loans, Cash Credit Facilities and Working Capital Demand Loans.

The Weighted Average Borrowing Cost as at March 31, 2022 was 6.88% (including Securitization/ Assignment) as against 7.40% as at the end of the previous Financial Year. As at March 31, 2022, your Company’s sources of funding were primarily in the form of long Term Loans from Banks and Financial Institutions (37.8%), followed by Securitization/Direct assignment (22.8%), NHB Refinance (21.5%), Debt capital market (17.9%).

### Term Loans from Banks and Financial Institutions

The Company, during the Financial Year, received aggregate fresh loan sanctions amounting to ₹ 1,650 crore and has availed loans aggregating to ₹ 1,635 crore. The outstanding term loans from Banks and Financial Institutions as at March 31, 2022 were ₹ 3,883.8 crore with average tenure of 9.15 years.

### Securitization/Assignment of Loan Portfolio

Your Company has actively tapped Securitization/Direct Assignment market, which has enabled it to create liquidity, reduce the cost of funds and minimizing asset liability mismatches.

During the Financial Year under review, your Company received purchase consideration of ₹ 778.37 crore from assets assigned in pool buyout transactions.

The pool buyout transactions were carried out in line with RBI guidelines on Securitization of Standard Assets and securitized assets were de-recognized in the books of the Company.

### Refinance from National Housing Bank (NHB)

NHB continued to extend its support to your Company through refinance assistance and during the Financial Year under review, your Company has received fresh sanction of refinance assistance of ₹ 750 crore under the NHB refinance scheme and

₹ 417 crore under Special Refinance Scheme. Your Company availed funds of ₹ 1,416 crore under various Refinance Scheme such as for Affordable Housing Fund, Regular Refinance Scheme and Special refinance Facility. As of March 31, 2022 the total outstanding refinance stood at ₹ 2,206.76 crore.

### Non-Convertible Debentures (NCDs)

During the Financial Year under review, your Company diversified its borrowing by raising funds through NCDs from Mutual Funds, details of which are as following:

#### I. Multilateral/Development Financial Institutions

As on March 31, 2022, the Company's outstanding NCDs stood at ₹ 878.86 crore as compared to ₹ 911.38 crore as on March 31, 2021.

#### II. Domestic Financial Institutions

As on March 31, 2022, the Company's outstanding NCDs from Domestic Financial Institutions stood at ₹ 98.92 crore as compared to ₹ 109.41 crore as on March 31, 2021.

#### III. Banks

As on March 31, 2022, the Company's outstanding NCDs from Banks stood at ₹ 174.86 crore as compared to ₹ 244.9 crore as on March 31, 2021.

As on March 31, 2022, Your Company's outstanding subordinated debt in the form of NCDs stood at ₹ 99.83 crore as compared to ₹ 99.74 crore as on March 31, 2021.

Your Company has not issued any Commercial Paper & Short-Term Instrument during the Financial Year 2021-22 and as on March 31, 2022, the Company's Commercial Paper outstanding is NIL.

### Bonds issued to Multilateral/Development Financial Institutions

**Masala Bond:** As on March 31, 2022, your Company's outstanding balance of Masala Bonds issued to Multilaterals stood at ₹ 199.29 crore.

**Social Masala Bond:** During the Financial Year, Company has issued Social Masala Bond to British International Investment ("erstwhile known as CDC"), the United Kingdom's Development Finance Institution amounting to ₹ 360 crore under the External Commercial Borrowings Route which are listed on NSE-IFSC, Gift City. As on March 31, 2022 the outstanding balance of Social Masala bond stood at ₹ 357.54 crore.

Further, the interest on Non-Convertible Debentures and Masala Bonds issued on private placement basis were paid by the Company on their respective due dates and there was no instance of interest amount not claimed by the investors or not paid by the Company.

Your Company, being listed HFC, is exempted from the requirement of creating Debenture Redemption Reserve (DRR) on privately placed debentures. Therefore, your Company has not created DRR. Further the requirement to invest or deposit a sum of not less than 15% of the amount of debentures which are maturing during the year, ending on March 31 of the next year as provided under Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 has been done away for listed Companies vide notification of Ministry of Corporate Affairs ('MCA') dated June 05, 2020.

### DISCLOSURE UNDER CHAPTER XI-GUIDELINES ON PRIVATE PLACEMENT OF NON-CONVERTIBLE DEBENTURES (NCDs) OF RBI MASTER DIRECTIONS:

- (i) The total number of NCDs which have not been claimed by the Investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption: Nil
- (ii) The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in Paragraph (i) as aforesaid: Nil

### DEBENTURE TRUSTEE

Debenture Trust Agreement(s) were executed in favour of IDBI Trusteeship Services Limited for NCDs issued by the Company on private placement basis.

### DOWNSTREAM INVESTMENT REPORTING & COMPLIANCE

Your Company being a foreign owned and controlled Company has complied with the provisions of Foreign Exchange Management Act, 1999 (FEMA) read with Foreign Exchange Management (Non-debt Instruments) Rules, 2019 for the downstream investment made by it in any other Indian entity and the certificate from Statutory Auditor of the Company in respect to downstream investment compliance under FEMA has been obtained by the Company.

## BRANCH EXPANSION

Your Company has been successful in continuous expansion of its branch network with a view to support its growth, deeper penetration in the states in which the Company operates and enhancing customer reach. During the Financial Year under review, the Company added 34 more branches and thereby expanded its branch network to 13 states with 314 branches as of March 31, 2022. Your Company now operates in Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Chhattisgarh, Delhi, Uttar Pradesh, Uttarakhand, Punjab and Himachal Pradesh, Odisha, Karnataka. Your Company has its Registered Office in Jaipur, Rajasthan, and its branch network as on March 31, 2022 vis-à-vis the previous Financial Year is detailed hereunder:

State	Branches	Branches
	(As on March 31, 2022)	(As on March 31, 2021)
Rajasthan	99	95
Maharashtra	45	44
Madhya Pradesh	45	40
Gujarat	42	39
Uttar Pradesh	24	21
Haryana	17	15
Karnataka	11	0
Uttarakhand	9	9
Chhattisgarh	8	7
Delhi	4	4
Himachal Pradesh	4	4
Odisha	4	0
Punjab	2	2
<b>Total number of branches</b>	<b>314</b>	<b>280</b>

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Besides experience, strong financial acumen, strategic astuteness and leadership qualities, they have a significant degree of commitment towards the Company and devote adequate time to the meetings and preparation.

The Board of the Company comprises of 9 (Nine) Directors, consisting of 3 (Three) Independent Directors (including 2 (Two) Women Directors), 5 (Five) Non-Executive Nominee Directors and 1 (One) Executive Director-Managing Director and CEO as on March 31, 2022 who bring in a wide range of skills and experience to the Board.

The composition of Board of the Company as on March 31, 2022 is as under:

Name of the Director	Designation	DIN
Mr. Sandeep Tandon	Chairperson and Independent Director	00054553
Mr. Sushil Kumar Agarwal	Managing Director and CEO	03154532
Mrs. Kalpana Iyer	Independent Director	01874130
Mrs. Soumya Rajan	Independent Director	03579199
Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director	01715073
Mr. Vivek Vig	Non-Executive Nominee Director	01117418
Mr. Nishant Sharma	Promoter Nominee Director	03117012
Mr. Manas Tandon	Promoter Nominee Director	05254602
Mr. Kartikeya Dhruv Kaji	Promoter Nominee Director	07641723

The Independent Directors have confirmed that they satisfy the criteria prescribed for Independent Directors as stipulated in the provisions of the Section 149(6) of the Act and Regulation 16(1)(b) & 25 of SEBI LODR Regulations. The names of all the Independent Directors of the Company have been included in the Independent Director's databank maintained by Indian Institute of Corporate Affairs ("IICA"). Two (2) of the Independent Directors of the Company have cleared the exam conducted by IICA and one (1) Independent Director has been exempted from appearing for the test. The Company has obtained declaration of independence from all the Independent Directors of the Company. None of the Directors have any pecuniary relationship or transactions with the Company. None of the Directors of the Company are related to each other and have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164 of the Act and are not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. Your Company has also obtained a certificate from a Company Secretary in practice confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/MCA or any such statutory authority. The same forms part of this Annual Report as 'Annexure-1'.



## APPOINTMENT & RESIGNATION OF DIRECTORS AND KMP

Appointment/ Reappointments	Resignation or Retirement	Directors Retiring by Rotation	Appointments/Resignations of the Key Managerial Personnel (KMP)
<ul style="list-style-type: none"> <li>During the Financial Year under review, the Board at its Meeting held on April 29, 2021 reappointed Mr. Sandeep Tandon, Independent Director of the Company as the Chairperson of the Board with effect from conclusion of 11<sup>th</sup> Annual General Meeting ('AGM') of the Company held on August 10, 2021, who shall hold office up to the date of ensuing AGM.</li> <li>The Members of the Company at 11<sup>th</sup> AGM held on August 10, 2021 had approved the re-appointment of Mrs. Kalpana Iyer as an Independent Director of the Company not liable to retire by rotation, to hold office for a second term of 5 (Five) consecutive years effective from June 23, 2021 till June 22, 2026.</li> </ul>	<ul style="list-style-type: none"> <li>During the Financial Year under review, none of the Directors of the Company resigned from the Board of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Pursuant to the provisions of Section 152 of the Act, Mr. Nishant Sharma, Promoter Nominee Director and Mr. Vivek Vig, Nominee Director, of the Company, retired and being eligible, were re-appointed with the approval of Members at the 11<sup>th</sup> AGM held on August 10, 2021.</li> <li>Further, in accordance with the provisions of the Act, Mr. Ramachandra Kasargod Kamath, Nominee Director and Mr. Manas Tandon, Promoter Nominee Director of the Company are liable to retire by rotation at the ensuing 12<sup>th</sup> AGM of the Company. They are eligible and have offered themselves for re-appointment. Resolutions for their reappointment are being proposed at the 12<sup>th</sup> AGM and their Profiles are included in the Annexure to Notice of the 12<sup>th</sup> AGM.</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Sushil Kumar Agarwal- Managing Director and Chief Executive Officer (MD &amp; CEO), Mr. Ghanshyam Rawat- Chief Financial Officer and Mr. Sharad Pathak- Company Secretary and Compliance Officer are the KMP in terms of Section 2(51) of the Act.</li> </ul> <p>No KMP has been appointed or resigned from the Company during the Financial Year under review.</p>

### DISCLOSURE UNDER SECTION 197(14) OF THE ACT

The MD and CEO of the Company have not received any commission from the Company's subsidiary company.

### NUMBER OF BOARD MEETINGS

During the Financial Year 2021-22, 6 (Six) Board Meetings were convened through Video Conference facility. Further, for the composition of Committees along with details relating to Committee Meetings, Board Meetings held during the year and details of attendance of Committee Members and Directors in such Meetings please refer to Corporate Governance Report forming part of this Report.

The Notice and Agenda including all material information and minimum information required to be made available to the Board under Regulation 17 read with Schedule II Part-A of the SEBI

LODR Regulations, were circulated to all Directors, well within the prescribed time, before the Meeting or placed at the Meeting.

### BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations and as per the criteria defined in the said act and regulations.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

Further, your Company is adhering to the Fit and Proper Criteria as laid down under RBI Master Directions and also has in place a Board approved Policy for ascertaining the same at the time of appointment of Directors and on a continuing basis.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings, leadership scale, performance, value creation, governance & compliance.

### MEETING OF INDEPENDENT DIRECTORS

During the Financial Year under review, a separate Meeting of the Independent Directors was held on November 01, 2021, without the attendance of Non-Independent Directors and the Management of the Company to review the performance of the Non-Independent Directors and the Board as a whole, after assessing the quality, quantity and timeliness of flow of information between the Management and the Board which is necessary for the Board to effectively and reasonably perform its duties.

### POLICY ON DIRECTOR'S APPOINTMENT, REMUNERATION & OTHER DETAILS

The Board on the recommendation of the Nomination & Remuneration Committee adopted a 'Policy on Nomination & Remuneration for Directors, Key Managerial Personnel (KMP) and Senior Management', which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs, Senior Management and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of the Act and SEBI LODR Regulations.

The Remuneration paid to the Directors is in line with the Remuneration Policy of the Company. Details of Remuneration paid to all the Directors during the Financial Year 2021-22 is more particularly defined in Annual Return in form 'MGT-7' as available on the website of the Company and can be accessed at <https://www.aavas.in/investor-relations/annual-reports>.

The Remuneration Policy can be accessed through the following link <https://www.aavas.in/remuneration-policy>

### COMMITTEES OF THE BOARD

The Company has the following Nine (9) Board level Committees, which have been constituted in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

1. Audit Committee
2. Nomination & Remuneration Committee (NRC)
3. Stakeholders Relationship Committee (SRC)
4. Corporate Social Responsibility (CSR) Committee
5. Risk Management Committee (RMC)
6. Asset Liability Management Committee (ALCO)
7. IT Strategy Committee
8. Customer Service & Grievance Redressal (CS&GR) Committee
9. Executive Committee

During the Financial Year under review, all recommendations made by above Committees were accepted by the Board.

The details with respect to the composition, terms of reference, number of Meetings held, etc. of these Committees are given in the Report on Corporate Governance, which forms part of this Report as 'Annexure 2'.

### EMPLOYEE STOCK OPTION (ESOP) SCHEMES ESOP-2021

During the Financial Year under review, 'Equity Stock Option Plan for Employees 2021' ("ESOP-2021") has been approved by Members in the 11<sup>th</sup> AGM of the Company held on August 10, 2021.

The ESOP-2021 empowers the Board and Nomination & Remuneration Committee to execute the scheme.

During the Financial Year under review, there have been no changes in the scheme.

Sr. No.	Particulars	Equity Stock Option Plan for Employees 2016	Equity Stock Option Plan for Management Team 2016	Equity Stock Option Plan for Directors 2016	ESOP 2019	ESOP 2020
a.	Date of Shareholders' approval	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on February 23, 2017.			The Plan was approved by the Shareholders of the Company by a Special Resolution passed on August 01, 2019.	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on July 22, 2020.
b.	Authorization	The schemes empower the Board and Nomination & Remuneration Committee to execute the scheme.				
c.	Variation (if any)	During the Financial Year under review, there have been no changes in the schemes.				

All the above stated ESOP plans are in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ('SEBI SBEB Regulations') as amended from time to time.

The Nomination & Remuneration Committee monitors the ESOP Schemes in compliance with the Act, SEBI SBEB Regulations and SEBI LODR Regulations.

A Certificate received from Secretarial Auditors of the Company, confirming that the above ESOP Schemes have been implemented in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and are as per the resolutions passed by the Members of the Company will be available for the inspection of the Members of the Company.

Disclosures on various plans, details of options granted, shares allotted upon exercise, etc. as required under SEBI SBEB Regulations are available on the Company's website at <https://www.aavas.in/investor-relations/annual-reports>

## AUDITORS

### ➤ Statutory Auditors

M/s S.R. Batliboi & Associates LLP, Chartered Accountants, (FRN: 101049W/E300004) were appointed as Statutory Auditors of the Company, in the 7<sup>th</sup> AGM held on July 26, 2017, for a period of 5 (Five) years to hold office upto 12<sup>th</sup> AGM of the Company to be held in Calendar Year 2022.

The Reserve Bank of India (RBI) on April 27, 2021 issued guidelines on appointment of Statutory Auditor (s) by Non Banking Company (NBFC) to be adopted from second half of the Financial Year 2021-22. As per the guidelines the Statutory audit firm is required to be rotated after completion of a period of 3 years.

With respect to the aforesaid circular, M/s. Walker Chandio & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013) were appointed as the Statutory Auditors of the Company for a period of 3 (three) consecutive years to hold office with effect from December 02, 2021 until the conclusion of the 14<sup>th</sup> AGM of the Company to be held in the calendar year 2024.

Further, they have also given their eligibility certificate for the FY 2022-23, in terms of aforesaid RBI circular to the effect that they are eligible to continue as Statutory Auditors of the Company.

### ➤ Auditors' Report

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report on the Financial Statements

both standalone and consolidated, for the Financial Year 2021-22 and the Report is self-explanatory. The said Auditors' Reports for the Financial Year ended March 31, 2022 on the Financial Statements of the Company forms part of this Annual Report.

Further, the Statutory Auditors have not reported any fraud in terms of Section 143(12) of the Act.

### ➤ Secretarial Auditors and Secretarial Audit Report

In accordance with Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, M/s. Chandrasekaran Associates, Practicing Company Secretaries (Firm Registration No: P1988DE002500) were appointed as Secretarial Auditors to conduct the Secretarial Audit of the Company for the Financial Year 2021-22. The Report of Secretarial Auditors in form MR-3 for the Financial Year 2021-22 is annexed to this Report as 'Annexure-4'.

The Report of Secretarial Auditors is self-explanatory and there were no observations or qualifications or adverse remarks in their Report.

In addition to the above and pursuant regulation 24A of SEBI LODR Regulations, a report on annual Secretarial Compliance issued by M/s. Chandrasekaran Associates, Practicing Company Secretaries for FY 2021-22 has been submitted with the Stock Exchanges. There are no observations, reservations or qualifications in that report.

## INTERNAL AUDIT & INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Company has a robust internal audit programme, where the internal auditors, an independent firm of Chartered Accountants, conduct a risk based audit with a view to not only test adherence to policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

The Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal financial control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company.
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

RBI, through its circular dated 3 February 2021, has introduced risk based internal audit (RBIA) for NBFCs, by which applicable NBFCs shall put in place a RBIA framework by March 31, 2022. Further RBI on June 11, 2021 issued circular that the provision of RBIA shall be applicable on deposit taking and non-deposit taking HFC's and HFC's shall put in place a RBIA framework by June 30, 2022.

Being a Non-Deposit taking HFC, the circular of RBIA becomes applicable on the Company and Company is in process of implementing the same within the timeline provided in the circular.

### **MATERIAL CHANGES/EVENTS AND COMMITMENTS, IF ANY**

There are no material changes and commitments affecting the financial position of the Company, which have occurred after March 31, 2022 till the date of this report.

There has been no change in the nature of business of your Company.

### **MAINTENANCE OF COST RECORDS**

The Company being a HFC is not required to maintain cost records as per sub-section (1) of Section 148 of the Act.

### **INFORMATION TECHNOLOGY**

Technology is a key enabler of any business growth, and Company have in place a robust technology framework across the entire business value chain including sourcing, underwriting, disbursement, collection, customer service and Back office operations.

Your Company has created a significant digital presence in the recent years through Apps, Conversational Bots, Social Media, and AI backed contact center to enable a true Omnichannel customer experience. Our upgraded Customer App is one of the best rated in the industry, enabling customers to self-service most requirements at their comfort. The employees and associates in the field are enabled with productivity Apps which are closely integrated with digital systems, giving consistent user journeys. We have leveraged advanced analytics capabilities at various levels through data science backed algorithms and decisioning engines.

This year with the help of a leading consulting Company, Your Company has charted out a technology transformation roadmap program for the next 3 – 5 years to prepare the organization for the next 10 years journey. As part of this roadmap, we have initiated multiple projects. One of them is a major digital transformation to consolidate multiple applications in the loan origination and customer service front, leveraging a globally leading customer experience platform. This transformation will be a game changer as it will help create the next level of customer experience and operational efficiency across the organization.

Company has a focused cyber security and IT Governance practice complying to all regulatory guidelines and best practices which are regularly audited and certified by external experts.

Your Company conducts audit of its IT systems through external agencies at regular intervals. The external agencies' suggestions and recommendations are reported to the IT Strategy Committee and Audit Committee and implemented wherever found feasible.

### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS**

The Familiarization Programme of your Company aims to familiarize Independent Directors with the Housing industry scenario, the Socio-economic environment in which your Company operates, the business model, the operational and financial performance of your Company, to update the Independent Directors on a continuous basis on significant developments in the Industry or regulatory changes affecting your Company, so as to enable them to take well informed decisions in a timely manner. The familiarization programme also seeks to update the Independent Directors on their roles, responsibilities, rights and duties under the Act and other relevant legislations.

The details of the familiarization programmes have been hosted on the website of the Company and can be accessed via the following link: <https://www.aavas.in/familiarization-programme>.

## HUMAN RESOURCE

Your Company's success depends largely upon the quality and competence of its human capital. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. The Company invested in a technology-driven HR department workflow, supported by a HR firm management company called People Strong.

The Company's people possess multi-sectoral experience, technological experience and domain knowledge. The Company's HR culture is rooted in its ability to subvert age-old norms in a bid to enhance competitiveness. The Company always takes decisions in alignment with the professional and personal goals of employees, achieving an ideal work-life balance and enhancing pride in association. Across all its business operations, your Company had 5,222 permanent employees as on March 31, 2022.

Your Company provides induction training to all its new recruits to help them better understand the mission, vision and values of the Company and to help them align with its culture. The Company has been organizing regular in-house training programmes for all its employees besides also nominating employees to attend external training programmes across various specialized functions. The HR team always conduct various employee engagement activities to maintain healthy work life balance and to create positivity among employees.

With the efforts of Human Resource Team and work culture of the Company, your Company has been certified with "Great Place To Work".

## RISK MANAGEMENT FRAMEWORK

Your Company has in place a Board constituted Risk Management Committee. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

Your Company has Board approved Risk Management Policy wherein risks faced by the Company are identified and assessed.

Your Company believes that our opportunity lies in risk. Since inception Company has philosophy to create its niche and build profitable business which reflects in the financials with consistency similarly on liquidity. Company has clarity on how to deal with the asset liability issue of typical housing finance business, kept very

conservative approach towards liquidity and always preferred long term debts.

There are five principle risks in the Company's business namely Credit risk, ALM risk, Market risk, Reputation risk and Regulatory risk. These are measured and reported to the Risk Management Committee on a quarterly basis.

Aavas has created a Risk framework around the business this includes underwriting, legal, valuation and operational risks and all the verticals are mutually exclusive and reporting structure does not get culminated at middle management level. Aavas has developed an institutional intelligence for underwriting methodology which is executed by qualified and experienced team hosting majority of Chartered Accountants. Legal, technical and operations risks have vendors as well as professionally qualified in-house team.

Aavas has acquired technology support for document verification, automated deal movement, data entry i.e. all activities which does not need manual intervention is automated.

In compliance with the clause 51 of Chapter IX- Corporate Governance of Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021, the Company has designated Mr. Ashutosh Atre as Chief Risk Officer (CRO) of the Company who has direct reporting to MD & CEO of the Company. Further, in terms of the said circular, an independent meeting of the CRO with the Board without the presence of MD & CEO is organized on a quarterly basis.

In accordance with the above referred directions, 4 (Four) separate Meetings were held between Mr. Ashutosh Atre and the Board without the presence of MD and CEO of the Company.

During the Financial Year under review, the Risk Management Committee reviewed the risks associated with the business of your Company, undertook its root cause analysis and monitored the efficacy of the measures taken to mitigate the same.

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Your Company is committed to develop a culture, which provides a platform to Directors and employees to raise concerns about any wrongful conduct.

The Board of Directors has approved the vigil mechanism/ whistle blower policy of the Company, which provides a framework to promote a responsible and secure whistle blowing. It protects Directors/ employees wishing to raise a concern about serious

irregularities within the Company. It provides for a vigil mechanism to channelize reporting of such instances/ complaints/ grievances to ensure proper governance. The Audit Committee oversees the vigil mechanism. Employees have been facilitated direct access to the Chairperson of Audit Committee, if needed. The whistle blower policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/vigil-mechanism-policy>.

### DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has zero tolerance towards any action on the part of any of its employees, which may fall within the ambit of 'Sexual Harassment' at workplace. The company has complied with the provisions related to constitution of Internal Complaints Committee.

The Internal Complaints Committee of the Company has not received any complaint of sexual harassment during the Financial Year under review and no complaint was pending as on March 31, 2022. The Annual report as required under section 21 of the act read with rules of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 has been submitted to the respective authority.

### CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN COMPANY'S SECURITIES

In compliance of the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Code of Conduct-Prevention of Insider Trading Policy which prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company. The objective of this Code is to protect the interest of Shareholders at large, to prevent misuse of any price sensitive information and to prevent any insider trading activity by way of dealing in securities of the Company by its Designated Persons. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company is authorized to act as Compliance Officer under the Code.

### PARTICULARS OF HOLDING/SUBSIDIARY/ ASSOCIATE COMPANIES

Your Company doesn't have any Holding Company or Joint Ventures.

The Shareholder having the substantial interest in the Company is Lake District Holdings Limited.

As on March 31, 2022, your Company has one unlisted wholly owned subsidiary named 'Aavas Finserv Limited'. The subsidiary

Company has not started any business operations as on the date of this Report.

Pursuant to the provisions of Section 129(3) of the Act, your Company has prepared Consolidated Financial Statements of the Company, which forms part of this Annual Report. Further, a Statement containing salient features of financial statements of the Subsidiary, in the prescribed format AOC-1, pursuant to Section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, is annexed as 'Annexure-6' to this Report.

In accordance with Section 136 (1) of the Act, the Annual Report of your Company containing inter alia, Financial Statements including Consolidated Financial Statements, has been placed on our website: [www.aavas.in](http://www.aavas.in). Further, the Financial Statements of the subsidiary have also been placed on our website: [www.aavas.in](http://www.aavas.in).

### INVESTOR RELATIONS

Your Company is seen as a benchmark in its outreach to investors, its transparency and disclosures viz Periodic Earnings Calls, Annual Investors/Analysts meet, Video-conferences, Participation in conferences, One-on-One interaction.

Your Company ensures that critical information about the Company is made available to all its investors by uploading such information on the Company's website under the Investors section. Your Company also intimates stock exchanges regarding upcoming events like earnings calls, declaration of quarterly & annual earnings with financial statements and other such matters having bearing on the share price of the Company.

### PARTICULAR OF EMPLOYEE REMUNERATION

The statement containing particulars of employees as required under Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, annexed as 'Annexure-8' to the Directors' Report.

In accordance with the provisions of Rule 5(2) of the above-mentioned rules, the names and particulars of the top ten employees in terms of remuneration drawn are set out in the Annexure to this report. In terms of the provisions of Section 136(1) of the Act, the Directors' Report including the said annexure is being sent to all Shareholders of the Company.

### CORPORATE SOCIAL RESPONSIBILITY

The fundamental idea of Corporate Social Responsibility "is that business and society are inter- woven rather than distinct entities" and that business must therefore meet particular societal

expectations regarding their social, environmental, and economic activities. The Company is committed towards its works and its CSR policy by making a big and lasting difference, through sustainable measures, by actively contribute to the Social, Economic and Environmental development of the community in which we operate ensuring participation from the community and thereby create value for the nation.

In line with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules 2014, Aavas Foundation- a Public Charitable Trust settled by the Company for the purpose of carrying its CSR Activities has undertaken various CSR projects in the area of Skill Development,

Women Empowerment, Rural Development, Reducing inequalities faced by socially and economically backward groups, Healthcare & Wellness, Environment conservation and Ecological balance, promoting education which are in accordance with the Schedule VII of the Act and CSR Policy of the Company.

The Company will continue its engagement with stakeholders including NGOs, professional bodies/ forums and the Government and would take up such CSR activities in line with the Government's intent, to maximize the support to societies affected due to COVID-19 pandemic.

The Annual Report on CSR Activities, is annexed as '**Annexure-9**' to this report.

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of energy conservation, technology absorption and foreign exchange earnings and outgo is provided as under in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014:

Particular	Remarks
<b>A. Conservation of energy</b>	
The Steps taken / impact on conservation of energy	As the nature of business of the Company is providing housing finance, at a corporate level, consumption of resources is limited to running the operations. The Company, however, extensively monitors energy consumption and waste generation as a part of its sustainability roadmap. The Company's web portal as well as Mobile App facilitates online application of home loans to save time, energy, and resources in disbursal process.  Company have started the process of preparing baseline of its energy consumption and carbon emissions. Once the baseline is ready, we will work towards preparation of energy-based reduction targets for near future, to reduce our carbon footprints.
The Steps taken by the Company for utilizing alternate sources of energy	Your Company has taken various steps towards climate action and sustainable use of natural resources. Under Green Affordable Housing Program, the Company has in partnership with International Finance Corporation, a member of the World Bank Group, conducted research on the feasibility for affordable 'green homes' in India, to tap into the potential of housing activity help in environmental amelioration. Under this study, the Company developed a definition of 'green home' and conducted survey of 500+ individual households to understand current perceptions and attitudes as well as willingness to pay for green features. The Company has also started full-fledged awareness campaign for suppliers, building contractors, masons, as well as individual households who wish to construct a new home in the near future, to educate the community about the meaning and benefits of green homes.
The Capital investment on energy conservation equipment	In view of the nature of the activities carried on by your Company, there is no capital investment on energy conservation equipment.

Particular	Remarks
<b>B. Technology absorption</b>	
the efforts made towards technology absorption	<p>The Company recognize that a remarkable customer experience is critical to the sustained growth of our business, with this objective we have taken several steps during the year to enhance customer experience by leveraging digital capabilities such as upgrading our customer app and website, launching an AI driven conversational BOTs and other digital communication systems.</p> <p>As of now over 70% of customer service happen through digital channels and 80% of them are self-serviced without human intervention which is more than double of the previous year. Similarly 80% of our initial money deposits and 60% of our part disbursal process happen digitally.</p> <p>This year we have also initiated a major technology transformation journey to take our customer and employee experience to the next level and this program will be rolled out through 2022-23.</p>
the benefits derived like product improvement, cost reduction, product development or import substitution	Company consistently monitor cost-to-income ratio, leveraging economies-of-scale, increasing manpower productivity with growing disbursements through the enhanced use of information technology and analytical systems, resulting in quicker loan turnaround time and reducing transaction costs.
in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)	
a.) the details of technology imported	NA
b). the year of import	NA
c). whether the technology has been fully absorbed	NA
d). if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NA
the expenditure incurred on Research and Development	Company performed R&D on many new technology subjects such as Cloud, data, digital and several other areas and have now setup a dedicated technology transformation team within the company to drive innovation and transformation programs.
<b>C. Foreign exchange earnings and Outgo</b>	During the Financial Year under review, your Company had no foreign exchange earnings and the aggregate of the foreign exchange outgo during the Financial Year under review was ₹ 2,234.75 Lakhs. The aforesaid details are shown in the Note No. 38 of notes to the accounts, forming part of the Standalone Financial Statements. The Members are requested to refer to this Note.



## ENVIRONMENT HEALTH AND SAFETY (EHS) PROTECTION

Your Company is committed to high Environmental and Social (ES) Standards in its business and will continue to develop its investment decision making processes and procedures so as to reflect the requirements of Indian ES legislation, as well as relevant international standards (specifically IFC Performance Standards) as applicable to our housing finance and MSME business lines. The Company always ensures that healthy and safe working environment is provided to all employees of the Company.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORTING

As per Regulation 34(2)(f) of SEBI LODR Regulation, the top one thousand listed entities based on market capitalization, shall attach a Business Responsibility Report with the Annual report describing the initiatives taken by the listed entity from an environmental, social and governance perspective. Provided that the requirement of submitting a business responsibility report shall be discontinued after the Financial Year 2021–22 and with effect from the Financial Year 2022–23, the top one thousand listed entities based on market capitalization shall submit a business responsibility and sustainability report.

However even during the Financial Year 2021–22, the top one thousand listed entities may voluntarily submit a business responsibility and sustainability report in place of the mandatory business responsibility report.

Hence your Company, being a top thousand listed entity and adhering to good Corporate Governance and for the amelioration of the society in which it operates has voluntarily submitted Business Responsibility and Sustainability Report (BRSR) describing the initiatives taken by the Company from an environmental, social and governance perspective, as 'Annexure-11'.

## EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the Annual Return in form MGT-7 as at March 31, 2022 is available on the website of the Company and can be accessed at <https://www.aavas.in/investor-relations/annual-reports>

## ADDITIONAL DISCLOSURES UNDER COMPANIES (ACCOUNTS) RULES, 2014

- a. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the Financial Year:

During the Financial Year under review, the Company made neither any application nor any Proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), therefore, it is not applicable to the Company.

- b. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

During the Financial Year under review, it is not applicable to the Company.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Since the Company is an HFC, the disclosure regarding particulars of loans given, guarantees given and security provided in the ordinary course of business is exempted under the provisions of Section 186(11) of the Act.

However, the details of loans, guarantees, and investments made as required under the provisions of Section 186 of the Act and the rules made thereunder are set out in the Notes to the Standalone Financial Statements of the Company.

## CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In accordance with the provisions of Section 188 of the Act and rules made thereunder, all related party transactions entered during FY 21-22 were on an arm's length basis and in the ordinary course of business under the Act and were not material under the SEBI Listing Regulations, the details of which are included in the notes forming part of the financial statements.

The details as required to be provided under Section 134(3)(h) of the Act are disclosed in Form AOC-2 as 'Annexure-7' which forms part of this Report.

A list of all related party transactions is placed before the Audit Committee as well as the Board. The Audit Committee has granted omnibus approval for related party transactions as per the provisions of the Act and the Listing Regulations. Disclosures relating to related party transactions are filed with the stock exchanges on a half-yearly basis.

Further as required by SEBI and RBI Master Directions, 'Policy on transactions with Related Parties' is given as 'Annexure-10' to this Report and can be accessed on the website of the Company at <https://www.aavas.in/policy-on-transactions-with-related-parties>.

## INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

During the Financial Year under review, your Company adhered to the Internal Guidelines on Corporate Governance adopted in accordance with clause 55 of chapter IX-Corporate Governance of RBI Master Directions, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company.

The said policy is available on the website of the Company and can be accessed at <https://www.aavas.in/internal-guidelines-on-corporate-governance>.

## DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) read with Section 134(5) of the Act, and based on the information provided by the Management, the Board of Directors report that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period.
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- d) the Directors had prepared the annual accounts on a going concern basis.
- e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- f) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

## BUSINESS OVERVIEW & FUTURE OUTLOOK

A detailed business review & future outlook of the Company is appended in the Management Discussion and Analysis Section of Annual Report.

## ACKNOWLEDGEMENT AND APPRECIATION

Your Board of Directors take this opportunity to express their appreciation to all stakeholders of the Company including the RBI, NHB, the Ministry of Corporate Affairs, Securities and Exchange Board of India, Stock Exchanges and other Regulatory Authorities, Bankers, Lenders, Financial Institutions, Members, Credit Rating agencies, National Securities Depository Limited, Central Depository Services (India) Limited, NSE IFSC Limited and Customers of the Company for their continued support and trust.

Your Directors further take this opportunity to appreciate and convey their thanks to the Kedaara Capital and Partners Group for their invaluable and continued support and guidance.

Your Directors also wish to place on record their appreciation for the commitment displayed by all the executives, officers, staff and the Senior Management team of the Company, in recording an excellent performance by the Company during the Financial Year.

*For and on behalf of the Board of Directors*  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**

*Managing Director & CEO*  
(DIN: 03154532)

Date: May 05, 2022

Place: Jaipur

**Manas Tandon**

*Promoter Nominee Director*  
(DIN: 05254602)

Date: May 05, 2022

Place: Zug, Switzerland

### Registered and Corporate Office:

201-202, 2<sup>nd</sup> Floor, South End Square,  
Mansarovar Industrial Area, Jaipur 302 020, Rajasthan, India  
CIN: L65922RJ2011PLC034297

Tel: +91 141-4659239 Fax: +91 14 1661 8861

E-mail: [investorrelations@aavas.in](mailto:investorrelations@aavas.in) | Website: [www.aavas.in](http://www.aavas.in)

**Annexure-1****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI*

*(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2<sup>nd</sup> Floor, South End Square Mansarover Industrial Area,  
Jaipur – 302020 Rajasthan

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Aavas Financiers Limited and having CIN L65922RJ2011PLC034297 and having Registered office 201-202, 2<sup>nd</sup> Floor, South End Square Mansarover Industrial Area, Jaipur - 302020, Rajasthan, India (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of the Director	DIN	Date of appointment in Company
1.	Mr. Sandeep Tandon	00054553	27/07/2017
2.	Mr. Sushil Kumar Agarwal	03154532	23/02/2011
3.	Mrs. Kalpana Iyer	01874130	23/06/2016
4.	Mrs. Soumya Rajan	03579199	29/08/2019
5.	Mr. Ramchandra Kasargod Kamath	01715073	14/07/2016
6.	Mr. Vivek Vig	01117418	14/07/2016
7.	Mr. Nishant Sharma	03117012	23/06/2016
8.	Mr. Manas Tandon	05254602	23/06/2016
9.	Mr. Kartikeya Dhruv Kaji	07641723	27/07/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Chandrasekaran Associates**

Company Secretaries

FRN: P1988DE002500

Peer Review Certificate No.: 1428/2021

**Dr. S. Chandrasekaran**

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644D000238751

Date: April 29, 2022

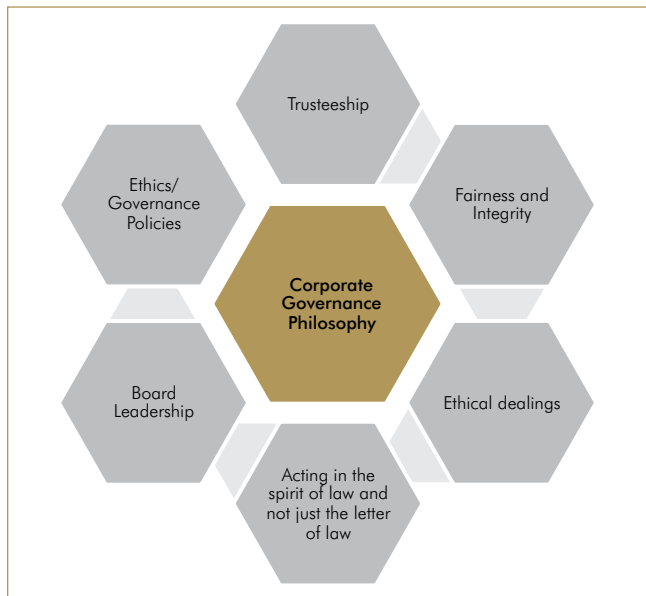
Annexure-2

# CORPORATE GOVERNANCE REPORT

## COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE

Aavas Financiers Limited (referred as “Aavas” or “Company”) is committed towards achieving the highest standards of Corporate Governance right from its establishment by staying true to its core values of Customer first, transparency, fairness in action, accountability, integrity and equity in all its engagements. The Company continually work towards managing, monitoring and overseeing various corporate systems in such a manner that the Company’s reliability and reputation are not put at stake. Your Company’s Corporate Governance framework ensures that it makes timely and appropriate disclosures and shares factual and accurate information to its stakeholders so as to make an informed decision.

The Company is in compliance with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (hereinafter “RBI Master Directions”) and the applicable SEBI LODR Regulations.



## GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES

Company’s governance structure comprised of Board of Directors, Committees of Board and the Management.

Corporate Governance at Aavas encompasses the structure, practices and processes adopted in every sphere of the Company’s operations to provide long term value to its stakeholders through ethical behavior in doing business. Your Company transforms these core values into business policies and practices with the aim of sustainable growth for all its stakeholders. For us, Corporate Governance is a reflection of principles entrenched in our values. Your Company believes that adopting and adhering to the best standards of Corporate Governance encourages the Company to build a trustworthy, moral as well as ethical environment in the Company. The Company duly acknowledges its fiduciary role and responsibility towards all of its stakeholders including shareholders that strives hard to meet their expectations.

## ETHICS/GOVERNANCE POLICIES

Being a responsible organization, your Company effectively discharges its obligations towards its stakeholders and controls the people associated with it through established standards and codes of conduct. The Company has adopted Code of Conduct for the Board Members and Senior Management, the Board process, Code of Conduct for Prevention of Insider Trading in Company’s Securities, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which strengthens the Corporate Governance Philosophy. The Company has in place Vigil Mechanism/ Whistle Blower Policy, Internal Guidelines on Corporate Governance, Prevention of Sexual Harassment Policy and Policy on Know Your Customer (“KYC”) Norms and Anti Money Laundering (“AML”) Measures.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As stipulated under the SEBI LODR Regulations, the Business Responsibility and Sustainability Report describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report.

## BOARD OF DIRECTORS (“Board”)

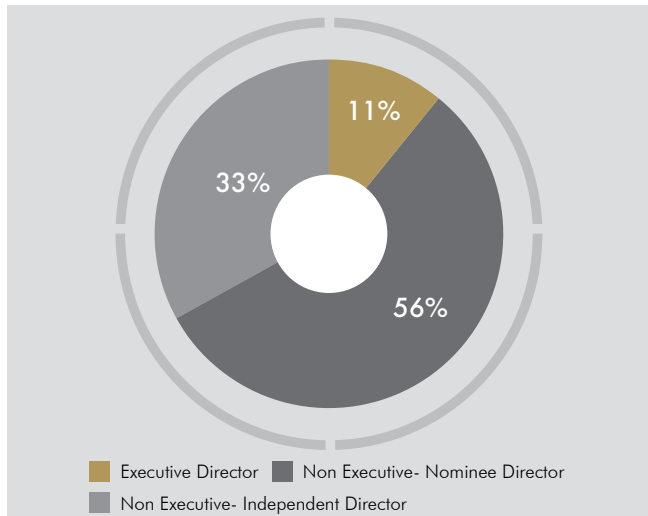
The Board plays a crucial role in overseeing how the management serves the short and long-term interests of stakeholders. This belief is reflected in Aavas governance practices, under which the Company strives to maintain an effective, informed and independent Board. The Board represents the interest of the Company’s stakeholders, oversees and directs the Company’s overall business and affairs, reviews corporate performance, authorizes and monitors strategic investments, has an oversight on regulatory compliances and corporate governance matters and provides the management with guidance and strategic direction. The Board, along with its various Committees, provides leadership and guidance to the Company’s management and directs, supervises and ensures functioning of the Company in the best interest of all the stakeholders.

The Directors attend and actively participate in Board Meetings and Meetings of the Committees in which they are Members. The responsibilities of the Board include various matters such as providing overall direction, reviewing quarterly/annual results, ensuring ethical behaviour and compliance of laws and regulations, reviewing policies and its alignment with the recent developments and amendments, developing corporate culture and bringing such an enabling environment which creates value through sustainable business growth etc.

### Size and Composition of Board

Your Company’s Board is constituted of highly experienced professionals from diverse backgrounds which consists of values of collaborative spirit, unrelenting dedication, expert thinking and a primary role of trusteeship to protect and enhance stakeholders’ value through strategic supervision. The Board provides direction and exercises appropriate controls.

The Company’s Board has an appropriate mix of Independent and Non-Independent Directors as well as Non-Executive and



Executive Directors. The Board comprises of 9 Directors of whom 3 are Independent Directors (including the Chairperson and 2 Women Independent Directors), 5 are Non- Executive Nominee Directors and the Managing Director & CEO. The Chairperson of the Company is a Non-Executive Independent Director and not related to the Managing Director & CEO of the Company.

The Company has furnished to National Housing Bank (“NHB”) a quarterly statement on change of Directors and a certificate from the Managing Director and CEO that fit and proper criteria in selection of the Directors has been followed.

The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 (hereinafter referred as “Act”) and regulatory requirements including the SEBI LODR Regulations and is in accordance with the highest standards of Corporate Governance.

The Composition of the Board of the Company as on March 31, 2022 is given below-

Name of Director	Designation and Category	DIN	No. & (%) of Equity shares Held *	Number of other Directorships **	No of Committees***		Qualification/Experience
					As Member	As Chairperson	
Mr. Sandeep Tandon****	Chairperson-Independent Director (Non- Executive)	00054553	-	11	2	1	Bachelor's and Master's in Electrical Engineering (More than 21 Years)
Mr. Sushil Kumar Agarwal	Managing Director & CEO (Executive)	03154532	27,46,438 (3.48%)	1	1	-	C.A. and C.S. (More than 21 Years)
Mrs. Kalpana Iyer#	Director (Independent - Non-Executive)	01874130	7,608 (0.01%)	3	1	1	C.A. (More than 26 Years)
Mrs. Soumya Rajan	Director (Independent - Non-Executive)	03579199	-	8	1	1	PG in Mathematics (More than 24 Years)
Mr. Ramachandra Kasargod Kamath##	Nominee Director (Non- Executive)	01715073	68,497 (0.09%)	7	3	-	B.COM. (More than 31 Years)
Mr. Vivek Vig###	Nominee Director (Non- Executive)	01117418	4,49,257 (0.57%)	6	1	-	PG IIM (Bangalore) (More than 31 Years)
Mr. Nishant Sharma##	Promoter Nominee Director (Non-Executive)	03117012	-	7	-	-	Engineer and MBA (More than 17 Years)
Mr. Manas Tandon###	Promoter Nominee Director (Non-Executive)	05254602	-	5	-	1	Engineer and MBA (More than 21 Years)
Mr. Kartikeya Dhruv Kaji##	Promoter Nominee Director (Non-Executive)	07641723	-	5	5	-	MBA (More than 6 Years)

\*No Convertible instruments/ securities were issued to Non-Executive Directors as on March 31, 2022.

\*\*Number of Other Directorships includes Directorships held in the Company itself, Public Limited Companies, Private Limited Companies, Section 8 Companies, but excludes foreign Companies and High value debt listed entity.

\*\*\*For the purpose of considering the Committee Memberships and Chairmanships for a Director, the Audit Committee and the Stakeholders' Relationship Committee of Public Limited Companies alone have been considered.

\*\*\*\* Mr. Sandeep Tandon was appointed as the Chairperson on the Board of the Company w.e.f. August 10, 2021.

# The Members of the Company at 1<sup>st</sup> AGM held on August 10, 2021 had approved the re-appointment of Mrs. Kalpana Iyer as an Independent Director of the Company not liable to retire by rotation, to hold office for a term of 5 consecutive years effective from June 23, 2021 till June 22, 2026.

##Mr. Nishant Sharma, Mr. Ramachandra Kasargod Kamath and Mr. Kartikeya Dhruv Kaji are appointed on behalf of Lake District Holdings Limited and Kedaara Capital Alternative Investment Fund – Kedaara Capital AIF.

###Mr. Manas Tandon and Mr. Vivek Vig are appointed on behalf of Partners Group ESCL Limited and Partners Group Private Equity Master Fund LLC.



Matrix setting out the skills/ expertise/ competence of the Board	1	2	3	4	5	6	7	8	9
	<b>2 Industry Experience</b>								
Financial Services sector in India and potentially also Overseas	-	√	√	√	√	√	√	√	√
Housing Finance sector in India	-	√	-	-	√	√	√	√	√
Governance: Board Role/CEO/Senior Management*	√	√	√	√	√	√	√	√	√
Government relations (Policies and Processes)	-	√	-	-	√	√	-	-	-
<b>3 Personal Attributes</b>									
Active Contributor to the Board/ Committees	√	√	√	√	√	√	√	√	√
Innovative thinker/ Visionary	√	√	√	√	√	√	√	√	√
Philanthropic	-	√	√	√	-	√	√	-	-
Mentor	√	√	-	-	√	√	√	√	-

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, relevant experience, expertise, diversity and independence.



### Directorship of Directors in other Listed entities as on March 31, 2022 are as follows:

Name of Director	DIN	Name of the Listed entity	Category (Executive or Non-Executive)
Mr. Sandeep Tandon	00054553	-	-
Mr. Sushil Kumar Agarwal	03154532	-	-
Mrs. Kalpana Iyer	01874130	-	-
Mrs. Soumya Rajan	03579199	-	-
Mr. Ramachandra Kasargod Kamath	01715073	Spandana Sphoorty Financial Limited	Non- Executive (Nominee Director)
		Centrum Capital Limited	Non- Executive Director
Mr. Vivek Vig	01117418	-	-
Mr. Nishant Sharma	03117012	-	-
Mr. Manas Tandon	05254602	-	-
Mr. Kartikeya Dhruv Kaji	07641723	Spandana Sphoorty Financial Limited	Non- Executive (Nominee Director)

None of Directors hold directorship in more than 10 public companies and do not serve as a Director in more than 7 listed companies, across all their directorships held, including that in the Company. Further, none of the Directors of the Company is a Member of more than 10 Committees or Chairperson of more than 5 Committees across all the public companies in which he/she is a Director. None of the Directors are inter-se related to each other.

There are no material significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons and their relatives which may have a potential conflict with the interest of the Company at large.

#### Board Meetings

The Meetings of the Board of Directors and Committees of the Board are pre- scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to all the Directors well in advance, to enable them to plan their schedule and to facilitate active participation in the Meetings. In the event of any special and urgent business need, the Board's approval is taken by passing resolutions by circulation, in accordance with all the applicable laws, which are noted and confirmed in the succeeding Board Meeting.

The Notice and Agenda of the Board and Committee Meetings are circulated well in advance and in accordance with the applicable laws to enable the Board to discharge its responsibilities effectively and take informed decisions. With the unanimous consent of the Board, all information which is in the nature of Unpublished Price Sensitive Information (UPSI), is

circulated to the Board and its Committees at a shorter notice before the commencement of the respective Meetings. The Company Secretary prepares the agenda for the Meetings in consultation with the Managing Director & CEO. All statutory and other significant matters, including the minimum information as required to be placed before board in terms of Schedule II- Part-A of SEBI LODR Regulations and Secretarial Standards under the Act were placed before the Board.

The participation in the Board and Committee Meetings is facilitated through video conferencing, to encourage effective and active involvement in the Board deliberations by Directors located in other locations and in view of the precautionary measures taken for COVID-19.

The Board meets at least once in a quarter to inter-alia review the Company's quarterly performance and Financial Results, assess business strategies and their implementation and also discuss policy, compliances and other matters. The Meetings are conducted in compliance with the regulatory requirements including those prescribed under the Act. Additional Meetings of Board were held during the Financial Year under review.

The Board met 6 times during the Financial Year 2021-22 on April 29, 2021, July 13, 2021, July 29, 2021, Oct. 28, 2021, Dec. 08, 2021 and Feb. 03, 2022. All the Meetings were held in a manner that not more than 120 days lapsed between two consecutive Meetings. The required quorum was present at all the above Meetings. The details of the Directors along with their attendance at Board Meetings (during the Financial Year 2021-22) and Annual General Meeting ("AGM") held on Tuesday, Aug. 10, 2021 are as given below:

Name of Directors	Designation & Category	No. of Meetings entitled to attend	No. of Meetings Present	% of attendance	Attendance at the last AGM held on August 10, 2021
Mr. Sandeep Tandon	Chairperson Non-Executive Independent Director	6	6	100%	Yes
Mr. Sushil Kumar Agarwal	Managing Director & CEO Executive	6	6	100%	Yes
Mrs. Kalpana Iyer	Non-Executive Independent Director	6	6	100%	Yes
Mrs. Soumya Rajan	Non- Executive Independent Director	6	5*	83.33%	Yes
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	6	6	100%	Yes
Mr. Vivek Vig	Non- Executive Nominee Director	6	6	100%	Yes
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	6	6	100%	Yes
Mr. Manas Tandon	Non- Executive Promoter Nominee Director	6	6	100%	Yes
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	6	5**	83.33%	Yes

\*Mrs. Soumya Rajan was granted leave of absence from the Board Meeting held on Feb. 03, 2022

\*\* Mr. Kartikeya Dhruv Kaji was granted leave of absence from the Board Meeting held on Oct. 28, 2021

### Independent Directors

Independent Director acts as a guide, coach, and mentor to the Company. The role of an Independent Director includes improving corporate credibility and governance standards and helping in managing risk. They provide independent oversight in the Company. Independent Directors play an important role in deliberations at the Board Meetings and bring to the Company their wide experience in the fields of finance, housing, accountancy, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices help foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

All the Committees which require Independent Directors in the composition have Independent Directors as specified in terms of the SEBI LODR Regulations, the Act and the RBI Master Directions. These Committees function within the defined terms of reference in accordance with the Act, the SEBI LODR Regulations, RBI Master Directions and as approved by the Board, from time to time.

The Independent Directors have confirmed that they satisfy the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) & 25 of the SEBI LODR Regulations and have also submitted the declaration of independence stating that they meet the criteria as provided under Section 149(6) of the Act as amended. All Independent Directors of the Company have been appointed as per the provisions of the Act and SEBI LODR Regulations. They have also confirmed compliance with the provisions of Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014 relating to the inclusion of their name in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs (IICA). The terms and conditions of appointment of Independent Directors are available on the Company's website at <https://www.aavas.in/terms-and-conditions>.

In the opinion of the Board, the Independent Directors fulfill the conditions as specified in Schedule V of the SEBI LODR Regulations and are independent of the management. None of the Independent Directors has resigned before the expiry of their respective tenures during the Financial Year 2021-22.

## Fit & Proper Criteria

The Company has formulated and adopted a Policy on Fit & Proper Criteria for the Directors as per the provisions of the RBI Master Directions. All the Directors of the Company have confirmed that they satisfy the fit and proper criteria of Directors at the time for their appointment/re-appointment and on a continuing basis as prescribed under the RBI master direction.

## Familiarization Programmes for the Independent Directors

The Familiarization Programme of your Company endeavours to familiarize Independent Directors with the Housing Industry scenario and to keep the Independent Directors in the loop with matters relating to the industry in which Company operates, its business model, the operational and financial performance of the Company, risk matrix, mitigation and management, governing regulations, overall socio economic regime of the industry, information technology including cyber security, and major developments and updates on the Company so as to enable them to take well-informed decisions in a timely manner.

The Familiarization Programme for the new and continuing Independent Directors of the Company ensures valuable participation and inputs which help in bringing forth the best practices into the organization and taking informed decision(s) at the Board Level.

Further, at the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities.

During the year under review, the Company had provided suitable training to Independent Directors, familiarizing them

with their roles, rights, duties and responsibilities, nature of Industry in which the company operates and business model of the Company. Pursuant to Regulation 46 of the SEBI LODR Regulations, details of such programmes imparted to Independent Directors are available on the Company's website and can be accessed through the Web-link: <https://www.aavas.in/familiarization-programme>.

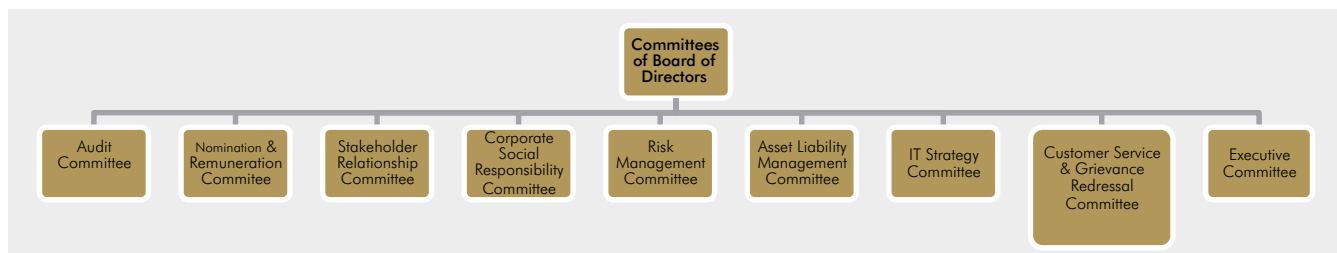
## Selection and Appointment of Directors

The selection and appointment of Directors of the Company is carried out in accordance with provisions of the Act and relevant rules made thereunder, Directions and Guidelines issued by RBI, NHB, SEBI LODR Regulations and as per the Policy on Nominations & Remuneration for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees.

## COMMITTEES OF THE BOARD

The Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees were placed before the Board for information or approval.

All decisions and recommendations of the various Committees were accepted by the Board during the Financial Year 2021-22. The composition and functioning of these Board Committees is in compliance with the applicable provisions of the Companies Act, 2013, SEBI LODR Regulations and the Master Directions issued by RBI.



Details of the Committees of the Board, as on March 31, 2022, and other related information are as follows:

Name of Director/ Member	Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee	Asset Liability Management Committee	IT Strategy Committee	Customer Service & Grievance Redressal Committee	Executive Committee
Mr. Sandeep Tandon	M	M	C	-	-	-	C	-	-
Mr. Sushil Kumar Agarwal	-	-	M	M	M**	C	M	C	C
Mrs. Kalpana Iyer	C	-	-	M	-	-	-	-	-
Mrs. Soumya Rajan	M	C	-	-	M***	-	-	-	-
Mr. Ramachandra Kasargod Kamath	M	-	-	-	M	-	-	-	-
Mr. Vivek Vig	-	-	M	M	-	M	-	-	-
Mr. Nishant Sharma	-	M	-	-	-	M	-	-	M
Mr. Manas Tandon	-	M*	-	-	C	-	-	-	M
Mr. Karrikeya Dhruv Kaji	-	-	M	C	-	-	-	-	-
Mr. Ghanshyam Rawat	-	-	-	-	-	M	-	M	M
Mr. Ashutosh Aitre	-	-	-	-	-	M	-	-	-
Ms. Jijy Oommen	-	-	-	-	-	-	M****	-	-
Mr. Rajeev Sinha	-	-	-	-	-	-	M*****	M	-
Mr. Surendra Sihag	-	-	-	-	-	-	-	M	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>4</b>

C: Chairperson M: Member

**Note-**

\*Ceased to be member from January 01, 2022

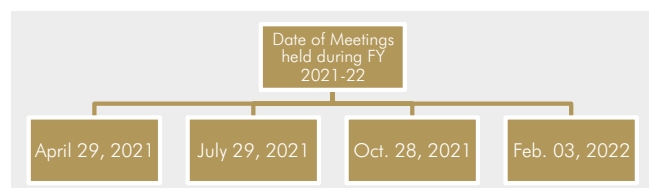
\*\*Ceased to be member from July 13, 2021

\*\*\*Became member w.e.f. July 13, 2021

\*\*\*\*Became member w.e.f. April 29, 2021

\*\*\*\*\*Ceased to be member from April 29, 2021

## AUDIT COMMITTEE



The Board constituted the Audit Committee in terms of provisions of Section 177 of the Act, Regulation 18 read with Part D of Schedule II of SEBI LODR Regulations, RBI Master Directions and is chaired by an Independent Director.

At present, the Audit Committee comprises of 4 Directors as its Members, out of them 3 are Independent Directors and all of them being Non-Executive Directors. All the Members of the Committee are financially literate and majority of the Members including the Chairperson possess accounting financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee.

The Board has accepted and implemented the recommendations of the Audit Committee, whenever provided by it.

The composition of the Audit Committee and the details of attendance of the Members at the Meetings held during the Financial Year under review are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mrs. Kalpana Iyer	Independent Director	Member & Chairperson	4
Mr. Sandeep Tandon	Independent Director	Member	4
Mrs. Soumya Rajan	Independent Director	Member	3*
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	Member	4

\*Mrs. Soumya Rajan was granted leave of absence from Meeting dated Feb. 03, 2022

### The functions of the Audit Committee:

The Board has formed and approved a charter for the Audit Committee setting out the roles, responsibilities and functioning of the Committee. In adherence to the provisions of the Act, SEBI LODR Regulations and all other applicable regulatory requirements, the terms of reference of the Audit Committee are covered by its charter. Its functioning inter-alia broadly includes the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any Employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### The terms of reference of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Act;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the Financial Statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to Financial Statements;
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft Audit Report.

5. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the Monitoring Agency monitoring the utilization of proceeds of public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval of any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits;
14. Discussion with Internal Auditors of any significant findings and follow up thereon;
15. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Overseeing the vigil mechanism established by our Company and the Chairperson of Audit Committee shall directly hear grievances of victimization of Employees and Directors, who use vigil mechanism to report genuine concerns;
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board of our Company or specified / provided under the Act or by the SEBI LODR Regulations or by any other regulatory authority;
22. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
23. To consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders.
24. To review management discussion and analysis of financial condition and results of operations;
25. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
26. To review internal audit reports relating to internal control weaknesses; and
27. To review the appointment, removal and terms of remuneration of the chief internal auditor;
28. Statement of deviations in terms of the SEBI LODR Regulations:
  - (a) Quarterly statement of deviation(s) including report of Monitoring Agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32 (1) of the SEBI LODR Regulations; and
  - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32 (7) of the SEBI LODR Regulations.
29. Any other power as may be given under SEBI Regulations or the Act or other regulations.

## NOMINATION AND REMUNERATION COMMITTEE (NRC)



The Board constituted the Nomination and Remuneration Committee in terms of the provisions of Section 178 of the Act, Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations, RBI Master Directions and is chaired by an Independent Director.

At present, the Nomination and Remuneration Committee comprises of 3 Directors as its Members, all of them being Non-Executive Directors and 2/3<sup>rd</sup> being Independent Directors. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company acts as Secretary to the Committee.

The Board has accepted and implemented the recommendations of the Nomination and Remuneration Committee, whenever provided by it.

The Board has formed and approved a charter for the Nomination and Remuneration Committee setting out the roles, responsibilities and functioning of the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year under review are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mrs. Soumya Rajan	Independent Director	Member & Chairperson	3
Mr. Sandeep Tandon	Independent Director	Member	2*
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	Member	3
Mr. Manas Tandon**	Non- Executive Promoter Nominee Director	Member	3

\*Mr. Sandeep Tandon was granted leave of absence from Meeting held on Oct. 27, 2021.

\*\*Ceased to be member w.e.f. Jan. 01, 2022.

### The terms of reference of the Nomination and Remuneration Committee are as follows:

The Nomination and Remuneration Committee is responsible for, among other things, as may be required by the Stock Exchanges from time to time, the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, KMP and other Employees;
2. Formulation of criteria for evaluation of performance of Independent Directors and the Board, devising a policy on diversity of Board of Directors, and determining whether to extend or continue the term of appointment of Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

The Nomination and Remuneration Committee, while formulating the above policy, also ensure that -

- i. The level and composition of remuneration be reasonable and sufficient to attract, retain and motivate

Directors of the quality required to run the Company successfully;

- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - iii. Remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
3. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
  4. Devising a policy on Board diversity;
  5. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board for their appointment and removal;
  6. Performing such functions as are required to be performed by the Compensation Committee under the Securities and

Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:

- (a) Administering the ESOP plans;
  - (b) Determining the eligibility of Employees to participate under the ESOP plans;
  - (c) Granting options to eligible Employees and determining the date of grant;
  - (d) Determining the number of options to be granted to an Employee;
  - (e) Determining the exercise price under the ESOP plans; and
  - (f) Construing and interpreting the ESOP plans and any agreements defining the rights and obligations of the Company and eligible Employees under the ESOP plans, and prescribing, amending and / or rescinding rules and regulations relating to the administration of the ESOP plans.
7. Framing suitable policies and systems to ensure that there is no violation by any Employee of any applicable laws in India or overseas, including:
- (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (SEBI PIT Regulations);
  - (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and
  - (c) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended by the Nomination and Remuneration Committee.

### Performance Evaluation of Directors

Performance Evaluation of the Board as a whole, as well as that of its Committees, Independent Directors and Non-Independent Directors has carried out in accordance with the relevant provisions of the Act read with relevant rules made thereunder and SEBI LODR Regulations and in compliance of guidance note issued by SEBI under Circular no. SEBI/HO/ CFD/ CMD/ CIR/P/2017/004 dated Jan. 05, 2017.

With the objective of enhancing the effectiveness of the Board, the Nomination and Remuneration Committee has formulated the methodology and criteria to evaluate the performance of the Board and its Committees and each Director.

The evaluation of the performance of the Board is based on the approved criteria such as the Board composition, strategic

planning, role of the Chairperson, independence from the entity, independent views and judgement, knowledge and participation, Non-Executive Directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the Board and adherence to compliance and other regulatory issues.

The manner in which formal annual evaluation of the Board, its Committees and individual Directors are conducted includes:

- The Independent Directors, at their separate Meeting review the performance of Non-Independent Directors, the Board as a whole and Chairperson.
- In light of the criteria prescribed for the evaluation, the Board analyses its own performance, that of its Committees and each Director during the year and suggests changes or improvements, if required.
- The performance evaluation of Independent Directors of the Company is carried out by the Board of the Company excluding the Director being evaluated.

To ease the evaluation process and to make it more efficient and productive, Company use Board Evaluation platform – “GOVEVA Board Evaluation”, which is a web based module. The Directors can evaluate related group and provide ranking accordingly at one place in matrix-based form upon which Automated report is generated which maintains complete confidentiality and anonymity.

The Board has expressed its satisfaction with the evaluation process.

### Policy on Nomination & Remuneration for Directors, KMP and Senior Management

The Company has duly formulated Policy on Nomination & Remuneration for Directors, KMP and Senior Management (“Remuneration Policy”) as per the provisions of the Act read with applicable Rules and Regulations under the Act and SEBI LODR Regulations as amended from time to time, which, inter-alia, lays down the approach to diversity of the Board, the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, KMP and the process of their evaluation.

The Remuneration Policy is placed on the website of the Company. The remuneration paid to the Directors is in line with the Remuneration Policy of the Company. The Remuneration Policy can be accessed at the website of the Company at [www.aavas.in/remuneration-policy](http://www.aavas.in/remuneration-policy).



## Remuneration to Directors

### Non-Executive Directors:

Equivalent Consolidated Remuneration is paid to Non- Executive Directors as profit linked commission on quarterly basis for attending the Committee and Board Meetings instead of paying sitting fees and commission separately.

None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company apart from receiving consolidated remuneration. The amount payable to the Non-Executive Directors is approved by the Board and is within the overall limits as approved by the Shareholders of the Company.

Details of the Remuneration paid to each Non- Executive Director during Financial Year 2021-22 is set out in the below table:

Name of the Director	(In ₹) Remuneration
Mr. Sandeep Tandon	24,00,000
Mrs. Kalpana Iyer	24,00,000
Mrs. Soumya Rajan	24,00,000
Mr. Ramachandra Kasargod Kamath	24,00,000
Mr. Vivek Vig	24,00,000
Mr. Nishant Sharma*	-
Mr. Manas Tandon*	-
Mr. Kartikeya Dhruv Kaji*	-

\*Mr. Nishant Sharma, Mr. Manas Tandon and Mr. Kartikeya Dhruv Kaji being Promoter Nominee Directors have not received any remuneration/sitting fees from the Company.

Note: The service contracts, notice period and severance fees are not applicable to Non-Executive and/or Independent Director.

### Executive Director:

Mr. Sushil Kumar Agarwal- Managing Director & CEO of the Company is the only Executive Director in the Company. His remuneration package comprises of salary, perquisites and

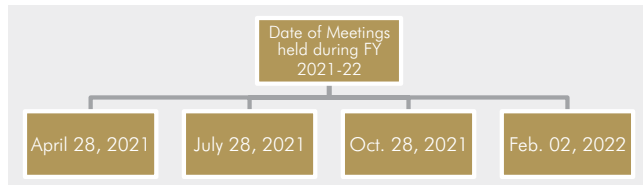
other benefits as approved by the Shareholders of the Company. The remuneration paid to him is governed by Employment Agreement executed between him and the Company. Details of the remuneration paid to Mr. Sushil Kumar Agarwal for the year ended March 31, 2022 is as below:

Sr. No.	Particulars of Remuneration	Amount (In ₹ lakh)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	*₹ 309.64
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	-
	- as % of profit	-
	- others, specify	-
5.	Total	₹ 309.64

\*Remuneration includes part payment of Bonus amounting to ₹ 42.86 Lakh pertaining to FY 2019-20 paid in FY 2021-22 due to partial payment in FY 2019-20 because of COVID-19.

Note: Mr. Sushil Kumar Agarwal is not eligible for any severance fee. Service contract and the notice period are applicable as per the terms of agreement entered between him and the Company.

## STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)



The Board constituted the Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Act and Regulation 20 read with Part D of the Schedule II of SEBI LODR Regulations and is chaired by an Independent Director.

At present, the Stakeholders Relationship Committee comprises of 4 Directors as its Members with one of them being an Independent Director. Mr. Sharad Pathak, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

The Stakeholders Relationship Committee specifically look into various aspects of interest of Shareholders, debenture holders and other security holders like transfer/transmission of shares, issue of duplicate share certificate(s), non-receipt of dividend, annual report and other related matters.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	4
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member	4
Mr. Vivek Vig	Non- Executive Nominee Director	Member	4
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member	3*

\*Mr. Kartikeya Dhruv Kaji was granted leave of absence from the Meeting held on Oct. 28, 2021.

### The terms of reference of the Stakeholders Relationship Committee are as follows:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/duplicate certificates, General Meetings etc.
2. Review of measures taken for effective exercise of voting rights by Shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed

dividends and ensuring timely receipt of dividend warrants/ Annual Reports/statutory notices by the Shareholders of the Company.

### Details of Investor Complaints

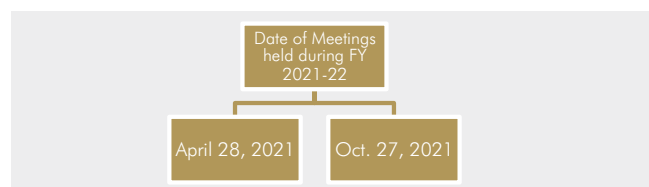
All shares and debentures of the Company are in dematerialized form. Link Intime India Private Limited has been appointed and acting as the Registrar and Share Transfer Agent of the Company for carrying out shares and debentures transfer and other ancillary work related thereto. Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Company in accordance with the applicable corporate and securities laws and within the adopted service standards.

During the period under review, no complaints were received by the Registrar and Share Transfer Agent:-

S. No.	Complaints	Number of Complaints received during the period	Number of Complaints disposed off during the period	Number of Complaints remained unresolved
1	Non-Receipt of Dividend/Interest/Redemption Warrant	-	-	-
2	Non-Receipt of Annual Report	-	-	-
3	Non-receipt of Refund/Credit of Shares-IPO	-	-	-
4	SEBI-SCORES	-	-	-
	<b>Total</b>	-	-	-

During the period under review, no complaints were received by the Company from the Debenture Holders and Shareholders.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE



The Board constituted the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Act and is chaired by a Non-Executive Director.

At present, the Corporate Social Responsibility Committee comprises of 4 Directors as its Members including one of them being Independent Director. Mr. Sharad Pathak, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

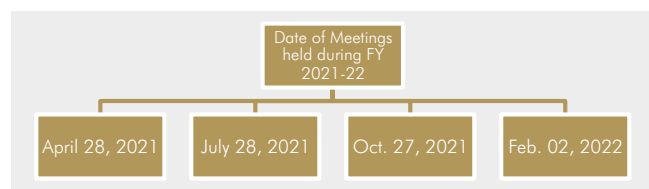
The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member & Chairperson	2
Mrs. Kalpana Iyer	Independent Director	Member	2
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member	2
Mr. Vivek Vig	Non- Executive Nominee Director	Member	2

### The terms of reference of the Corporate Social Responsibility Committee are as follows:

- To formulate and recommend to the Board, CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII.
- To recommend the amount of expenditure to be incurred on the CSR activities to be undertaken.
- To monitor the CSR Policy of the Company from time to time.

## RISK MANAGEMENT COMMITTEE (RMC)



The Board constituted the Risk Management Committee in terms of the provisions of Regulation 21 of SEBI LODR Regulations and is chaired by a Non-Executive Director to identify the risks that can create an impact on the Company and to take appropriate measures to mitigate such risks for assisting the Board to establish a risk culture and risk governance framework in the organization.

At present, the Risk Management Committee comprises of 3 Directors as its Members including one Independent Director. Mr. Sharad Pathak, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

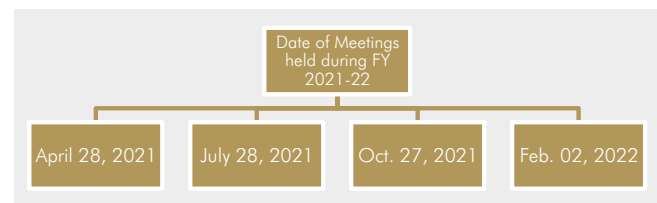
Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Manas Tandon	Non- Executive Promoter Nominee Director	Member & Chairperson	4
Mr. Ramachandra Kasargod Kamath	Non- Executive Nominee Director	Member	4
Mrs. Soumya Rajan*	Independent Director	Member	3
Mr. Sushil Kumar Agarwal**	Managing Director & CEO	Member	1

\*Appointed as a Member w.e.f. July 13, 2021

\*\* Ceased to be Member w.e.f. July 13, 2021

**The terms of reference of the Risk Management Committee inter-alia include the following:**

1. Formulating a detailed Risk Management Policy which shall include
  - a) Framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b) Measures for risk mitigation including systems and processes for internal control of identified risks
  - c) Business continuity plan
2. Reviewing and approving various credit proposals in terms of credit and risk management policies approved by the Board;
3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. Establishing policies, practices and other control mechanism to manage risks;
6. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
7. Reviewing and monitoring the effectiveness and application of credit risk management policies, related standards and procedures and to control the environment with respect to credit decisions;
8. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
9. Reporting results of risk and credit monitoring to the Board;

**ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)**

The Board constituted the Asset Liability Management Committee as per the guidelines issued by the NHB. At present, the Committee comprises of 5 Members. The Committee is responsible for keeping a watch on the asset liability gaps, if any. ALCO lays down policies and quantitative limits relating to assets and liabilities, based on the assessment of the various risks involved in managing them.

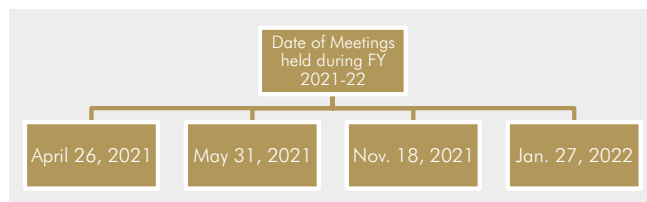
The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member & Chairperson	4
Mr. Ghanshyam Rawat	Chief Financial Officer	Member	4
Mr. Nishant Sharma	Non- Executive Promoter Nominee Director	Member	4
Mr. Ashutosh Atre	Chief Risk Officer	Member	4
Mr. Vivek Vig	Non- Executive Nominee Director	Member	4

**The scope of the ALCO is:**

1. Liquidity risk management,
2. Management of market risks and
3. Funding and capital resource planning to review the effectiveness of the Asset Liability Management control.

## IT STRATEGY COMMITTEE



The Board constituted the IT Strategy Committee in accordance with the NHB/ND/DRS/Policy Circular No.90/2017-18 dated June 15, 2018. The Committee comprises of 3 Members. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee. The Committee follows the guidelines prescribed in RBI Master Directions.

The composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year are as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	4
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member	4
Mr. Rajeev Sinha	Executive- VP Operations	Member*	1
Ms. Jijy Oommen	Chief Technology Officer	Member**	3

\*Cessation w.e.f 29.04.2021

\*\*Became Member w.e.f. 29.04.2021

The terms of reference of the IT Strategy Committee inter-alia include the following:

1. Providing input to other Board Committees and Senior Management;
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance;
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources and
7. Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.

## EXECUTIVE COMMITTEE

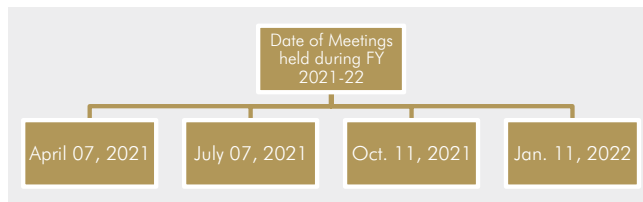
The Board constituted the Executive Committee consisting of 4 Members i.e. Mr. Sushil Kumar Agarwal (Member & Chairperson), Mr. Nishant Sharma (Member), Mr. Manas Tandon (Member) and Mr. Ghanshyam Rawat (Member). The Committee approves loans, borrowings, and investments within the limits as specified by the Board, from time to time. Besides, the Committee reviews the conduct of business and operations, considers new products and parameters and suggests business reorientation.

The functions of the Executive Committee are:

- Approving loans, borrowings, and investments within limits specified by the Board;
- Reviewing the conduct of business and operations, considering new products and parameters and suggesting business reorientation.

During the period under review total 42 Executive Committee Meetings were held on dated April 08, 2021, April 26, 2021, May 12, 2021, June 02, 2021, June 07, 2021, June 26, 2021, July 19, 2021, July 23, 2021, July 27, 2021, July 30, 2021, Aug. 08, 2021, Aug. 17, 2021, Aug. 31, 2021, Sept. 01, 2021, Sept. 07, 2021, Sept. 14, 2021, Sept. 23, 2021, Sept. 27, 2021, Sept. 28, 2021, Oct. 06, 2021, Oct. 22, 2021, Nov. 02, 2021, Nov. 03, 2021, Nov. 10, 2021, Nov. 20, 2021, Nov. 27, 2021, Dec. 08, 2021, Dec. 17, 2021, Dec. 20, 2021, Dec. 28, 2021, Dec. 29, 2021, Jan. 13, 2022, Feb. 01, 2022, Feb. 07, 2022, Feb. 09, 2022, Feb. 15, 2022, Feb. 24, 2022, Feb. 28, 2022, Mar. 07, 2022, Mar. 19, 2022, Mar. 22, 2022 and Mar. 29, 2022.

## CUSTOMER SERVICE & GRIEVANCE REDRESSAL (CS&GR) COMMITTEE



The Board constituted the CS&GR Committee mainly for protecting the interest of Customers of the Company. It ensures constant evaluation of the feedback on quality of Customer Services & Redressal provided to the customers, considering unresolved complaints/grievance referred to it by Functional Heads.

The Committee comprises of 4 Members. The required quorum was present at all the above Meetings. Mr. Sharad Pathak, Company Secretary and Compliance Officer of the Company acts as the Secretary to the Committee.

The Composition of the Committee and details of participation of the Members at the Meetings of the Committee during the year were as under:

Name of the Members	Category	Designation	No. of Meetings Attended
Mr. Sushil Kumar Agarwal	Managing Director & CEO	Member & Chairperson	4
Mr. Ghanshyam Rawat	Chief Financial Officer	Member	4
Mr. Rajeev Sinha	Executive- VP Operations	Member	4
Mr. Surendra Kumar Sihag*	Executive VP- Collections	Member	3

\*Leave of absence was granted to Mr. Surendra Kumar Sihag during the Meeting held on Jan. 11, 2022.

### Meeting of Independent Directors

Pursuant to Regulation 25 of SEBI (LODR) Regulations, 2015 the Independent Directors shall hold at least 1 (one) Meeting in a Financial Year without the presence of Non-Independent Directors and members of the management to consider the following:

- Review of performance of Non-Independent Directors.
- Review of performance of Board as a whole.
- Review of Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors excluding the chairperson being evaluated.
- Review of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

The Meeting of the Independent Directors for the above purpose was held on Nov. 01, 2021 and all the Independent Directors were present in the said Meeting.

### Employee Stock Option Scheme

The disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, has been mentioned in the Director's Report.

**Loans and advances in the nature of loans to firms/ Companies in which Directors are Interested:** Nil

## POLICIES AND CODES

In terms of the RBI Master Directions, circulars / regulations / guidelines issued by SEBI including SEBI LODR Regulations, provisions of the Act, various other laws applicable to the Company and as a part of good corporate governance and also to ensure strong internal controls, the Board has adopted several codes / policies / guidelines and has also reviewed the same from time to time, which among others include the following:

### a. Internal Guidelines on Corporate Governance

Your Company has duly formulated Internal Guidelines on Corporate Governance in accordance with the RBI Master Directions, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various Stakeholders and lays down the Corporate Governance practices of the Company.

The said Policy is available on the website of the Company at <https://www.aavas.in/internal-guidelines-on-corporate-governance>.

### b. Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")

In terms of the circular(s) and direction(s) on KYC norms and AML measures issued by the RBI, the Prevention of Money Laundering Act, 2002 and Rules made thereunder, the Board adopted a 'KYC & AML Policy' which inter-alia incorporates

your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT") related issues.

The KYC & AML Policy provides a comprehensive and dynamic framework and measures to be taken in regard to KYC, AML and CFT. The primary objective of the Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

**c. Policy on Materiality of related party transactions and on dealing with related party transactions**

Pursuant to Regulation 23 of SEBI LODR Regulations the Board has formulated policy on materiality of related party transactions and on dealing with related party transactions.

All transactions entered into with Related Parties during the Financial Year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Act.

There were no materially significant transactions with related parties during the Financial Year which conflicted with the interest of the Company. Suitable disclosures as required by the applicable Accounting Standards have been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time. The Policy on Materiality of related party transactions and on dealing with related party transactions is available on the website of the Company at <https://www.aavas.in/policy-on-transactions-with-related-parties>.

Further, the Company has submitted the disclosures of related party transactions to the Stock Exchanges within 30 days of publication of financial results for the half year ended September 30, 2021 on a consolidated basis and within 15 days of publication of financial results for the half year ended March 31, 2022.

Further as per the RBI Master Directions, Policy on Materiality of related party transactions and on dealing with related party transactions is also made part of this Annual Report as 'Annexure-10' to Directors' Report.

**d. Code of Conduct for the Board and the Senior Management Personnel**

In terms of the SEBI LODR Regulations and as an initiative towards setting out a good Corporate Governance structure within the organization, the Board adopted a comprehensive 'Code of Conduct for the Board and the Senior Management Personnel' which is applicable to all the Directors, including

Non-Executive and Independent Directors and Senior Management Personnel of the Company to the extent of their role and responsibilities in the Company. The Code intends to provide guidance to the Directors and Senior Management Personnel to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

In accordance with Part D of Schedule V of the SEBI LODR Regulations, declaration from Managing Director & CEO of the Company has been received confirming that all the Directors and the Senior Management Personnel of the Company have complied to the Code of Conduct for the Financial Year ended March 31, 2022 attached as "Annexure A" with this Report. The said code is hosted on the website of the Company and can be accessed at web link: <https://www.aavas.in/code-of-conduct>.

**e. Policy for Determining Material Subsidiaries**

In terms of the provisions of the SEBI LODR Regulations, the Board adopted a 'Policy for Determining Material Subsidiaries' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at <https://www.aavas.in/policy-for-determining-material-subsidiaries>. The Company however does not have any Material Subsidiary as at March 31, 2022.

Further, during the period under review there were no significant transactions and arrangements entered into by the subsidiary.

**f. Information Technology related Policies**

RBI Master Directions have prescribed Information Technology Framework applicable on your Company with a view to enhance the safety, security, efficiency in processes relating to use of Information Technology framework within the Company. The Board in compliance with the same, adopted various policies pertaining to Information Technology (IT) risk management, resource management and performance management which inter-alia include the 'IT Governance Policy', 'IT Management Policy', 'IT Infrastructure Management Policy', 'IT Operations Policy' and 'Information Systems (IS) Audit Policy'.

**g. Policy on "Valuation of Properties and Empanelment of Valuers"**

In terms of the RBI Master Directions your Company is required to frame a system /procedure /policy on valuation of properties and appointment of valuers.

In reference to the above, the Board adopted the Policy on Valuation of Properties and Empanelment of Valuers.

#### **h. Whistle Blower Policy / Vigil Mechanism**

Your Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company is committed towards developing a culture where it is safe for all the Directors and Employees to raise concerns about any wrongful conduct. The Board has, in compliance with the provisions of the Act and SEBI LODR Regulations, approved the Vigil Mechanism/Whistle Blower Policy of the Company which provides a framework to promote responsible and secure whistle blowing. It protects the Directors / Employees wishing to raise a concern about serious irregularities within the Company. It provides for a Vigil Mechanism to channelize reporting of such instances/ complaints / grievances to ensure proper governance. The Audit Committee oversees the Vigil Mechanism. No personnel have been denied access to the Chairperson of the Audit Committee. The Policy is placed on the website of the Company and can be accessed at [www.aavas.in/vigil-mechanism-policy](http://www.aavas.in/vigil-mechanism-policy).

#### **i. Policy for Determination of Materiality of Events and Information**

In terms of the provisions of the SEBI LODR Regulations, the Board adopted a 'Policy for Determination of Materiality of Events and Information', which inter-alia sets out guidelines for determining materiality of events / information for the purpose of disclosure to the Stock Exchanges and identifies specific officers of the Company who shall be authorized to determine materiality of an event / information and for making disclosures to the Stock Exchanges. The Policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/policy-for-determination-of-materiality-of-events-and-information-for-disclosure-to-the-stock-exchange>.

#### **j. CSR Policy**

In terms of the provision of Section 135 of the Act, the Board adopted a 'CSR Policy' which helps in furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate citizen.

The CSR Policy encompasses the philosophy of Company for delineating its responsibility as a corporate citizen and as a part of its initiatives the Company has undertaken various projects in the area of skill / rural area development, women

empowerment, environment protection and healthcare/ medical facility etc. inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The CSR Policy is available on the website of the Company at <https://www.aavas.in/csr-policy>.

#### **k. Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

In compliance with the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Code of Conduct- Prevention of Insider Trading in the shares of the Company, which inter- alia, prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and in order to ensure uniform dissemination of unpublished price sensitive information. The Board adopted a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' which is available on the website of the Company and can be accessed at <https://www.aavas.in/code-of-practices-and-procedures-for-fair-disclosure-of-upsi>.

#### **l. Code for Independent Directors**

In terms of the provisions of Section 149 and Schedule IV of the Act, the Company has adopted a code for Independent Directors in order to ensure fulfilment of responsibilities of Independent Directors of the Company in a professional manner.

The Code for Independent Directors aims to promote confidence of the investment community, particularly minority Shareholders, regulators and other Stakeholders in the institution of Independent Directors and sets out the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc.

#### **m. Prevention of Sexual Harassment Policy, and information required to be disclosed under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to providing a work environment that ensures that every Employee is treated with equal dignity and respect. The Company has implemented a robust framework on prevention of sexual harassment, which is in line with the Sexual Harassment of Women at Workplace



(Prevention, Prohibition and Redressal) Act, 2013.

The Company educates Employees regarding Sexual Harassment Policy through posters and regular mailers and also conducts online trainings which form a part of the induction process.

Pursuant to the said Act, the details of the total reported and closed cases pertaining to incidents under the above framework/ law are as follows:-

Number of cases reported during the year	Nil
Number of cases closed during the year	Nil
Numbers of cases open as on March 31, 2022	Nil

#### n. Dividend Distribution Policy:

The Company has in place Dividend Distribution Policy, duly approved by the Board of Directors. The same is available on the website of the Company and can be accessed at <https://www.aavas.in/dividend-distribution-policy>.

## GENERAL SHAREHOLDERS INFORMATION

This section inter-alia provides information pertaining of the Company, its Shareholding Pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point no. C (9) of Schedule V to the SEBI LODR Regulations relating to Corporate Governance.

### I. Corporate Information:

1.	Incorporation Date	February 23, 2011
2.	Registered Office Address	201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarovar Industrial Area, Jaipur-302020 (Rajasthan)
3.	Corporate Identification Number (CIN)	L65922RJ2011PLC034297
4.	Date, time and venue of the Annual General Meeting (AGM)	Thursday, July 21, 2022 at 3.30 P.M, Indian Standard Time (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility.
5.	Financial Year	April 01, 2021 to March 31, 2022
6.	Record Date	NA
7.	Date of Book closure	No Book Closure has been recommended by Board
8.	Dividend Payment date	No Dividend has been proposed for the period under review
9.	Listing on Stock Exchanges	The equity shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE) on October 08, 2018. Non-Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the BSE. Social Masala Bonds issued by the Company is listed on NSE IFSC Limited. The addresses of NSE, BSE and NSE IFSC Limited are given below: <b>NSE:</b> Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. <b>BSE:</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <b>NSE IFSC Limited:</b> Unit No. 1201, Brigade International Financial Centre, 12 <sup>th</sup> Floor Building No. 14-A Block No. 14, Road-1C Zone 1, GIFT SEZ, Gandhinagar – 382355
10.	Payment of listing fees	The Company has paid the annual listing fees for the relevant periods to NSE and BSE

11.	Stock Code	BSE: Scrip Code – 541988 NSE: Scrip Symbol – AAVAS
12.	ISIN of Equity Shares	INE216P01012
13.	Suspension of Company's Securities	Company's securities are never suspended from trading since its listing.
14.	Registrar & Share Transfer Agents	Link Intime India Private Limited C-101, 1 <sup>st</sup> floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
15.	Plant Location	Since the Company is in the business of housing finance, the disclosure with regard to plant location is not applicable.
16.	<b>Address for Correspondence</b> Correspondence relating to grievances in relation to non-receipt of Annual Report, dividend and share certificates sent for transfer etc. including any requests/ intimation for change in address, issue of duplicate share certificates, change in nomination shall be sent to :	<b>Link Intime India Private Limited</b> C-101, 1 <sup>st</sup> floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 22 4918 6200, FAX: +91 22 49186195 Website: www.linkintime.co.in Email ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>  <b>Company Secretary &amp; Compliance Officer</b> Aavas Financiers Limited Registered Office: 201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarovar Industrial Area, Jaipur-302020 (Rajasthan) Tel: +91 14 1661 8800 Fax: +91 14 1661 8861 Email: <a href="mailto:investorrelations@aavas.in">investorrelations@aavas.in</a>
17.	Outstanding Global Depository Receipts / American Depository Receipts / Warrants and Convertible Bonds, conversion date and likely impact on equity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
18.	Commodity Price Risks / Foreign Exchange Risk and Hedging Activities	This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency.
19.	Dematerialization of Shares and Liquidity	All shares of the Company are held in Dematerialized form. The entire Promoter's holdings are in demat form and the same is in line with the directions issued by SEBI.
20.	Share Transfer System	The Company's shares are traded under compulsory dematerialized mode and freely tradable. The Board has delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. An update on the same is placed before the Stakeholders' Relationship Committee on quarterly basis. Yearly certificate of compliance with the share/debt transfer formalities as required under Regulation 40(9) and 61(4) of the SEBI LODR Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.

## II. Stock Market Price Data :-

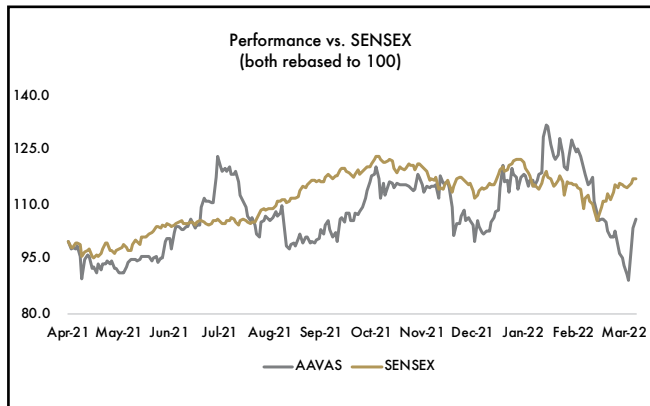
The reported high and low closing prices and volume of equity shares of the Company traded on NSE and BSE during the period under review (i.e. from April 01, 2021 to March 31, 2022) are set out in the following table:

Month	NSE			BSE		
	High Price (₹)	Low Price (₹)	Volume (No.)	High Price (₹)	Low Price (₹)	Volume (No.)
April 2021	2,519.00	2,124.15	22,90,053	2,579.70	2,123.70	48,789
May 2021	2,422.25	2,160.00	13,83,854	2,412.20	2,177.50	1,45,148
June 2021	2,760.40	2,256.00	20,41,410	2,757.25	2,251.50	2,24,884
July 2021	3,074.35	2,510.00	15,89,819	3,068.30	2,512.50	1,87,958
August 2021	2,799.90	2,301.55	55,86,960	2,725.00	2,302.20	93,39,413
September 2021	2,649.00	2,373.00	18,85,444	2,648.95	2,375.00	1,10,589
October 2021	2,928.80	2,543.05	14,51,309	2,940.00	2,536.00	89,693
November 2021	2,920.00	2,601.00	11,95,679	2,915.30	2,573.80	58,296
December 2021	2,835.00	2,261.55	13,75,867	2,827.70	2,263.25	2,87,270
January 2022	3,016.00	2,325.30	20,31,957	3,015.00	2,601.20	80,538
February 2022	3,340.00	2,750.00	38,21,464	3,336.95	2,726.75	82,898
March 2022	2,886.00	2,114.15	33,36,286	2,884.15	2,115.00	1,38,853

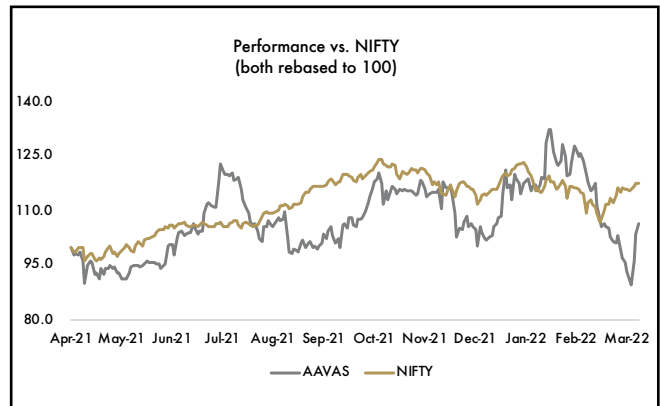
[Source: This information is compiled from the data available on the websites of NSE and BSE]

## III. Share Price performance in comparison to broad based indices - BSE Sensex and NSE Nifty Share Price Movement (BSE and NSE):

### BSE Sensex Share Price Movement



### NSE Nifty Share Price Movement



#### IV. Credit Rating of the Company

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. India's renowned Credit Rating Agencies have assigned ratings to the Company, the details of the same are mentioned below:-

Nature of Debt Instrument	Rating Agency	Term	Credit Ratings
Non-Convertible Debentures	CARE	Long Term	AA-/ Positive
	ICRA	Long Term	AA-/ Positive
Bank Loans	CARE	Long Term	AA-/ Positive
	ICRA	Long Term	AA-/ Positive
Subordinated Debt	CARE	Long Term	AA-/ Positive
Commercial Paper	CARE	Short Term	A1 +
	ICRA	Short Term	A1 +
	India Ratings	Short Term	A1 +

#### V. General Meetings/Postal Ballot:

##### a. Details of past three Annual General Meetings held by the Company:

Meeting	Day/Date/Time	Location	Details of Special Resolution passed
11 <sup>th</sup> AGM, 2020-2021	Tuesday, August 10, 2021 3:30 P.M.(IST)	201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarover Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To reappoint Mrs. Kalpana Iyer (DIN:01874130) as an Independent Director of the Company.</li> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charges on assets of the Company under Section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches /issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan For Employees 2021" ("ESOP-2021") of Aavas Financiers Limited</li> </ul>
10 <sup>th</sup> AGM, 2019-2020	Wednesday, July 22, 2020, 3:30 P.M.(IST)	201-202, 2 <sup>nd</sup> Floor, South End Square, Mansarover Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	<ul style="list-style-type: none"> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charge on assets of the Company under section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/ to be made under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve issuance of Non-Convertible Debentures, in one or more tranches /issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan for Employees 2020" ("ESOP-2020") of Aavas Financiers Limited.</li> </ul>

Meeting	Day/Date/Time	Location	Details of Special Resolution passed
09 <sup>th</sup> AGM, 2018-2019	Thursday, August 01, 2019, at 3:30 P.M.(IST)	Clarks Brij Convention Centre (CBCC), Hotel Clarks Amer, Jawahar Lal Nehru Marg, Near Jaipur Airport, Jaipur-302018 (Raj)	<ul style="list-style-type: none"> <li>➤ To approve alteration in Articles of Association of the Company.</li> <li>➤ To approve increase in the borrowing powers in excess of Paid-up Share Capital , Free Reserve and Securities Premium of the Company under section 180(1)(c) of the Companies Act, 2013.</li> <li>➤ To approve creation of charges on assets of the Company under section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.To approve issuance of Non-Convertible Debentures, in one or more tranches / issuances on Private Placement Basis.</li> <li>➤ To approve "Equity Stock Option Plan for Employees 2019" ("ESOP-2019") of Aavas Financiers Limited.</li> </ul>

b. No Extra Ordinary General Meeting was held by the Company during the Financial Year 2021-22.

c. Details of Business transacted through Postal Ballot during the Financial Year 2021-22:

Pursuant to Section 108 and Section 110 and other applicable provisions of the Act as amended read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (the "Rules"), Regulation 44 of the SEBI LODR Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Secretarial Standards issued by the Institute of Company Secretaries of India on General Meeting ("SS-2") and the MCA Circulars the Company passed the following resolution through postal ballot conducted during Financial Year 2021-22 as per the details below:

The voting pattern of votes casted in favor/against the resolutions passed by Postal Ballot on Dec. 02, 2021 is as under:

Description of the Resolution	Type of the Resolution	Number of votes polled	Votes cast in favor		Votes cast against	
			No of votes	%	No of votes	%
Appointment of M/s. Walker Chandio & Co LLP as the Statutory Auditors of the Company and to fix their remuneration	Ordinary	6,96,08,172	6,96,08,089	99.99	83	0.0001

\*Mr. Rupesh Agarwal (Membership No. ACS 16302) practicing Company Secretary and Managing Partner of Chandrasekaran Associates, Company Secretaries failing him Mr. Shashikant Tiwari (Membership No. ACS 28994) Practicing Company Secretary and Partner of Chandrasekaran Associates, Company Secretaries were appointed as the Scrutinizer for conducting the postal ballot/ e-voting process in accordance with applicable law, in a fair and transparent manner.

**Procedure for Postal Ballot**

In compliance with Sections 108,110 and other applicable provisions of the Companies Act, 2013, read with rules issued thereunder, MCA general Circulars and Regulation 44 of the SEBI LODR Regulations, the Company provides the facility to the Members to exercise their votes electronically and vote on the resolutions through the e-voting service facility arranged by NSDL as per the instructions provided in the Postal Ballot notice.

- The notices containing the proposed resolution and explanatory statement are sent to all those Members whose e-mail addresses are registered with the Company/depositories as on Cut-off date. Your Company also publishes a notice in the newspapers declaring the details of completion of dispatch and other requirements under the act and rules framed thereunder.
- The Scrutinizer submits his report to the Chairperson/ authorized person of the Company after the completion of scrutiny and the consolidated results of the voting are then announced by the Chairperson or any other person of the Company authorized by chairperson

of the Company. The results are displayed on the website of the Company ([www.aavas.in](http://www.aavas.in)), besides being communicated to the Stock exchanges.

- Under the e-voting facility, the members are provided an electronic platform to participate and vote on the resolutions.

**d. Details of special resolution proposed to be conducted through postal ballot**

No Special Resolution is proposed to be passed through postal ballot under the provisions of the act, on or before the ensuing Annual General Meeting.

**VI. Due Dates for Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)**

In terms of Section 125 of the Act, dividend lying unclaimed and unpaid for a period of seven years from the date of transfer to unpaid and unclaimed account is required to be transferred to the IEPF. Since the Company has not declared any dividend since inception, there is no dividend which is unclaimed pertaining to previous years and Financial Year under review and hence, there is no requirement of transferring the same to the IEPF for the year under the review.

**VII. Distribution of Shareholding as at March 31, 2022**

Distribution of Shareholding based on Nominal Value (₹) as on March 31, 2022:

Sr. No.	Category (Nominal Value of Shares)	No. of Holders	% of Holders	No. of Shares
1	1 to 5000	50,456	97.46	19,42,294
2	5001 to 10000	612	1.18	4,26,479
3	10001 to 20000	254	0.49	3,53,547
4	20001 to 30000	86	0.17	2,08,146
5	30001 to 40000	55	0.11	1,87,663
6	40001 to 50000	29	0.06	1,30,206
7	50001 to 100000	65	0.13	4,64,661
8	100001 to above	212	0.41	7,52,23,455
	<b>Total</b>	<b>51,769</b>	<b>100.00</b>	<b>7,89,36,451</b>

### VIII. Shareholding details as on March 31, 2022

The Shareholding Pattern of the Company, as on March 31, 2022 is as follows:-

Sr. No.	Category	No. of Holders	No. of Equity Shares	Holding in Equity Share capital (%)
1	Foreign Promoter Company	3	3,09,46,062	39.20
2	Foreign Portfolio Investors (Corporate) and FII	181	3,15,06,070	39.91
3	Public	48,408	77,92,661	9.87
4	Mutual Funds	39	35,19,123	4.46
5	Insurance Companies	25	30,32,607	3.84
6	Alternate Investment Funds	14	12,46,008	1.58
7	Other Bodies Corporate	724	5,87,420	0.74
8	Non Resident Indians	971	1,01,948	0.13
9	Non Resident (Non Repatriable)	531	91,757	0.12
10	Clearing Members	121	54,038	0.07
11	Hindu Undivided Family	742	54,986	0.07
12	Non Nationalized Banks	1	3,383	0.00
13	Trusts	9	388	0.00
	<b>Total</b>	<b>51,769</b>	<b>7,89,36,451</b>	<b>100.00</b>

### IX. Means of Communication

Your Company focuses on prompt, continuous and efficient communication to all its stakeholders. The Company has provided adequate and timely information to its member's inter-alia through the following means:

- i. **Financial Results:** The quarterly, half yearly and annual financial results of the Company are published in the leading newspapers viz Business Standard, Financial Express (English) and Business Remedies (Hindi) and are also posted on the Company's Website(www.aavas.in)
- ii. **Website:** In compliance with Regulation 46 of the SEBI LODR Regulations, the Company has maintained a separate section i.e. 'Investor Relations' on the Company's website providing all the announcements made by the Company, annual reports, result and policies of the Company.
- iii. **Investors/ Analyst Meets:** The Company conducts Calls/Meetings with investors immediately after declaration of financial results to brief them on the performance of the Company. The Company also conducts one on one call and Meeting with investors.
- iv. **Presentations to institutional investors/ analysts:** Detailed presentations are made to institutional investors and financial analysts on the Company's quarterly, half-yearly as well as annual financial results and sent to the Stock Exchanges. These presentations, video recordings

and transcript of Meetings are available on the website of the Company

- v. **Annual Report:** The Annual Report containing, inter alia, Audited Standalone and Consolidated Financial Statement, Board's Report, Auditors' Report and other important information is circulated to the members and others entitled thereto through applicable modes. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available in downloadable form on the website of the Company.
- vi. **NEAPS and NSE Digital Exchange:** NEAPS and NSE Digital Exchange are web based applications designed by NSE for corporates. All periodical and other compliance filings are filed electronically filed on these portals.
- vii. **BSE Listing Centre (Listing Centre):** Listing Centre is a web-based application designed by BSE for corporates. All periodical and other compliance filings are filed electronically on the Listing Centre.
- viii. **SEBI Complaints Redressal System (SCORES):** A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports by the Company and online viewing by the investors of actions taken on the complaint and its current status.

## X. OTHER DISCLOSURES

### i. Secretarial Audit for Financial Year 2021-22

M/s. Chandrasekaran Associates, Practicing Company Secretaries (Firm Registration No: P1988DE002500) were appointed as Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended March 31, 2022 as per the provisions of the Act who have carried out an independent assessment of the compliance of SEBI LODR Regulations as a part of Secretarial Audit. The Secretarial Audit Report forms part of the Annual Report as "Annexure- 4" to the Directors' Report.

### ii. Consolidated (Holding and its Subsidiary) total fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part

Total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to the Statutory Auditors of the Company and other firms in the network entity of which the Statutory Auditors are a part, as included in the Consolidated Financial Statements of the Company for the year ended March 31, 2022 are as follows:

Particulars	Amount (₹ in lakh)
Fees for audit and related services paid firms and to entities of the network of which the Statutory Auditor is a part	108.04
Other fees paid to & Affiliate firms and to entities of the network of which the Statutory Auditor is a part	9.00
<b>Total</b>	<b>117.04</b>

### iii. Certification from Practicing Company Secretary (PCS)

A certificate from a Company Secretary in practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/MCA or any such statutory authority. The same forms part of the Annual Report as "Annexure-1" to the Directors' Report.

### iv. Accounting Standards

The Company has followed Indian Accounting Standards (Ind AS) issued by the MCA in the preparation of its Financial Statements.

### v. Certificate from Practicing Company Secretary on Corporate Governance

As required under the SEBI LODR Regulations, certificate issued by M/s. Chandrasekaran Associates, Practicing Company Secretaries certifying that the Company has complied with the conditions of Corporate Governance as stipulated by SEBI LODR Regulations is attached to the Corporate Governance Report. The said certificate forms part of the Annual Report as "Annexure- 3" to the Directors' Report.

### vi. Details of non-compliance by the Company, penalties, and restrictions imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three Financial Years

There are no non-compliances or penalties, strictures imposed on the Company by the Stock Exchanges where securities of the Company are listed or SEBI or any statutory authority, on any matter related to capital markets, during the last three Financial Years.

### vii. Details of Non- Compliance of the Requirements of Corporate Governance

There has been no instance of non-compliance of any requirement of the Corporate Governance.

### viii. Directors and Officers (D&O) Liability Insurance

As per the provisions of the Act and in compliance with Regulation 25(10) of the SEBI LODR Regulations, the Company has taken a D&O Liability Insurance policy on behalf of all Directors including Independent Directors and KMP of the Company for indemnifying them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

### ix. CEO/ CFO certification

The CEO & Managing Director and the Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the SEBI LODR Regulations, copy of which is attached to this Report.

### x. Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:

The Company has complied with all mandatory requirements of Regulation 34 of the SEBI LODR Regulations. The Company has adopted the following discretionary requirements of the Listing Regulations.



- a. **Audit Qualification:** There is no Audit qualification on the Company's financial statements during the year under review. Further, the Company is in the regime of unmodified opinions on financial statements.
- b. **Reporting of Internal Auditor:** The Internal Auditor of the Company, co-sourced with professional firms of Chartered Accountants, reports directly to the Audit Committee.
- xi. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)**  
During the period under review, the Company has not raised funds through preferential allotment or qualified institutions placement.  
  
The Company is in the regime of unqualified Financial Statements by the Auditors and the Internal Auditors directly report to the Audit Committee of the Company.
- xii. Compliance with the Mandatory Requirements as Specified in Regulations 17 to 27 and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of the SEBI LODR Regulations**  
The Board periodically reviews the compliance of all applicable laws. The Company has complied with all mandatory requirements of the Code of Corporate Governance as stipulated under Regulations 17 to 27

and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the SEBI LODR Regulations. It has obtained a certificate affirming the compliances from M/s Chandrasekaran Associates, Company Secretaries and the same is attached to the Board's Report.

**xiii. Disclosure with respect to Demat suspense account/ unclaimed suspense account**

The Company does not have any of its securities lying in demat/ unclaimed suspense account arising out of public/bonus/ right issues as at March 31, 2022. Hence, the particulars relating to aggregate number of Shareholders and the outstanding securities in suspense account and other related matters does not arise.

For and on behalf of the Board  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
*Managing Director & CEO*  
(DIN: 03154532)

Date: May 05, 2022  
Place: Jaipur

**Manas Tandon**  
*Promoter Nominee Director*  
(DIN: 05254602)

Date: May 05, 2022  
Place: Zug, Switzerland



## CEO AND CFO CERTIFICATION

To,  
The Board of Directors  
**Aavas Financiers Limited**

We, Sushil Kumar Agarwal, Managing Director and CEO and Ghanshyam Rawat, Chief Financial Officer of Aavas Financiers Limited {"the Company"} certify that:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2022 and that to the best of our knowledge and belief:
  - i) These results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These results together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended March 31, 2022, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d.
  - (i) there has not been any significant changes in Internal Control over financial reporting during the period under reference;
  - (ii) there has not been any significant changes in accounting policies during the period under reference requiring disclosure in the notes to the Financial Statements; and
  - (iii) we are not aware of any instances of significant fraud with involvement therein of the Management or an Employee having a significant role in the Company's Internal Control System over financial reporting.

For **Aavas Financiers Limited**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
Din: 03154532

**Ghanshyam Rawat**  
Chief Financial Officer

Date: May 05, 2022  
Place: Jaipur

## Annexure A

### Declaration on Compliance with the Company's Code of Conduct for Board and Senior Management Personnel

I, hereby declare that all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the Financial Year 2021-22.

For and on behalf of the Board  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

Date: May 05, 2022  
Place: Jaipur



### Annexure-3

## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER LISTING REGULATIONS, 2015

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2<sup>nd</sup> Floor, South End Square Mansarovar Industrial Area,  
Jaipur – 302020 Rajasthan

We have examined all relevant records of Aavas Financiers Limited (“the Company”) for the purpose of certifying of all the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended March 31, 2022. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced explanations and information furnished, we certify that the Company has complied with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **For Chandrasekaran Associates**

*Company Secretaries*  
FRN: P1988DE002500  
Peer Review Certificate No.: 1428/2021

#### **Dr. S. Chandrasekaran**

*Senior Partner*  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644D000263521  
Date: May 05, 2022

## Annexure-4

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

To,

The Members

**Aavas Financiers Limited**

201-202, 2<sup>nd</sup> Floor, South End Square Mansarover Industrial Area,  
 Jaipur – 302020 Rajasthan

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Aavas Financiers Limited (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 (**'Audit Period'**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 (**"Period under review"**) according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of SEBI (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings to the extent applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent applicable;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 prior to its repealment to the extent applicable;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 prior to its repealment to the extent applicable;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit Period);
  - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; (Not applicable to the Company during the Audit Period)

(vi) The following other laws are specifically applicable to the Company for which the Management has confirmed that the Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively:

- (a) National Housing Bank (NHB) Act, 1987;
- (b) Housing Finance Companies (NHB) Directions, 2010;
- (c) Guidelines on 'Know Your Customer' and Anti-Money Laundering Measures;
- (d) Information Technology Framework for HFCs ("Guidelines")
- (e) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
- (f) Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
- (g) Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016;
- (h) Housing Finance Companies – Approval of Acquisition or transfer of Control (National Housing Bank) Directions, 2016;
- (i) Guidelines on Fair Practices Code for HFCs;
- (j) Non-Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021 read with Review of regulatory framework for Housing Finance Companies (HFCs) dated October 22, 2020 issued by Reserve Bank of India; and
- (k) Guidelines and Regulations issued by Insurance Regulatory and Development Authority to the extent applicable.

We have also examined compliance with the applicable clauses/Regulations of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs;
- ii) Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following major events have happened in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- a. The Company has obtained the approval of shareholders in its Annual General Meeting held on August 10, 2021 for "Equity Stock Option Plan For Employees 2021" ("ESOP-2021"), to create, grant, offer, issue and allot, to eligible employees, options exercisable into not more than 3,00,000 (Three lakh) Equity Shares of ₹ 10/- each of the Company.
- b. The Nomination and Remuneration Committee of the Company has allotted 4,31,900 equity shares at a face value of ₹ 10/- each on exercise of Stock Options under Equity Stock Option Plan for Employee 2016 & Equity Stock Option Plan for Directors 2016.  
Considering the above said allotment of Equity shares, issued and paid up capital of the Company stands increased to 78,936,451 Equity Shares of ₹ 10/- each.
- c. The Company has obtained the approval of shareholders in its Annual General Meeting held on August 10, 2021 for issuance of Non – Convertible Debentures in one or more tranches on Private Placement basis for an amount not exceeding 4,000 crore (Rupees Four thousand crore only).

- d. The Company has obtained the approval of shareholders in its Annual General Meeting held on August 10, 2021 under section 180 (1)(c) and 180 (1)(a) of the Companies Act, 2013 to borrow money in excess of its aggregate of paid up share capital, free reserve and securities premium of the Company, but not exceeding ₹ 14,000 Crore (Rupees Fourteen Thousand Crore only) and to the creation of mortgage and/or charge on assets of the Company to secure the aforesaid borrowing.
- e. The Company has allotted 990 rated, listed, senior, secured, redeemable Non-Convertible Debentures ("NCDs") at a face value of ₹ 10,00,000 each aggregating to ₹ 99,00,00,000 (Rupees Ninety Nine Crore only) on private placement basis.
- f. The Company has allotted, 1,000 rated, listed, senior, secured, redeemable, Non-Convertible Debentures ("NCDs") at a face value of ₹ 10,00,000 each aggregating to ₹ 1,00,00,00,000 (Rupees One Hundred Crore only) on private placement basis.
- g. The Company has allotted, 360 senior, listed, unsecured Rupee Denominated Bonds ("RDBs" or "Notes") having a face value of ₹ 1,00,00,000 each aggregating to ₹ 3,60,00,00,000 (Three Hundred Sixty Crore only) on private placement basis under the External Commercial Borrowing Route.
- h. The Company has redeemed the following Non-Convertible Debentures of the following debenture holders:
- Central Bank of India, 1,500 debentures aggregating of ₹ 150 Crores;
  - Max Life Insurance Company Limited, 100 debentures aggregating to ₹ 10 Crores;
  - ICICI Prudential Mutual Fund, 1,000 debentures aggregating to ₹ 100 Crores.

**For Chandrasekaran Associates***Company Secretaries*

FRN: P1988DE002500

Peer Review Certificate No.: 1428/2021

**Dr. S. Chandrasekaran***Senior Partner*

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644D000238672

Date: 29.04.2022

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure-A** to this Report and forms an integral part of this report.



## ANNEXURE-A

To,  
The Members  
**Aavas Financiers Limited**  
201-202, 2<sup>nd</sup> Floor, South End Square Mansarover Industrial Area,  
Jaipur – 302020 Rajasthan

Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

### **For Chandrasekaran Associates**

Company Secretaries  
FRN: P1988DE002500  
Peer Review Certificate No.: 1428/2021

### **Dr. S. Chandrasekaran**

Senior Partner  
Membership No. FCS 1644  
Certificate of Practice No. 715  
UDIN: F001644D000238672  
Date: 29.04.2022

- (i) *Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.*
- (ii) *This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to financial year ended March 31, 2022.*

## Annexure-5

## DIVIDEND DISTRIBUTION POLICY

### I. PREAMBLE

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, ["Listing Regulations"] vide circular no. SEBI/LAD-NRO/GN/2016-17/008 dated 8<sup>th</sup> July, 2016; the Board of Directors of the Company at its meeting held on June 08, 2018 have approved and adopted the Dividend Distribution Policy ["Policy"] of the Company.

### II. OBJECTIVE

This Policy aims to ensure that the Company makes rationale decision with regard to the amount to be distributed to the equity shareholders as dividend after retaining sufficient funds for the Company's growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of the Company before recommendation/ declaration of Dividend to its shareholders.

### III. DEFINITIONS

- a. "Act" means the Companies Act, 2013 and rules made thereunder [including any amendments or re-enactments thereof]
- b. "Applicable laws" shall mean to include Act and rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or re-enactments thereof], Rules/guidelines/notifications/circulars issued by Reserve Bank of India (RBI)/National Housing Bank (NHB) and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.
- c. RBI Master Directions means Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
- d. "Board" or "Board of Directors" shall mean Board of Directors of the Company, as constituted from time to time.
- e. "Company" shall mean Aavas Financiers Limited.

- f. "Dividend" includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- g. "Financial year" shall mean the period starting from 1<sup>st</sup> day of April and ending on the 31<sup>st</sup> day of March every year.
- h. "Free reserves" shall mean the free reserves as defined under Section 2 (43) of the Act.

### IV. PARAMETERS GOVERNING THE DISTRIBUTION OF DIVIDEND

#### 1. Factors for recommendation/declaration of Dividend.

##### a. Internal factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/declaration of dividend:

- i. Current year's net operating profit
- ii. Capital expenditure and working capital requirements
- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- iv. Supervisory findings of the NHB on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- v. Qualifications in the Auditors' Report to the financial statements; and
- vi. Long term growth plans of the Company.
- vii. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- viii. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- ix. Past dividend trend
- x. Cost of borrowings
- xi. Other Corporate Action options (For ex. Bonus issue, Buy back of shares)
- xii. Any other factor as deemed fit by the Board



**b. External Factors**

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws
- ii. Economic conditions
- iii. Prevalent market practices of dividend payment in similar industry

The Board shall ensure that the total dividend proposed for the Financial Year does not exceed the ceilings specified in this Policy.

**c. Minimum prudential requirements prescribed by the RBI**

The Company shall comply with the following minimum prudential requirements to be eligible to declare dividend:

Sr. No.	Parameter	Requirement
1	Capital Adequacy	The Company have met the applicable regulatory capital requirement as defined under Paragraph 6 of RBI Master Directions for each of the last three financial years including the financial year for which the dividend is proposed.
2	Net NPA	The net NPA ratio is less than 6 per cent in each of the last three years, including as at the close of the financial year for which dividend is proposed to be declared.
3	Other criteria	<ol style="list-style-type: none"> <li>i. The Company is complied with the provisions of Section 29 C of The National Housing Bank Act, 1987.</li> <li>ii. The Company is complied with the prevailing regulations/guidelines issued by the Reserve Bank</li> <li>iii. The NHB has not placed any explicit restrictions on declaration of dividend.</li> </ol>

**d. Quantum of Dividend Payable**

The Company eligible to declare dividend as per paragraph (c) above, may pay dividend, subject to the following:

- a. The Dividend Payout Ratio is the ratio between the amount of the dividend payable in a year and the net profit as per the audited financial statements for the Financial Year for which the dividend is proposed.
- b. Proposed dividend shall include both dividend on equity shares and compulsorily convertible preference shares eligible for inclusion in Tier 1 Capital.
- c. In case the net profit for the relevant period includes any exceptional and/or extra-ordinary profits/ income or the financial statements are qualified (including 'emphasis of matter') by the statutory auditor that indicates an overstatement of net profit, the same shall be reduced from net profits while determining the Dividend Payout Ratio.
- d. The Maximum dividend payout ratios for the Company to declare dividend is 50%.

**2. Circumstances under which the shareholders of the Company may or may not expect dividend.**

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. However, the Shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cash flow available for distribution.
- iv. In the event of inadequacy or absence of profits.

- v. Under any other circumstances as may be specified by the Companies Act, 2013 or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders

### 3. Manner of utilization of Retained Earnings.

The Board of Directors of the Company may recommend/declare dividend out of the profits of the Company or out of the profits for any previous Financial Year or years or out of free reserves available for distribution of dividend, as per the regulatory provisions after consideration of the factors as stated at point no. 1 above. The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.

### 4. Manner of Declaration and Payment of Dividend.

#### 4.1 Process for approval of Payment of Final Dividend:

Board to recommend quantum of final dividend payable to Shareholders in its meeting in line with applicable laws and rules prescribed thereof, based on the profits arrived at as per the audited financial statements and post Shareholders approval for Dividend in the Annual General Meeting, the same shall be paid to the eligible shareholders within stipulated timelines as per applicable laws.

#### 4.2 Process for approval of Payment of Interim Dividend:

Board may declare Interim Dividend, one or more times in a financial year, at its complete discretion in line with applicable laws and rules prescribed thereof, out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.

The Board shall consider the financial results of the Company for the period for which Interim Dividend is to be declared and shall be satisfied that the financial position of the Company justifies and supports the declaration of such Dividend.

The financial results shall take into account the following-

- a) Depreciation for the full year;
- b) Tax on profits of the Company including deferred tax for full year;
- c) Other anticipated losses for the Financial Year;
- d) Dividend that would be required to be paid at the fixed rate on preference shares;
- e) The Losses incurred, if any, during the current financial year up to the end of the quarter, immediately preceding the date of declaration of Interim Dividend;

The declaration of interim dividend is subject to the compliance of condition mentioned in Clause IV-Parameters governing the distribution of dividend.

### 5. Other factors to be considered with regard to various classes of shares.

Since the Company has only one class of equity shareholders, the dividend declared will be distributed equally among all the equity shareholders, based on their shareholding on the record date.

## V. GENERAL

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting. The Board may also, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.
- ii. The Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend, including interim dividend, is deposited by the Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.
- iii. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of the Company or any other financial covenant as may be specified under any other arrangement/agreement, if any, before recommending or distributing dividend to the shareholders.

## VI. REPORTING SYSTEM

The Company on declaring dividend shall report details of dividend declared during the financial year as per the format prescribed in Annexure. The report shall be furnished within a fortnight after declaration of dividend to the Department of Supervision of NHB.

## VII. DISCLOSURES

The Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in particular the disclosures required to be made in the annual report and on the website ([www.aavas.in](http://www.aavas.in)) of the Company.

In case, the Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, the Company shall disclose such changes

along with the rationale in the annual report and on its website.

## VIII. REVIEW AND UPDATES

This policy will be reviewed periodically as and when required and annually by the Board of the company, further the Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

## Annexure-6

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of Subsidiaries or Associate Companies or Joint Ventures**

**Part A:- Subsidiaries**

(₹ in lakh)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Aavas Finserv Limited
2.	The date since when subsidiary was acquired	Aavas Finserv Limited was not acquired, it was incorporated as wholly owned subsidiary of the Company on November 30, 2017.
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Not Applicable
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable
5.	Share capital	1,500.00
6.	Reserves and surplus	(221.31)
7.	Total assets	1,644.45
8.	Total Liabilities	365.76
9.	Investments	Nil
10.	Turnover	26.23
11.	Profit before taxation	(216.80)
12.	Provision for taxation	Nil
13.	Profit after taxation	(161.86)
14.	Proposed Dividend	Nil
15.	Extent of shareholding (in percentage)	100%

**Notes:-**

- Names of subsidiaries which are yet to commence operations: - Aavas Finserv Limited
- Names of subsidiaries which have been liquidated or sold during the year: - NIL

**Part B:- Associates and Joint Ventures**

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Since the Company does not have any Associate Company or Joint venture, the disclosure under this section is not applicable.

For and on behalf of the Board of Directors

**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

**Manas Tandon**  
Non-Executive Promoter  
Nominee Director  
(DIN: 05254602)

**Ghanshyam Rawat**  
Chief Financial Officer

**Sharad Pathak**  
Company Secretary and  
Compliance Officer

Date: May 05, 2022  
Place: Jaipur

Date: May 05, 2022  
Place: Zug, Switzerland

Date: May 05, 2022  
Place: Jaipur

Date: May 05, 2022  
Place: Jaipur

## FORM AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section(1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

### Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangement or transactions entered into during the financial year ended March 31, 2022, which were not at arm's length basis.

### Details of contracts or arrangements or transactions at arm's length basis:

Sr. No.	Name of related party and Nature of Relationship	Nature of Contract/ Arrangement/ Transactions	Duration of the Contract/ Arrangement/ Transactions	Salient terms of the Contract or Arrangement or Transactions including the value, if any	Date(s) of Approval by the Board	Amount received/ paid as advance, if any
1	Avas Finserv Limited, Wholly Owned Subsidiary	Infrastructure Sharing Agreement	Ongoing	<p>1. Agreement Date: April 01, 2019</p> <p>2. The office space of the Holding Company shall be used by the Subsidiary Company and the Holding Company in a combined/joint manner for the purpose of carrying on respective business activities.</p> <p>3. While carrying out the business activities at the Office Space the Subsidiary Company can use the office facilities including furniture's, fixtures, air conditioner, computers, telephone, fax, office equipment etc. ("Facilities") along with the Holding Company.</p> <p>4. Both the Holding and Subsidiary Company shall carry out their own individual finance activities during the term hereof and shall also carry out all the compliance activities as required to be done as per the applicable law/ statute.</p> <p><b>SHARING OF EXPENSES &amp; METHOD OF PAYMENT</b></p> <p>The Holding Company will recover the actual cost incurred and the cost recovered is on arm's length basis and are similar to the cost recovered from other parties for the same services if any.</p> <p>Methodology for sharing of Infrastructure cost between both the companies is given as under.</p> <p>i Sharing of cost at Branches: All branch related cost of any particular branch which is shared by the holding Company with its subsidiary or vice versa shall be shared based on the No. of Employees of each Company operating from the particular Branch.</p> <p>ii Sharing of other Infrastructure Cost: Other Infrastructure cost incurred by either Company on behalf of the other shall be debited to the other Company at actuals subject to Goods and Service Tax wherever applicable.</p> <p>iii Re-imbursment of Statutory Payment: Any Statutory payment made by either Company on behalf of the other Company shall be reimbursed as per actuals.</p> <p>5. Subject to its obligation to share expenses as defined above, each party of this Agreement shall own the accounts receivable generated by it and shall be entitled to all related collections. Each party shall be responsible for billing and collecting its own accounts receivable.</p> <p>6. Both the parties shall endeavor to identify and incur their own specified capital and revenue expenditure to the extent possible. All the types of specific expenditure shall be incurred, paid and borne by respective parties.</p>	May 03, 2019	Nil

For and on behalf of the Board of Directors  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
 Managing Director & CEO  
 (DIN: 03154532)  
 Date: May 05, 2022  
 Place: Jaipur

**Manas Tandon**  
 Promoter Nominee Director  
 (DIN: 05254602)  
 Date: May 05, 2022  
 Place: Zug, Switzerland

## Annexure-8

## PARTICULAR OF EMPLOYEES

## Information under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The statement of disclosure of Remuneration under sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22.	<p><b>Executive Directors</b></p> <p>Mr. Sushil Kumar Agarwal : 133.50 X</p> <p><b>Non- Executive Directors</b></p> <p>Mr. Sandeep Tandon : 12.02 X</p> <p>Mrs. Kalpana Iyer : 12.02 X</p> <p>Mrs. Soumya Rajan : 12.02 X</p> <p>Mr. Ramachandra Kasargod Kamath : 12.02 X</p> <p>Mr. Vivek Vig : 12.02 X</p> <p><b>Note:-</b></p> <p>Mr. Manas Tandon, Mr. Nishant Sharma and Mr. Kartikeya Dhruv Kaji, Promoter Nominee Directors of the Company, have not taken any remuneration during the Financial Year 2021-22.</p>
2.	The percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the Financial Year.	<p><b>Directors</b></p> <p>Mr. Sushil Kumar Agarwal (Managing Director &amp; CEO): 33.68%</p> <p>Mr. Sandeep Tandon (Independent Director) : 0.00%</p> <p>Mrs. Kalpana Iyer (Independent Director) : 0.00%</p> <p>Mrs. Soumya Rajan (Independent Director) : 0.00%</p> <p>Mr. Ramachandra Kasargod Kamath (Nominee Director): 0.00%</p> <p>Mr. Vivek Vig (Nominee Director): 0.00%</p> <p><b>Key Managerial Personnel's (KMP's) Other than Directors</b></p> <p>Mr. Ghanshyam Rawat (Chief Financial Officer): 29.39%</p> <p>Mr. Sharad Pathak (Company Secretary): 32.09%</p>
3.	The percentage increase/ (decrease) in the Median Remuneration of Employees in the Financial Year	15.29%
4.	No. of Permanent Employees on the Rolls of the Company	5,222 (as on March 31, 2022)
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>The average percentage increase in the remuneration of all employees (other than KMP's) for the FY 2021-22 stood at 15.84% whereas the average percentage increase in the remuneration of KMP's was at 31.87%.</p> <p>Further there was no exceptional circumstance which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.</p>
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is affirmed that the remuneration is as per the Remuneration Policy of the Company.

**Notes:-**

- Calculations of remuneration have been made on comparable and annualized basis.
- The remuneration of KMP's was taken from the Audited Financial Statements for the Financial Year 2021-22.
- Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but doesn't include perquisite value of ESOPs exercised.

For and on behalf of the Board of Directors  
AAVAS FINANCIERS LIMITED

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)  
Date: May 05, 2022  
Place: Jaipur

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)  
Date: May 05, 2022  
Place: Zug, Switzerland

**DISCLOSURES OF EMPLOYEES PURSUANT TO SUB RULE 2 & 3 OF RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Employee Name	Designation	Nature of Employment	Qualification	Age (in years)	Total Experience	Previous Employer	Date of Joining	* Remuneration received (₹ In lakh)	Percentage of equity shares held (in %)	Whether any such employee is a relative of any director (if yes please provide)
1	Mr. Sushil Kumar Agarwal	Managing Director and CEO	Contractual	Chartered Accountant and Company Secretary	45	21 years	ICICI Bank Limited	23-Feb-11	309.64	3.48	No
2	Mr. Ghanshyam Rawat	Chief Financial Officer	Permanent	Chartered Accountant	54	26 years	First Blue Home Finance Limited	01-Jun-14	215.83	1.08	No
3	Mr. Sunku Ram Naresh	Chief Business Officer	Permanent	Bachelor of science and Master of Business Administration - both from Sri Krishnadevaraya University	49	26 years	Bajaj Finance Limited	02-Jun-15	171.85	0.39	No
4	Mr. Surendra Kumar Sihag	Ex. Vice President – Collection	Permanent	Bachelor of arts and LLB degree - both from University of Rajasthan and Master of Business Administration from the Periyar University	49	20 years	Bajaj Finance Limited	02-Jan-17	105.07	0.05	No
5	Mr. Ashutosh Atre	Chief Risk Officer	Permanent	Diploma in finance from SVKM's NMIMS University and diploma in mechanical engineering from Madhya Pradesh Board of Technical Education, Bhopal	52	32 years	Equitas Housing Finance Private Limited	14-May-14	104.61	0.13	No
6	Mrs. Jijy Oommen	Chief Technology Officer	Permanent	Computer science graduate with M.Tech from Birla Institute of Technology & Science, Pilani, and MBA from SMU and PMP from Project Management Institute –US.	44	24 years	Kinara Capital	12-Apr-21	80.04	0.00	No

Sr. No.	Employee Name	Designation	Nature of Employment	Qualification	Age (in years)	Total Experience	Previous Employer	Date of Joining	* Remuneration received (₹ In lakh)	Percentage of equity shares held (in %)	Whether any such employee is a relative of any director (if yes please provide)
7	Mr. Ripudaman Bhandral	Chief Credit Officer	Permanent	Masters in Finance & Control from Punjabi University, Patiala.	48	26 years	Indiabulls Housing Finance Limited	01-Jun-21	76.01	0.00	No
8	Mr. Rajeev Sinha	Ex. Vice President-Operations	Permanent	B.Sc. and Certified in Management of Customer Relationship from IIM Ahmedabad (EE)	46	22 Years	Indiabulls Housing Finance Limited	4-May-16	73.56	0.02	No
9	Mr. Mukesh Agarwal	Sr. Vice President-Accounts	Permanent	Chartered Accountant	46	23 years	D1 Williamson Magor Bio Fuel Ltd	17-Oct-12	69.62	0.02	No
10	Mr. Anand Gupta	Vice President – Collection	Permanent	Master Program in Business Management	47	24 Years	HDFC Bank Ltd	29-May-21	62.16	0.00	No

\*Remuneration includes part payment of Bonus pertaining to FY 2019-20 paid to eligible employees in FY 2021-22 .

**Notes:**

1. Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but does not include perquisite value of ESOPs exercised.
2. No employee of the company was employed for part of the year and was in receipt of remuneration, at a rate which, in the aggregate, was not less than ₹ 8.50 lakh per month.
3. No employee of the Company, employed throughout the financial year 2021-22 or part thereof, was in receipt of remuneration, at a rate which, in the aggregate, is in excess of that drawn by the Managing Director and CEO and holds by himself or along with his spouse and dependent children, more than two percent of the Equity Shares of the Company. However, as on March 31, 2022, Mr. Sushil Kumar Agarwal, Managing Director & CEO holds 3.48% of the shares in the Company and the Company has also made the required disclosures in this regard to the respective stock exchanges.

For and on behalf of the Board of Directors  
**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)  
Date: May 05, 2022  
Place: Jaipur

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)  
Date: May 05, 2022  
Place: Zug, Switzerland



## Annexure-9

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

### 1. A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY.

Corporate Social Responsibility (CSR) has been an intrinsic part of Aavas's philosophy. Being a socially responsible business organization, Company continue to push the bar higher through CSR activities. The Company believe that it is our moral responsibility to give back to the community, which in so many ways has contributed to our success and helped to our business grow.

The CSR policy of the Company relates to the activities to be undertaken by the Company, which is in accordance with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 ("the Act").

All CSR interventions are conceived and implemented through a focused approach towards target beneficiaries for generating maximum impact. The CSR initiatives of the Company are carried out either in partnership with credible implementing agencies or directly by project management teams or through its foundation.

The Company has established 'Aavas Foundation' ("The Foundation") to take forward the Company's CSR Vision and implement social programmes in a far more collaborative and participative way.

The Company is committed towards making a positive impact in sectors such as Rural & Community Development, Promoting Education, Healthcare, Eradicating hunger etc. Efforts and initiatives have been taken related to conservation, protection and amelioration of environment from over exploitation of resources.

### 2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation/ Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Mr. Kartikeya Dhruv Kaji	Chairperson (Non-Executive Promoter Nominee Director)	2	2
2.	Mrs. Kalpana Iyer	Member (Independent Director)	2	2
3.	Mr. Vivek Vig	Member (Non-Executive Nominee Director)	2	2
4.	Mr. Sushil Kumar Agarwal	Member (Managing Director & CEO)	2	2

### 3. PROVIDE THE WEB-LINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

The composition of CSR Committee is available at Our Team <https://www.aavas.in/meet-my-team>

The CSR Policy of the Company is available at <https://www.aavas.in/csr-policy>

### 4. PROVIDE THE DETAILS OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 IF APPLICABLE (ATTACH THE REPORT).

Not Applicable

5. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1.	2020-21	NA	NA

6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

₹ 30,064.26 lakh

7. (a) TWO PERCENT OF AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

₹ 601.29 lakh

(b) SURPLUS ARISING OUT OF THE CSR PROJECTS OR PROGRAMMES OR ACTIVITIES OF THE PREVIOUS FINANCIAL YEARS.

NA

(c) AMOUNT REQUIRED TO BE SET OFF FOR THE FINANCIAL YEAR, IF ANY.

NA

(d) TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR (7a + 7b - 7c)

₹ 601.29 lakh

8. (a) CSR AMOUNT SPENT OR UNSPENT FOR THE FINANCIAL YEAR:

Total Amount Spent for the Financial Year (in lakh)	Amount Unspent (in Lakh)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
552.86	48.43	29-04-2022	NA	NA	NA

## (b) DETAILS OF CSR AMOUNT SPENT AGAINST ONGOING PROJECTS FOR THE FINANCIAL YEAR:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
Sr. No. of the Project	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Project duration	Amount allocated for the project (In lakh)	Amount spent in the current financial Year (In lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (In lakh)	Mode of Implementation Direct (Yes/No)	Mode of Implementation- Through Implementing Agency		
			State	District						Name		
										Registration number		
1	Project Vishwakarma	Reducing inequalities faced by socially and economically backward groups	Yes	Rajasthan	Jaipur, Sikar, Alwar, Bhilwara, Udaipur	3 years	15.00	03.00	0.00	No	Aavas Foundation	CSR00004365
2	Gram Siddhi	Skill Development, Women Empowerment, Rural Development	Yes	Rajasthan, Gujarat	Jaipur, Sikar, Ahmedabad	3 years	15.00	06.00	0.00	No	Aavas Foundation	CSR00004365
	<b>Total</b>						<b>30.00</b>	<b>09.00</b>	<b>0.00</b>			

## (c) DETAILS OF CSR AMOUNT SPENT AGAINST OTHER THAN ONGOING PROJECTS FOR THE FINANCIAL YEAR:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project	Amount spent for the project (In lakh)	Mode of Implementation Direct (Yes/No)	Mode of Implementation- Through Implementing Agency		
			State	District			Name		
							Registration number		
1	Green Housing and Solar system installation	Environment conservation and Ecological balance	Yes	Rajasthan	Jaipur	119	No	Aavas Foundation	CSR00004365
2	Community infrastructure development	Rural Development & Community Development	Yes	Rajasthan, Jammu & Kashmir	Jaipur, Sikar, Jammu	110	No	Aavas Foundation	CSR00004365
3	Healthcare & Wellness	Fight against COVID19	Yes	Rajasthan	All Districts	30	No	Aavas Foundation	CSR00004365
4	Aavas Van	Environment conservation and Ecological balance	Yes	Rajasthan	Jaipur	30	No	Aavas Foundation	CSR00004365
5	Aavas Anna Daan	Eradicating hunger	Yes	Rajasthan	Jaipur	30	No	Parmarth Avam Aadyatmik samiti	CSR00010301
6	Cyber security awareness	Promoting Education	Yes	Rajasthan	All Districts	25	No	Aavas Foundation	CSR00004365
7	Education & Holistic development	Promoting Education	Yes	Rajasthan	Jaipur	24.52	No	Prerna Human & Rural Development	CSR00012147
8	Education & Holistic development	Promoting Education	Yes	Rajasthan	Jaipur	22.19	No	Prerna Human & Rural Development	CSR00012147

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (In lakh)	Mode of Implementation Direct (Yes/No)	Mode of Implementing Agency Name	CSR Registration number
				State	District				
9	Healthcare & Wellness	Fight against COVID19	No	India	India	21	No	PM Cares Fund	N/A
10	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur, Sikar	18	No	Aavas Foundation	CSR00004365
11	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	13	No	Round Table India Trust	CSR000000895
12	Healthcare & Wellness	Promoting Healthcare	No	Karnataka	Bangalore	10.5	No	Sri Saiya sai Health & Education Trust	CSR00001048
13	Plantation	Environment conservation and Ecological balance	Yes	Rajasthan	Jaipur	10.07	No	Shri Krishna Balram Seva Trust	CSR000005438
14	Healthcare & Wellness	Fight against COVID19	No	Rajasthan	Jaipur	10	No	Aavas Foundation	CSR00004365
15	Healthcare & Wellness	Promoting Healthcare	No	Uttarakhand	Uttarkashi	10	No	Swami Sivanand Seva Samiti	CSR000026116
16	Healthcare & Wellness	Fight against COVID19	No	Andhra Pradesh	Hyderabad	7.8	No	Rural Development Trust	CSR000003740
17	Education & Holastic development	Promoting Education	Yes	Rajasthan	Ajmer	7.5	No	HECARDS	CSR00024208
18	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Abhiyan Bharat Foundation	CSR00017482
19	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Arsha Vidya Tirth	CSR00010071
20	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Hare Krishna Movement	CSR000002414
21	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	5	No	Faith Sansthan	CSR00018667
22	Education & Holastic development	Promoting Education	Yes	Rajasthan	Jaipur	4.4	No	Hope & Beyond	CSR00017295
23	Community infrastructure development	Rural Development & Community Development	Yes	Rajasthan	Jaipur	4.34	Yes	Water Coolers	N/A
24	Rural Development & Community Development	Rural Development	Yes	Rajasthan	Tonk	3.068	No	Hare Krishna Community	CSR00010537
25	Aavas Anna Daan	Eradicating hunger	Yes	Rajasthan	Jaipur	2	Yes	4 <sup>th</sup> Wall Studio	N/A
26	Healthcare & Wellness	Fight against COVID19	No	Rajasthan	Udaipur	1.51	No	Taj Public service welfare trust	CSR000000540
27	Healthcare & Wellness	Promoting Healthcare	Yes	Rajasthan	Jaipur	0.805	Yes	Mr. Mangal Singh	N/A
	Total					534.70			

**(d) AMOUNT SPENT IN ADMINISTRATIVE OVERHEADS**

₹ 19.42 lakh

**(e) AMOUNT SPENT ON IMPACT ASSESSMENT, IF APPLICABLE**

Not Applicable

**(f) TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR (8b+8c+8d+8e)**

₹ 552.86\* lakh \*(exclusive of ₹ 10.27 lakh remained unspent lying with an IA)

**(g) EXCESS AMOUNT FOR SET OFF, IF ANY:**

Sr. No.	Particulars	Amount ( In lakh)
(i)	Two percent of average net profit of the Company as per Section 135(5)	601.29
(ii)	Total amount spent for the Financial Year	552.86
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set of in succeeding financial year [(iii)-(iv)]	-

**9. (a) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:**

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in Succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2018-19	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2020-21	-	-	-	-	-	-

**(b) DETAILS OF CSR AMOUNT SPENT IN THE FINANCIAL YEAR FOR ONGOING PROJECTS OF THE PRECEDING FINANCIAL YEAR(S):**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in lakh)	Amount spent on the project in the reporting Financial Year (in lakh)	Cumulative amount spent at the end of reporting Financial Year (in lakh)	Status of the project Completed/ Ongoing
1	AFPVS	Project Vishwakarma	2019-20	3 Years	170.00	03.00	82.13	Ongoing
2	AFGS	Gram Siddhi	2020-21	3 Years	270.00	06.00	136.00	Ongoing
	<b>Total</b>				<b>440.00</b>	<b>09.00</b>	<b>218.13</b>	

**10. IN CASE OF CREATION OR ACQUISITION OF CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR (ASSET-WISE DETAILS).**

**(a) DATE OF CREATION OR ACQUISITION OF THE CAPITAL ASSET(S)**

Not Applicable

**(b) AMOUNT OF CSR SPENT FOR CREATION OR ACQUISITION OF CAPITAL ASSET**

Not Applicable

**(c) DETAILS OF THE ENTITY OR PUBLIC AUTHORITY OR BENEFICIARY UNDER WHOSE NAME SUCH CAPITAL ASSET IS REGISTERED, THEIR ADDRESS ETC.**

Not Applicable

**(d) PROVIDE DETAILS OF THE CAPITAL ASSET(S) CREATED OR ACQUIRED (INCLUDING COMPLETE ADDRESS AND LOCATION OF THE CAPITAL ASSET)**

Not Applicable

**11. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5).**

The Company was actively working in its CSR projects in the field of community development, health, education & others. Due to unfortunate onslaught of second and third wave of Covid-19 during the financial year 2021-22, in which the movement was restricted and business operations were impacted because of restrictions imposed by government and local authorities, the Company's ongoing field projects like Vishwakarma, Gram Siddhi were delayed. Hence, the unspent amount of ₹ 48.43 lakh has been transferred to unspent CSR a/c and the same will be spent in the financial year 2022-23 on ongoing CSR projects of the Company in accordance with its CSR policy.

For and on behalf of the Board of Directors

**AAVAS FINANCIERS LIMITED**

**Sushil Kumar Agarwal**  
Managing Director & CEO  
(DIN: 03154532)

Date: May 05, 2022  
Place: Jaipur

**Kartikeya Dhruv Kaji**  
Promoter Nominee Director and  
Chairperson of CSR Committee  
(DIN: 07641723)

Date: May 05, 2022  
Place: Mumbai

**Manas Tandon**  
Promoter Nominee Director  
(DIN: 05254602)

Date: May 05, 2022  
Place: Zug, Switzerland

## Annexure-10

# POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS

### 1. Objective of Policy

The Board of Directors ("the Board") of Aavas Financiers Limited (hereinafter referred to 'the Company' or 'AFL'), in pursuance of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and other applicable provisions, as amended from time to time, has adopted Related Party Transaction Policy ("this policy") to regulate the transactions between the Company and its Related Parties. The Board of Directors (the "Board") further recognizes that transaction with related party(s) could raise conflicts of interest and therefore has adopted this Related Party Transaction Policy (this "Policy") to be followed in connection with all related party transactions involving the Company. All Transactions with Related Party shall be subject to review and approval in accordance with the procedures set forth below, inter-alia, the provisions of applicable laws.

### 2. Definitions

Unless the term(s) otherwise defined, the following terms shall have the following meaning assigned to them wherever appearing in the policy:

- i) **"Applicable Laws"** includes (a) the Companies Act, 2013 ('the Act') and rules made thereunder; (b) the SEBI LODR Regulations (c) Accounting Standards (d) National Housing Bank (NHB) Act, 1987, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India (RBI) and Notifications issued by RBI/NHB from time to time and (e) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- ii) **"Arm's length transaction"** shall mean transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. (Explanation to Section 188(1) of Act)
- iii) **"Audit Committee"** means the committee of Board of Directors of the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder and SEBI LODR.
- iv) **"Control"**
  - a) ownership, directly or indirectly, of more than one half of voting power of an enterprise, or
  - b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
  - c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.
- v) **"Key Managerial Personnel" or ("KMP")** shall have the meaning as defined in the Act.
- vi) **"Material Modification"** shall mean a 10% or more increase in the original value/ consideration of any Related Party Transaction which was approved by the Audit Committee/Shareholders of the Company, as the case may be.
- vii) **Material Related Party Transaction** means a transaction with a related party if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds rupees one thousand crore or ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company, whichever is lower.  
  
Notwithstanding anything contained above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed Five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company."
- viii) **Omnibus approval**  
  
In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company and on Arm's length basis, the Independent Directors of the Audit Committee

may grant an omnibus approval for such Related Party Transactions proposed to be entered into by Company / AFL, subject to the following conditions, namely -

- (a) the audit committee shall, after obtaining approval of Board, lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need and justification for such omnibus approval and that such approval is in the interest of the entity;
- (c) the omnibus approval shall specify:
  - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
  - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
  - (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
  - (iv) such other conditions as may be specified by the law from time to time.
- (d) Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
- (f) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

Where the need for proposed Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹ 1 crore per transaction;

In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board;

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it.

#### ix) "Related Party"

In relation to the Company, means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

#### "Provided that:

- a) any person or entity forming a part of promoter or promoter group of the Company or
- b) Any person or any entity holding equity shares of
  - (i) 20% or more or
  - (ii) 10% or more (with effect from April 01, 2023) in the Company either directly or on beneficial interest basis as provided under section 89 of the Companies Act, 2013, at any time, during the immediate preceding financial year Shall be deemed to be a related party."

#### x) "Related Party Transaction" (hereinafter referred as "RPTs")

As per SEBI (LODR), "related party transaction" means a transaction involving a transfer of resources, services or obligations between:

- (i) Company or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
- (ii) Company or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries, (with effect from April 1, 2023);



regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

**Exemptions: ("Transactions not to be considered as Related Party Transactions"):**

Provided that the following shall not be a related party transaction:

- (a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - (i) payment of dividend;
  - (ii) subdivision or consolidation of securities;
  - (iii) issuance of securities by way of a rights issue or a bonus issue; and
  - (iv) buy-back of securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board:

As per the Act, related party transaction will include following specific transactions:

- i) sale, purchase or supply of any goods or materials;
- ii) selling or otherwise disposing of, or buying, property of any kind;
- iii) leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- vii) Underwriting the subscription of any securities or derivatives thereof, of the company.

**xi) Relative**

In terms of Section 2(77) of the Act read with the rules prescribed therein.

**xii) "Transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

**xiii) "Undertaking"** shall mean an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent. of the total income of the company during the previous financial year

### 3. Procedures

#### 3.1 Audit Committee

3.1.1 Each of AFL directors and KMPs are instructed to inform the Company Secretary or Management of the Company of any potential Related Party transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

3.1.2 All related party transactions and subsequent material modifications shall require approval of those members of the Audit Committee who are Independent Directors irrespective of the RPT being in ordinary course of business or arm length basis.

3.1.3 Prior approval of the Audit Committee shall not be required for a Related Party Transaction to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of the SEBI LODR, 2015 are applicable to such listed subsidiary. For such Related Party Transactions, the prior approval of the audit committee of the listed subsidiary shall suffice.

3.1.4 The Audit Committee shall review the status of long term (more than one year) or recurring Related Party Transactions on an annual basis.

3.1.5 To review a Related Party Transaction, the Audit Committee shall be provided with the following information:

- a) Type, material terms and particulars of the proposed transaction;
- b) Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise);

- c) Tenure of the proposed transaction (particular tenure shall be specified);
- d) Value of the proposed transaction;
- e) The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f) If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
- (i) details of the source of funds in connection with the proposed transaction;
  - (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
    - nature of indebtedness;
    - cost of funds; and
    - tenure;
  - (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - (iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction.
- g) Justification as to why the Related Party Transaction is in the interest of the Company;
- h) A copy of the valuation or other external party report on which the management has been relied upon for the transaction(s);
- i) Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction on a voluntary basis;
- j) Any other information that may be relevant.
- 3.1.6 The Related Party Transactions which are not in the ordinary course of business and/or not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors for its approval or recommending to the shareholders' of company for their approval.
- 3.1.7 If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.
- 3.1.8 The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.
- 3.1.9 A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.
- 3.1.10 The Committee may decide to get advice, certification, study report, transfer pricing report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.
- 3.1.11 Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.
- 3.1.12 The Audit Committee may review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.
- 3.1.13 A related party transaction to which the subsidiary of the Company is a party but the Company is not a party, shall require prior approval of the audit committee of the company, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds:
- (i) 10% of the annual consolidated turnover, as per the last audited financial statements of the company;
  - (ii) 10% of the annual standalone turnover, as per the last audited financial statements of the subsidiary (with effect from April 01, 2023)
- Provided that the aforesaid approval shall not be required if Regulation 23 and Regulation 15 (2) of SEBI LODR are applicable on the subsidiary of the Company.

### 3.2 Board of Directors

3.2.1 Approval of the Board shall not be required for the RPTs to be entered into in ordinary course of business and at arm's length basis.

3.2.2 All related parties with whom the company intends to enter into transaction as recommended by Audit Committee and which are other than in ordinary course of business or arm length basis, will require prior approval of the Board of Directors.

3.2.3 The Board of Directors shall review and recommend all transactions in terms of section 188(1) requiring shareholders' prior approval.

3.2.4 Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3.2.5 Following minimum information would be placed before the Board for enabling the Board to consider and approve the Related Party Transaction:

- The Name of the Related Party and nature of relationship;
- The nature, duration and particulars of the contract or arrangement;
- The material terms of the contract or arrangement including the value, if any;

Any advance paid or received for the contract or arrangement, if any;

- The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
- Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

## 4. Approval of Shareholders

4.1 The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.

4.2 For the purposes of first proviso to sub-section (1) of Section 188 of Act, except with the prior approval of the

company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into,-

4.2.1 as contracts or arrangements with respect to clauses (a) to (e) of sub-Section (1) of section 188 of Act, with criteria as mention below-

i) sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to ten percent or more of the turnover/Revenue of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Act.

ai) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Act.

bi) leasing of property any kind amounting to ten percent of turnover or more of the net worth of company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Act;

iv) availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188 of Act.

4.2.2 is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of Section 188 of Act.

4.2.3 is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as as mentioned in clause (g) of sub-section (1) of Section 188 of Act.

4.3 All material related party transactions and subsequent material modifications will require prior shareholders' approval and no related party shall vote to approve such resolution in terms of applicable laws as on date of such approval.

Provided that the aforesaid prior approval of shareholders will not be required if the provisions of Regulation 23 and Regulation 15 (2) of the SEBI LODR Regulations are applicable on the listed subsidiary.

4.4 The explanatory statement to be annexed to the notice of general meeting in this regards shall contain following particulars, inter-alia:

- i. name of the related party;
- ii. name of the director or key managerial personnel who is related, if any;
- iii. nature of relationship;
- iv. nature, material terms, monetary value and particulars of the contract or arrangement;
- v. any other information relevant or important for the members to take a decision on the proposed resolution.
- vi. A summary of the information provided by the management of the Company to the Audit Committee, as is required under this Policy;
- vii. Justification for why the proposed transaction is in the interest of the Company;
- viii. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
- ix. details of the source of funds in connection with the proposed transaction;
- x. where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments:
  - nature of indebtedness;
  - cost of funds; and
  - tenure;
- xi. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
- xii. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the Related Party Transaction
- xiii. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- xiv. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed Related Party Transaction, on a voluntary basis;

xv. Any other information that may be relevant

In such a case as mentioned above, any member of the Company who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction whether such entity is a Related Party to the particular transaction or not.

This requirement for shareholders' approval shall not apply in respect of a resolution plan approved under section 31 of the Insolvency and Bankruptcy Code, 2016, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

## 5. Disclosure

Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.

## 6. Reporting

Particulars of RPTs shall be disclosed in such manner as may be prescribed under the applicable laws and/or the Act (including rules made thereunder), from time to time

This Policy shall be disclosed on the Company's website and a web link thereto shall be provided in the Annual Report of the Company.

## 7. Review of Policy

The Board may periodically review this Policy and may recommend amendments to this Policy as it deems appropriate.

## 8. Administrative Measures

Audit Committee / Board shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, these Policies and Procedures.

The Audit Committee / Board as applicable, shall evaluate such transaction and may decide such action as it may consider appropriate including ratification, revision or termination of the Related Party Transaction.

In connection with such evaluation and review of the Related Party Transaction, the Audit Committee / Board as applicable, shall have the authority to modify or waive any procedural requirements of this Policy.

## 9. Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to confirm to the law, rule, regulation or standard.

## 10. Dissemination of Information

AFL shall upload this Policy on its website i.e www.aavas.in AFL shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, Rules made thereunder.

## 11. Implementation

The policy will be implemented by the management of the Company from the date it is approved by the Board. All Related Party Transaction entered prior to the date of approval of this Policy and Procedures shall be subject to review by the Audit Committee.

## 12. Exclusion of Policy

This policy shall not be applicable to following related party transactions:

- a. Transactions entered into with Related Parties in ordinary course of business and on arm's length basis;
- b. Transactions entered into between Holding Company and Wholly Owned Subsidiary Company whose

accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

- c. transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.
- d. The issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- e. The following corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding:
  - a. payment of dividend;
  - b. subdivision or consolidation of securities;
  - c. issuance of securities by way of a rights issue or a bonus issue; and
  - d. buy-back of securities.
- f. Transactions entered into between (a) the Company and its wholly owned subsidiary, and (b) two wholly owned subsidiaries of the Company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval

## Annexure-11

**BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT****SECTION A: GENERAL DISCLOSURES****I. Details**

1	Corporate Identity Number (CIN) of the Company:	L65922RJ2011PLC034297
2	Name of the Company:	Aavas Financiers Limited
3	Year of incorporation:	2011
4	Registered office address:	201-202, 2 <sup>nd</sup> Floor, Southend Square, Mansarovar Industrial Area, Jaipur - 302 020, Rajasthan, India
5	Corporate address:	201-202, 2 <sup>nd</sup> Floor, Southend Square, Mansarovar Industrial Area, Jaipur - 302 020, Rajasthan, India
6	E-mail:	info@aavas.in
7	Telephone:	0141-4659239
8	Website:	www.aavas.in
9	Financial year for which reporting is being done:	FY 2021-22
10	Name of the Stock Exchange(s) where shares are listed:	Equity shares are listed on National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE).
11	Paid-up Capital:	₹ 78,93,64,510/- as on 31 March 2022
12	Name and contact details of the person who may be contacted in case of any queries on the BRSR report:	Mr. Sharad Pathak investorrelations@aavas.in
13	Reporting boundary:	Disclosures made in this report are on a standalone basis and pertain only to Aavas Financiers Limited.

**II. Products/services****14. Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial and Insurance service	Other Financial Activities	100

**15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	The Company's business is providing home loans for the purchase or construction of residential properties and for the extension and repair of existing housing units.  In addition, the Company is also offering mortgage-backed MSME and home equity loans.	64910	100

**III. Operations****16. Number of locations where plants and/or operations/offices of the entity are situated:**

Location	Number of plants	Number of offices	Total
National	N.A.*	321	321
International		Nil	Nil

\*The Company is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and hence does not undertake any manufacturing activity.

## 17. Markets served by the entity:

## a. Number of locations

Locations	Number
National (No. of States)	13
International (No. of Countries)	Nil

## a. What is the contribution of exports as a percentage of the total turnover of the entity?

Not Applicable

## c. A brief on types of customers

The Company is engaged in the business of providing housing loans primarily in the un-served, unreached and under-served markets, to customers belonging to low and middle-income segment in semi-urban and rural areas. These are credit worthy customers that lack financial inclusion because of underdeveloped banking facilities or due to lack of documents like IT returns, salary slips, etc. and hence are not serviced by other mortgage financiers.

## IV. Employees

## 18. Details as at the end of Financial Year:

## a. Employees (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)*	5,222	5,048	96.67	174	3.33
2.	Other than Permanent (E)	1,206	1,157	95.94	49	4.06
3.	Total Employees (D+E)	6,428	6,205	96.53	223	3.47
<b>WORKERS</b>						
1.	Permanent (F)	-	-	-	-	-
2.	Other than Permanent (G)	-	-	-	-	-
3.	Total Workers (F+G)	-	-	-	-	-

\*Note: It includes management trainees and apprentices.

## b. Differently abled Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	3	3	100	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total Employees (D+E)	3	3	100	-	-
<b>DIFFERENTLY ABLED WORKERS</b>						
1.	Permanent (F)	-	-	-	-	-
2.	Other than Permanent (G)	-	-	-	-	-
3.	Total Workers (F+G)	-	-	-	-	-

## 19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22.22
Key Management Personnel	3	-	-

\*Key Managerial Personnel includes Mr. Sushil Kumar Agarwal, who is also the Managing Director and CEO of the Company.

## 20. Turnover rate for permanent employees

	FY 2021-22			FY 2020-21			FY 2019-20		
	(Turnover rate in current FY)			(Turnover rate in previous FY)			(Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	45.82%	29.86%	45.34%	38.13%	21.89%	37.72%	28.39%	22.09%	28.21%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

## V. Holding, Subsidiary and Associate Companies (including joint ventures)

## 21. Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Aavas Finserv Limited	Subsidiary	100%	No

## VI. CSR Details

## 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in ₹) 1,305.56 crore

(iii) Net worth (in ₹) 2,808.64 crore

## VII. Transparency and Disclosures Compliances

## 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) If yes, then provide web-link for grievance redressal policy.*	FY Current Financial Year			FY Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes.	-	-	-	-	-	-
Investors (other than shareholders)	Yes.	-	-	-	-	-	-
Shareholders	Yes.	-	-	-	-	-	-
Employees	Yes.	-	-	-	-	-	-
Customers	Yes	294	-	-	255	1	Repeated complaint resolved during the Current Financial Year.
Value Chain Partners	Yes.	-	-	-	-	-	-

\*Some of the policies on the Company's Conduct with its stakeholders, including grievance mechanisms are placed on the Company's website. Here are link to grievance redressal mechanisms for investors <https://www.aavas.in/details-of-debenture-trustee-rta-and-grievance> and for customers <https://www.aavas.in/resource/grievance-redressal-policy>. The Company has constituted a Stakeholder Relationship Committee for redressal of grievances of its security holders. In addition, there are internal policy placed on the intranet of the Company for redressal of grievances of employees.



## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk, along with its financial implications, as per the following format:

S. No.	Material issue identified	Risk or opportunity	Rationale for identifying the risk / opportunity	Approach to adapt or mitigate	Positive & Negative Implications
1.	Affordable Housing	Opportunity	Affordable Housing is the need of hour. The government has acted as a facilitator to make the segment an alluring venture for private developers and introduced several incentives and schemes over the years.	The Company possesses strong customer assessment standards which helps to moderate risks. Measures for risk mitigation include verification of credit history from credit information bureaus, probability of default assessment etc.  The Company has maintained a lower delinquency percentage, compared to the industrial average, particularly in the affordable segment.	Positive: India's urban population is estimated to double between 2018 and 2050. This shall be coupled with rising per capita income and nuclearization of families, which gives immense scope to company under Affordable Housing.
2.	Lending to Lower and Middle level customers having un-documented Income.	Risk	Company is primarily working with Lower and Middle level customer from under-served and un-served areas, which largely comprises un-documented Income.	Company has created a robust risk management framework with the help of technology and analytics.  Company has Strong underwriting skills which helps to mitigate credit risks. Using conservative loan to value parameters and strong customer assessment standards also support company to mitigate credit risk.	Negative: Undocumented history of receiving income makes it difficult to determine ability of customers to receive stable income, in future.
3.	Corporate Social Responsibility	Opportunity	Social welfare activities undertaken by a Company not only improves its corporate goodwill and social reputation, but also helps a Company to resonate with community sentiments and aspirations, which helps in its sustainable growth in the longer run.	The Company recognizes the importance of being socially responsible and making a difference in lives of people. The Company implements its CSR initiatives through Aavas Foundation as well as other implementing partners. For further details, kindly refer to Annexure 9 of the Director's Report.	Positive: Social activities help build constructive reputation and public trust.

**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes, all corporate governance policies of the Company are approved by the Board.								
c. Web Link of the Policies, if available	www.aavas.in								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes, the Company has translated the policies as applicable and imbibed the same into procedures and practices in all spheres of activities that the Company undertakes.								
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes. Scope of some key policies, such as Environment and Social Policy, Vishakha Policy and Vigil Mechanism is broad enough to cover value chain partners as well within their ambit.								
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Not Applicable.								

**5. Specific goals, commitments, targets set by the entity: (In regard to all of the 9 principles)**

- Housing for All: To empower and upgrade lives of low- and middle-income households by providing them accessible home loans and setting pioneering benchmarks in unserved and underserved markets. The Company is expanding its branch network and penetrating more geographies and segments where there is need for affordable housing finance.
- The Company is committed to working towards a sustainable pathway and it is keen to increase its financing towards customer who wish to build green and sustainable homes. The Company is also working towards transition to environment friendly and sustainable office buildings in a phased manner.
- We believe in nurturing employees to perform passionately with a sense of ownership. The Company is committed to improve employee satisfaction, career development and increased diversity and inclusion at workplace, though improved policy level framework and implementation.
- Under CSR, the Company is committed to scaling up its existing programs, to reach more and more areas and touch more lives, while also constantly engaging with existing beneficiaries to bring real impact in their lives.

**6. Performance of the entity against specific commitments, goals, targets:**

- The Company has increased its branch network and is serving more than 1,29,000+ active customers.
- The Company is now proud to be certified for "Great Place To Work", which is symbolic of sustained high trust and high-performance culture across the organization. We have started recruitment of differently abled persons and are also making efforts towards diversity and inclusion, with increasing presence of women at all levels, and especially at the higher levels of managerial hierarchy.
- The Company is gearing up for deepening its environmental commitments by promoting energy efficient and sustainably constructed homes. The Head Office building of the Company is certified with LEED Silver Certification.
- Under CSR, the Company has been improving lives and supporting dreams of numerous rural women, construction workers, children, and rural youth. It has touched 16 lakh+ lives in the last two years.

## Governance, leadership and oversight

### 7. Director's Statement

This journey of bringing smiles on millions of faces began with the inception of Aavas itself, as the values of compassion, kindness and philanthropy were embedded into our core values. We have always encouraged a culture of community service and consciousness towards social causes. In fact, during the COVID-induced humanitarian crisis, we witnessed commendable voluntarism from our employees towards mitigating the crisis.

In 2019, we gave a more concrete and independent form to our social welfare endeavors with the establishment of Aavas Foundation. At present, the Company undertakes developmental and welfare activities directly or through Aavas Foundation. We are keen on playing our part as social organization, by taking some significant steps towards good governance customer happiness, employee wellbeing, and environmental care, in addition to philanthropic initiatives.

For top 1000 listed companies, Business Responsibility and Sustainability Reporting (BRSR) was declared voluntary for financial year 2021-22. However, at Aavas it was a collective decision to voluntarily adopt BRSR ahead of the schedule. This report illustrates how we bring our mission to life through business; it covers our Environmental, Social and Governance (ESG) activities, performance, and approach for Financial year 2021-22.

### 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Mr. Sushil Kumar Agarwal Managing Director and CEO Telephone number: 0141-4659239 Email: md@aavas.in	DIN: 03154532
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### 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes. The Managing Director and senior management of the Company monitors various aspects of social, environmental, governance and economic responsibilities of the Corporation on a continuous basis. The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis. Our Managing Director and CEO oversees overall BR of the Company. The BR performance of the Company is assessed by the Risk Management Committee.

### 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The Company periodically reviews all policies and necessary changes are made to the policies and processes as per the need.																	
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company adheres to the existing regulations as applicable.																	

### 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

No. The processes and compliances, however, may be subject to scrutiny by internal auditors and regulatory compliances, as applicable. From a best practices perspective as well as from a risk perspective, policies are periodically evaluated and updated by the senior management and the Board.

## 12. If the answer to any of the above question is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	-	-	-	-	-	-	Yes	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE****Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.****Essential Indicators****1. Percentage coverage by training and awareness programs on any of the principles during the financial year:**

The Company has been organizing regular in-house training programs for all employees at all levels besides also nominating employees to attend external training programs across various specialized functions. Further, the Company sponsors its employees to pursue professional courses from reputed institutions to ensure career enrichment and personal development.

The Company provides induction training to all its new recruits to help them better understand the mission, vision, and values of the Company and to help them align with its culture. Due to the pandemic induced lock-down the Company started conducting the Induction program virtually. In these virtual sessions we took new employees through the Aavas journey, HR Policies, Housing Industry, Product Knowledge, Customer Service, and many other aspects.

‘Gurukul Monday Morning Learning Hour’ is a regular practice within the Company for dissemination of new process upgrades, product launches, motivational webinars, and POSH trainings. ‘Parivartan’ has been launched as a management development program designed for enhancing the skills of mid-level managerial cadre. This is a three-day residential program with special focus on interpersonal skills, leadership, motivating and inspiring teams, effective conflict management and people development. Besides the above, the Company organizes several other training programs across different departments and cadres, such as the Training the Trainer Program, the Branch Head Orientation and Onboarding Program, the Step-Up Program for frontline sales team, the RO Nurturing Program etc.

Segment	Total number of trainings and awareness programs held	Topics / principles covered under the training	% of persons in respective category covered by the awareness programs
Board of Directors Key Managerial Personnel	total 177 hours	High Impact Leadership Development, Objective & Key Results (OKR) Strategic Meet and Familiarization Program for Independent Directors	100%
Employees other than BoD and KMPs	total 45,899 hours	Objective & Key Results (OKR) training, Monday Morning Learning Hour, IIM, edX, Parivartan, Induction, Refresher Training, Train the Trainer etc.	100%
Workers	NA	NA	NA

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	-	-	-	-
Settlement	Nil	-	-	-	-
Compounding fee	Nil	-	-	-	-

Non-monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	-	-	-
Punishment	Nil	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/enforcement agencies/judicial institutions
-	-

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the Company has put in place an Anti-bribery and Corruption Policy. The Policy has been developed in alignment with its Code of Conduct and various other policies, as well as rules and regulations on anti-bribery and anti-corruption in India. The Policy states that the Company shall have zero tolerance towards bribery and corruption. The Policy applies to all individuals working at all levels and grades including directors, senior management, employees, and all other persons directly associated with the Company. The policy is available on the website of the Company at [www.aavas.in](http://www.aavas.in).

5. Number of Directors/KMPs/employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

	FY 2021-22	FY 2020-21
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

## 6. Details of complaints with regard to conflict of interest:

	FY 2021-22		FY 2020-21	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	-	-	-	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	-	-	-

## 7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable.

## Leadership Indicators

## 1. Awareness programs conducted for value chain partners on any of the Principles during the financial year:

During the year under review, two 'Green Samvaad' sessions were held for Aavas Mitra, i.e. building contractors, masons, etc. with the aim of providing awareness and training on green homes and usage of environment-friendly material for building such homes. A total of 62 persons attended the two sessions.

## 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

The Code of Conduct of the Company addresses the issue of Conflict of Interest among Board of Directors. Under the said code, the Board of Directors and Senior Management Personnel are prohibited from engaging in any transaction or activity that may conflict with interests of the Company. They are also prohibited from taking up outside employment, as well as any position or engagement that may be prejudicial to the interests of the Company. Here is a link to the Code of Conduct on website: <https://www.aavas.in/code-of-conduct>.

## Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

## Essential Indicators

## 1. Percentage of R&amp;D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&amp;D and capex investments made by the entity, respectively:

	Current	Previous	Details of improvements in environmental and social impacts
	Financial Year	Financial Year	
R&D	-	-	<b>Green Housing Program:</b> The Company has taken an important step towards climate action and sustainable use of natural resources. Under this program, the Company in partnership with International Finance Corporation (IFC), a member for the World Bank Group, is conducting a comprehensive scrutiny of viability for affordable 'green homes' in India. The intention is to tap into the potential for emissions reduction and sustainable use of water and electricity with the help of environment friendly architecture of individual homes. The study aims to create a demonstrable example for affordable green housing for lower- and middle-income households (including women).
Capex	-	-	Given the nature of business of the Company, the relevance of the above is largely restricted to information technology (IT) capex. In FY 2021-22, close to 1.2% of the total revenue was incurred towards IT hardware and software, which facilitated enhanced digital initiatives of the Company. This not only brought in increased efficiencies but also reduced the Company's paper usage across its operations.

**2. Does the entity have procedures in place for sustainable sourcing?**

Yes. As the nature of business of the Company is providing housing finance, at a corporate level, consumption of resources is limited to running the operations. The Company, however, extensively monitors energy consumption and waste generation as a part of its sustainability roadmap. The Company has equipped all its branches with energy saving IT equipment, power saving lamps, high end copier machines and digitized operations with minimal paperwork. The Company's web portal as well as mobile application facilitates online application of home loans to save time, energy, and resources in disbursal process.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

As the nature of business of the Company is providing housing finance, there is no hazardous waste and the only key waste products are paper, plastic and e-waste. In the Current Financial year, approximately 5.364 metric tonnes of waste was generated at the Head Office out of which 1.696 metric tonnes of plastic waste was put to reuse. The Company engages with certified e-waste handlers for disposal of e-waste.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable.

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

The primary business activity of the Company is providing housing finance. The loan cycle is a sequential process ranging from sourcing of the loan to approval, disbursement, servicing, and repayment of the loan.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Not applicable.

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Not Applicable.

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:**

Not Applicable.

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Not Applicable.

**Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

**1. a. Details of measures for well-being of employees.**

The Company is now "Great Place To Work" certified, with a wide range of employee wellbeing initiatives, taking care of social security, physical and mental wellbeing of employees as well as their families. The Company has a Group Term Life Insurance Policy and Medclaim policy covering its eligible employees.

During Covid second wave outbreak, the Company prioritized safety of its employees, by allowing them to work from home and take care of themselves and their families. The Company empaneled a doctor who was readily available on call or video

for employees seeking medical advice. The Company also made sincere efforts to reach out to its employees and enquire about their wellbeing through direct calling.

The Company also organized various online educative webinars to boost the morale of its employees during those trying times, including motivational seminars, yoga and meditation sessions, financial planning under the National Pension Scheme, Online Masala Bhangra, Virtual Marathon, Weight Loss Challenge, Aavas Kitchen Championship, and drawing competitions. The Company also organized a Cyclothon for its employees.

Category	% of employees covered by										
	Total	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care Facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>PERMANENT EMPLOYEES</b>											
Male	5,048	4,845	95.98	5,048	100	NA	NA	5,048	100	NA	NA
Female	174	156	89.66	174	100	174	100	NA	NA	NA	NA
Total	5,222	5,001	95.77	5,222	100	174	100	5,048	100	NA	NA
<b>OTHER THAN PERMANENT EMPLOYEES</b>											
Male	1,157	1,157	100	1,157	100	NA	NA	1,157	100	NA	NA
Female	49	49	100	49	100	49	100	NA	NA	NA	NA
Total	1,206	1,206	100	1,206	100	49	100	1,157	100	NA	NA

**b. Details of measures for wellbeing of workers**

Category	% of employees covered by										
	Total	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care Facilities	
		Number	%	Number	%	Number	%	Number	%	Number	%
<b>PERMANENT WORKERS</b>											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>OTHER THAN PERMANENT WORKERS</b>											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**2. Details of retirement benefits for current and previous financial year.**

Benefits	FY 2021-22			FY 2020-21		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF*	98	NA	Y	99	-	Y
Gratuity	100	NA	-	100	-	Y
ESI**	74	NA	Y	64	-	Y
Others	-	NA	-	-	-	-

\*All employees except management trainees and apprentices are covered for PF benefits.

\*\*All employees are eligible for coverage under ESIC whose gross salary is less than or equal to ₹ 21,000/- per month or as per the ESIC Act..



3. Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The head office of the Company has ramps and elevators for easy movement of persons with disabilities. The Company also maintains application forms in Braille to cater to the special needs of visually impaired customers. Information and communication technology is accessible to all, including disabled persons, with the help of digitized operations.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, the Company believes in equal opportunity for all its employees and is committed to an inclusive work environment free from any kind of discrimination, and this practice has been duly incorporated in its Equal Opportunity Policy, which is available on the website of the Company at [www.aavas.in](http://www.aavas.in). The Company values and welcomes diversity and does not treat anybody differently based on their race, sex, caste, religion, disability, or age.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	100%	100%	NA	NA
Female	100%	100%	NA	NA
Total	100%	100%	NA	NA

6. Is there a mechanism available to receive and redress grievances for employees? If yes, give details of the mechanism in brief.

Yes/No (If Yes, then give the details of the mechanism in brief. )	
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes, the Company has put in place an Employee Grievance Redressal Policy to ensure that all communication channels are open and receptive, and all employees have an adequate opportunity to express their grievances. The Policy lays down a mechanism where on the primary level, an effort is made to resolve grievances through informal discussions, failing which, there is a time-bound three-tier grievance redressal mechanism. This mechanism has been approved by the Board and is communicated to all employees.
Other than Permanent Employees	

**7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

The Company does not have any employee associations. The Company, however, recognizes the right to freedom of association and does not discourage collective bargaining.

Category	FY 2021-22 Current Financial Year			FY 2020-21 Previous Financial Year		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category who are part of association or Union (B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category who are part of association or Union (D)	% (D/C)
<b>Total Permanent Employees</b>			NA			
Male			NA			
Female			NA			
<b>Total Permanent Workers</b>			NA			
Male			NA			
Female			NA			

**8. Details of training given to employees:**

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total	On health and safety measures		On Skill Upgradation		Total	On health and safety measures		On Skill Upgradation	
		No.	%	No.	%		No.	%	No.	%
<b>Employees</b>										
Male	6,428	6,428	100	6,428	100	5,679	5,679	100	5,509	97
Female										
Total										
<b>Workers</b>										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**9. Details of performance and career development reviews of employees:**

All employees undergo an annual performance appraisal process based on their defined KRAs and ratings are being given on a 5-point scale, based on which their increments and bonus are decided.

Category	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Total	No.	%	Total	No.	%
<b>Employees</b>						
Male	6,205	6,205	100%	5,486	5,486	100%
Female	223	223	100%	193	193	100%
Total	6,428	6,428	100%	5,679	5,679	100%
<b>Workers</b>						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

**10. Health and safety management system:**

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No).  
If yes, the coverage such system?

Owing to the nature of the business, per se there are no occupational health and safety risks due to the nature of the work.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Given the nature of business, this is not directly applicable. However, considering the pandemic, the Company recognizes the risks of infections that could take place in the office premises. To minimize these risks, the Company took necessary precautions at all its offices and branches.

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Given the nature of business, this is not directly applicable and as such, there are no workers employed by the Company.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, all employees of the Company are covered under the Company's health/accidental/term life insurance policy.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Numbers	Category	FY 2021-22	FY 2020-21
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Permanent Employees	Nil	Nil
	Workers	NA	NA
Total recordable work-related injuries	Permanent Employees	Nil	Nil
	Workers	NA	NA
No. of fatalities	Permanent Employees	Nil	Nil
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Permanent Employees	Nil	Nil
	Workers	NA	NA

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

The Company ensures a safe and healthy workplace for comfort and wellbeing of all its employees. The Company's head office building, which is the center point of all our operations and from where a major portion of our back-office workforce operates, has been certified with LEED Silver Certification. The Company has also been certified "Great Place to Work" certified for its endeavors towards welfare and wellbeing of its employees.

**13. Number of Complaints on the following made by employees:**

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil	Nil	-	Nil	Nil	-
Health & Safety	Nil	Nil	-	Nil	Nil	-

## 14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	

## 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health &amp; safety practices and working conditions.

No corrective action plan has been necessitated on the above-mentioned parameters.

## Leadership Indicators

## 1. Does the entity extend any life insurance or any compensatory package in the event of death of Employees?

Yes. The Company has health/accidental/term insurance policy which provides insurance coverage for eligible employees, and adequate safeguard to families of deceased employees.

## 2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that statutory dues as applicable to transactions within the remit of the Company are deducted and deposited in accordance with prevailing regulations. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

## 3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.

	Total no. of affected employees / workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.	
	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year	FY 2021-22 Current Financial Year	FY 2020-21 Previous Financial Year
	Employee	Nil	Nil	Nil
Workers	NA	NA	NA	NA

## 4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No.

## 5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners)
Health and safety practices	The Company expects all its value chain partners to follow existing regulations with regard to health, safety and working conditions. Our Environment & Social Policy has a prohibited activities list, which lays down certain activities that do not qualify for financing such as child labor, forced labor, etc.
Working Conditions	

## 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

No corrective action plan has been necessitated on the above-mentioned parameters.

## Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

Any individual or group of individuals that adds value to the business chain of the Company is identified as a key stakeholder. This inter alia includes customers, employees, shareholders, partners, and communities.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as vulnerable or marginalized group (Yes/No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, Other)	Frequency of engagement (Annually/Half year, Quarterly, others- please specify)	Purpose and scope of engagement, key topics and concerns raised during such engagement
Customers	Yes, if they qualify based on specific criteria such as income, gender, etc.	Physical- Branches, notice board, pamphlets, personal visits, letters Digital/Electronic- Mobile app, website, email, SMS, customer care	Need basis	Stay in touch with the customer throughout the life cycle of the loan, address any issues that the customer may have, and periodic update about Company's progress.
Employees	No	Direct interactions and other communication mechanisms such as email, SMS, HRMS portal & App., webinars, awards & recognition programs, appraisal process, employee engagement initiatives	Regular and need basis	Focus to provide an exciting workplace, generate stable employment and improve productivity
Shareholders	No	Annual General Meeting, Annual Report, Website, Quarterly Earning Calls, Regular investor meetings/calls, Stock Exchange Disclosures, Social/Print Media	Frequent and as per regulatory requirements	Update on Company's performance and milestones, adherence to regulatory compliances, in true spirit of transparency & governance.
Partners	No	Regular meetings, emails, SMS, phone calls, and Mobile App.	Ongoing and need basis	To increase reach and enhance business.
Communities	Yes	Directly and through implementing agencies.	Ongoing and need basis	To support the sustainable growth of communities through continuous engagement.

### Leadership Indicators

#### 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The Board and its various Statutory Committees are kept abreast on various developments and feedback on economic, environmental, and social topics on a quarterly basis through constant and proactive interactions with our key stakeholders.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

The Company believes that by catering to the financing needs of low-income and middle-income groups and enabling these communities to become homeowners, it per se fulfills a key social objective. The Company engages with various stakeholders for expanding its reach and fostering sustainability. The Company recognizes that it is still in a formative phase on various evolving aspects of ESG. Hence, it has also been engaging with several ESG consultants, and experts, which helps to better understand expectations of stakeholders and benchmark against best practices.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**

The Company not only provides affordable home loans, but also directly engages with these customers, and encourages their financial inclusion. The Company raised ₹ 360 crore Social Masala Bond from British International Investment (erstwhile known as CDC Group) to finance women-owned property loan portfolio and thereby address gender inequity in home ownership in India. This represents the Company's commitment for sustainable development across communities.

## Principle 5: Businesses should respect and promote human rights

### Essential Indicators

**1. Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

The Company has Board approved Code of Conduct, Human Rights Policy, Equal Opportunity Policies and other best practices/policies around human rights to ensure dignity, fair practices, equal opportunity and absence of all forms of discrimination at workplace. Regular trainings and communications are done for the employees to educate them about the above practices/policies.

The Code of Conduct is communicated to all new employees at the time induction and is also available on the website of the Company <https://www.aavas.in/code-of-conduct>. New joinees are also provided training on Vishakha Policy against Sexual Harassment. In the Financial Year under review, 64 Prevention of Sexual Harassment (POSH) trainings were provided to 1904 employees. In addition to this, one Pan-India refresher training on POSH was organized virtually for all employees. Moreover, one training session was also organized for to all central and regional members of Internal Complaints Committee (ICC) which has been set up to investigate grievances under Vishakha Policy.

Category	FY 2021-22			FY 2020-21		
	Total (A)	No. of employees trained	%	Total Employees	No. of employees trained	%
<b>Employees</b>						
Permanent	6,428	6,428	100	5,679	3,276	58
Other than Permanent						
Total Employees						
<b>Workers</b>						
Permanent	NA	NA	NA	NA	NA	NA
Other than Permanent	NA	NA	NA	NA	NA	NA
Total Workers	NA	NA	NA	NA	NA	NA

2. Details of minimum wages paid to employees, in the following format:

Category	FY 2021-22 Current Financial Year					FY 2020-21 Previous Financial Year				
	Total (A)	Equal Minimum Wage		More than Minimum Wage		Total (D)	Equal Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Permanent	5,222	40	0.77	5,182	99.23	4,336	0	0	4,336	100
Male	5,048	39	0.77	5,009	99.23	4,223	0	0	4,223	100
Female	174	1	0.57	173	99.43	113	0	0	113	100
Other than permanent	1,206	6	0.50	1,200	99.50	1,343	17	1.27	1,326	98.74
Male	1,157	5	0.43	1,152	99.57	1,263	17	1.35	1,246	98.65
Female	49	1	2.04	48	97.96	80	0	0	80	100
<b>Workers</b>										
Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Details of remuneration/salary/wages, in the following format:

The remuneration paid to the Directors is in line with the Remuneration Policy of the Company which is available on its website at <https://www.aavas.in/remuneration-policy>.

	Male		Female	
	Number	Median remuneration of respective category	Number	Median remuneration of respective category
Board of Directors (BoD)*	7	₹ 24,00,000	2	₹ 24,00,000
Key Managerial Personnel	2	₹ 1,06,20,099	-	-
Permanent Employees other than BoD and KMP	5,045	₹ 1,99,791	174	₹ 1,94,657

\*Mr. Sushil Kumar Agarwal (Managing Director & CEO) is categorized as part of Board of Director for the purposes of this table.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Vishakha Committee has been set up under the Vishakha Policy to look into complaints of sexual harassment at workplace.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has in place grievance redressal mechanisms for its respective stakeholders such as customers, employees, shareholders, and others. All the grievance redressal mechanisms are available on the Company's website <https://www.aavas.in/> and intranet portal of the Company.

## 6. Number of Complaints on the following made by employees:

	FY 2021-22 (Current Financial Year)			FY 2020-21 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	No complaints received during the year.	Nil	Nil	No complaints received during the year.
Discrimination at workplace	Nil	Nil		Nil	Nil	
Child Labour	Nil	Nil		Nil	Nil	
Forced Labour/Involuntary Labour	Nil	Nil		Nil	Nil	
Wages	Nil	Nil		Nil	Nil	
Other human rights related issues	Nil	Nil		Nil	Nil	

## 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has in place a Human Rights Policy, Equal Opportunity Policy and Vishakha Policy which provides a mechanism to prevent discrimination and harassment at workplace. As per the policies, all the disclosures made shall be treated as sensitive and non-retaliatory.

## 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, in certain business agreements and contracts where relevant.

## 9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	The Company is in compliance with the laws as applicable.
Forced/involuntary labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others-please specify	

## 10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Nil

## Leadership Indicators

## 1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

There has been no case of human rights grievances/complaints; hence, no changes to the business process.

## 2. Details of the scope and coverage of any Human rights due diligence conducted.

The Company has incorporated a culture where its employees and directors feel free to raise any concerns about wrongful conduct, with the help of its Whistle-blower Policy. The said policy provides a Vigilance Mechanism to channelize reporting of instances of wrongful conduct. The Audit Committee oversees the Vigil Mechanism. Employees have been facilitated direct access to the Chairperson of the Audit Committee if need be.



**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The head office of the Company has ramp for easy movement of differently abled visitors. Most of the branches are on ground floors or have elevators and infrastructure for differently abled visitors. The Company also maintains application forms in Braille to cater to the special needs of visually impaired customers.

**4. Details on assessment of value chain partners:**

% of value chain partners (by value of business done with such partners) that were assessed	
Child Labour	The Company expects its value chain partners to adhere to the same values, principles and business ethics upheld by the Company in all their dealings. No specific assessment in respect of the value chain partners has been carried out.
Forced/involuntary labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others-please specify	

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

No corrective action was necessitated.

**Principle 6: Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

**1. Details of total energy consumption and energy intensity, in the following format:**

The Company is service-oriented and in the business of providing housing finance, therefore, there is no significant consumption and energy intensity. However, as a proactive and responsible corporate, the Company tracked energy consumption and other indicators during the year under review.

Parameter	FY 21-22 Current Financial Year (in MT Co2 -e)	FY 2020-21 Previous Financial Year
Total electricity consumption (A)	1,906.73	-
Total fuel consumption (B)	10,622.85	-
Energy consumption through other sources (C)	4.64 (Diesel Generators)	-
	6.60 (HVAC Systems)	-
Total energy consumption (A+B+C)	12,540.82	-
Energy Intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	-	-
Energy Intensity (optional)- the relevant metric may be selected by the entity	-	-

**Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

Yes, the assessment was carried out by Carbon Consultant firm, Kamal Cogent Energy Pvt. Ltd. for the year under review.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable.

3. Provide details of the following disclosures related to water, in the following format:

The Company's usage of water is restricted to human consumption purposes only. Further, efforts have been made to ensure that water is consumed judiciously. In the head office, censor taps are used in washrooms to economize water consumption.

Parameter	FY 21-22 Current Financial Year	FY 2020-21 Previous Financial Year
<b>Water Withdrawn from source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater (borewall)	-	-
(iii) Third party water	-	-
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
<b>Total volume of water withdrawal (in kilolitres)</b>	-	-
<b>Total volume of water consumption (in kiloliters)</b>	-	-
<b>Water intensity per rupee of turnover (Water consumed/turnover)</b>	-	-
<b>Water intensity (optional)- the relevant metric may be selected by the entity</b>	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 21-22 Current Financial Year	FY 2020-21 Previous Financial Year
NO <sub>x</sub>	NA	NA	NA
SO <sub>x</sub>	NA	NA	NA
Particulate matter (PM)	NA	NA	NA
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 21-22	FY 2020-21
		Current Financial Year	Previous Financial Year
Total Scope 1 emissions	MT Co2	4.64	-
Total Scope 2 emissions	MT Co2	1,913.33	-
Total Scope 1 and Scope 2 emissions per rupee of turnover	-	-	-
Total Scope 1 and Scope 2 emissions intensity	-	-	-

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company is endeavoring to minimize its GHG emissions where feasible. The Head Office building of the Company has recently been certified with LEED Silver Certification. Further, through its Corporate Social Responsibility initiatives, the Company has undertaken various projects on environmental sustainability such as reforestation, investment in clean energy, and study on green homes. Detailed information on these projects is provided under Annex 8 of this Report.

Savings from	Carbon Reduction (MT Co2e)
275 kWh solar panels	351.00
12,000+ tree plantations	612.77
<b>Total Savings</b>	<b>962.77</b>

8. Provide details related to waste management by the entity:

As the nature of business of the Company is providing housing finance, the only key waste products are paper, plastic and e-waste. The Company engages with certified e-waste handlers for disposal of e-waste.

Parameter	FY 21-22	FY 2020-21
	Current Financial Year	Previous Financial Year
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	5.364*	-
E-waste (B)		-
Bio-medical waste (C)	NA	-
Construction and demolition waste (D)	NA	-
Battery waste (E)	NA	-
Radioactive Waste (F)	NA	-
Other hazardous waste. Please specify if any. (G)	NA	-
Other non-hazardous waste generated. Please specify, if any. (H)	NA	-
<b>Total</b>	<b>5.364</b>	<b>-</b>

For each category of waste generated, total waste recovered through recycling, reusing or other recovery operations in metric tonnes

Category of Waste		
(i) Recycled	NA	-
(ii) Re-used	1.696	-
(iii) Other Recovery Operations	NA	-
<b>Total</b>	<b>1.696</b>	<b>-</b>

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

(i) Incineration	NA	-
(ii) Landfilling	NA	-
(iii) Other disposal operations	NA	-
<b>Total</b>	<b>NA</b>	<b>-</b>

\* Computed only for the Head Office of the Company.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

There is no usage of of toxic and hazardous chemicals by the Company. The only key waste products are paper, plastic and e-waste. In the Financial year under review, approximately 5.364 metric tonnes of waste was generated at the Company's Head Office, out of which 1.696 metric tonnes of plastic waste was put to reuse. The Company engages with certified e-waste handlers for disposal of e-waste.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details.

All the offices as well as branches of the Company are in premises which have the requisite building permits, including environmental approvals.

S.No	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and the corrective actions taken if any.
-	-	-	-

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

Not applicable.

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

Based on the nature of business, the Company is in compliance with applicable environmental norms.

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
-	-	-	-	-

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources.

Parameter	FY 21-22	FY 2020-21
	Current Financial Year	Previous Financial Year
<b>From renewable sources</b>		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
<b>Total energy consumed from renewable sources (A+B+C)</b>	-	-
<b>From non-renewable sources</b>		
Total electricity consumption (D)	1,906.73 MT Co2 -e	-
Total fuel consumption (E)	10,622.85 MT Co2 -e	-
Energy consumption through other sources (F)	4.64 MT Co2 -e (Diesel Generators) 6.60 MT Co2 -e (HVAC Systems)	-
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>12,540.82 MT Co2 -e</b>	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.

Yes, the assessment was carried out by Carbon Consultant firm Kamal Cogent Energy Pvt. Ltd. for the year under review

2. Please provide details of total Scope 3 emissions & its intensity in the following format:

Parameter	Unit	FY 21-22	FY 2020-21
		Current Financial Year	Previous Financial Year
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	12,463.5*	-
<b>Total Scope 3 emissions per rupee of turnover</b>	-	-	-
<b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity	-	-	-

\*Being 1,709.31 MT Co2 -e from Purchased Goods across all branches, 10,622.85 MT Co2 -e from Employee Commutes across all branches and 131.34 MT Co2 -e Waste generated from Head Office.

3. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the Company has a Board approved Business Continuity Management Policy (BCMP) which focuses on safety and protection of people, minimizing damages and liabilities, timely recovery of critical business processes at all the offices to provide continuous service to customer.

4. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Given the nature of the Company's business, there has been no adverse impact on environment.

5. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Not Applicable.

## Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company is a member of 2 trade/industry chamber/associations.

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	The Associated Chambers of Commerce & Industry of India (ASSOCHAM)	National
2.	PHD Chamber of Commerce and Industry (PHD Chamber).	National

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

Not applicable.

Name of authority	Brief of the case	Corrective action taken
-	-	-

### Leadership Indicators

1. Details of public policy positions advocated by the entity:

The Company does not take part in any lobbying and has not propagated any public policy positions.

## Principle 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Not Applicable

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not Applicable

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
-	-	-	-	-	-	-

**3. Describe the mechanisms to receive and redress grievances of the community.**

The Company has various mechanisms in place to receive and redress grievances of its various stakeholders. Details of such mechanisms and policies is given elsewhere in this report.

**4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Not Applicable

	FY 21-22 Current Financial Year	FY 2020-21 Previous Financial Year
Directly sourced from MSMEs/ small producers	-	-
Sourced directly from within the district and neighboring districts	-	-

**Leadership Indicators**

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Not Applicable

Details of negative social impact identified	Corrective action taken
-	-

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Nil.

S. No.	State	Aspirational District	Amount Spent (₹)
-	-	-	-

**3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) (b) From which marginalized /vulnerable groups do you procure? (c) What percentage of total procurement (by value) does it constitute?**

We do not have preferential procurement policy. However, during Covid-19 second wave, we procured 50,000+ cloth masks from rural women for distribution within the community, providing them with a source of livelihood during challenging times. We also procured 2,800+ aprons from these rural women for distribution among construction workers.

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Not Applicable.

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Not Applicable.

## 6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Rural Development <ul style="list-style-type: none"> <li>Vishwakarma</li> <li>Gram Siddhi</li> <li>Community Infrastructure</li> </ul>	16 Lakh+	100%
2.	Education & Holistic Development <ul style="list-style-type: none"> <li>Road Safety Awareness and Helmet Distribution</li> <li>Cyber, Digital and Social Media Security and Awareness</li> <li>Program 'Daksha'</li> <li>Kheloday</li> </ul>	(Details of the number of persons benefitted under each CSR project is given under Annex 8 of the Directors' Report.)	(The primary object of our CSR programs of the Company is to support and upgrade lives of marginalized and vulnerable communities such as rural women, disabled women, rural youth, construction workers, children etc. We strive to improve the socio-economic condition of these communities.)
3.	Environment Protection <ul style="list-style-type: none"> <li>Green Initiatives- reforestation and solar power</li> <li>Green Housing Program</li> </ul>		

## Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

## Essential Indicators

## 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

The Company has put in place a Grievance Redressal Policy for prompt and effective redressal of customer complaints. The said Policy is available on the website of the Company at <https://www.aavas.in/resource/grievance-redressal-policy>.

## 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information:

As a percentage to total turnover	
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	All our loan products and Most Important Terms & Conditions (MITCs) are completely transparent and disclose all product related details.
Recycling and/or safe disposal	

## 3. Number of consumer complaints in respect of the following:

	FY 2021-22 (Current Financial Year)		Remarks	FY 2020-21 (Previous Financial Year)		Remarks
	Received	Pending resolution		Received	Pending resolution	
Data privacy						
Advertising						
Cyber-security						
Delivery of Essential Services	Nil	Nil	-	Nil	Nil	-
Restrictive Trade Practices						
Unfair Trade Practices						
Other						



**4. Details of instances of product recalls on account of safety issues:**

Not applicable.

	Number	Reasons for recall
Voluntary recalls	-	-
Forced recalls	-	-

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, the Company has a framework and policy on cyber security and risk related to data privacy. The IT Strategy Committee of the Company takes care of cyber security framework and policies. Information Security Audit is conducted by Information Security Auditor of the Company and Audit Report is placed before the Audit Committee.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

No penalties/regulatory action has been levied or taken on the above parameters.

**Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available)**

Detailed information relating to all financial products and services provided by the Company is available on the Company's website, <https://www.aavas.in/product>. In addition, the Company actively uses various social media and digital platforms to disseminate information on its products and services.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The Company has a Fair Practices Code, KYC Policy, Most Important Terms & Conditions, Schedule of Charges and the said are available at all the branches as well as on the Company's website for transparent and responsible dealings with its customers.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

In the event of any disruption/discontinuation of essential services, the Business Continuity and Management Plan (BCMP) gets activated and as per the process, we approach the customer through physical and digital mode.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes, in compliance with all the statutory requirements, the Company displays the information related to its products/services at the branches. Further, Company has also provided the said details on the website of the Company over and above the statutory requirements.

**5. Provide the following information relating to data breaches:**

a. Number of instances of data breaches along-with impact Nil

b. Percentage of data breaches involving personally identifiable information of customers: Not Applicable

# Standalone Financial Statements



# Independent Auditor's Report

To  
The Members of  
**Aavas Financiers Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

1. We have audited the accompanying standalone financial statements of **Aavas Financiers Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2022**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p><b>Expected Credit Losses (ECL) on loan assets</b></p> <p>At 31 March 2022, the Company reported total gross loans of ₹ 911,774 lakhs (2021: ₹ 757,287 lakhs) and ₹ 6,432 lakhs of expected credit loss provisions (2021: ₹ 4,958 lakhs).</p> <p>Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets.</p> <p>Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to COVID-19 regulatory package and restructuring.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>• Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars / guidelines;</li> </ul>

**Key audit matters**

The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Additional management overlay is estimated considering non prediction and long-term future impact.

The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to:

- Segmentation of loan book in buckets
- determining the criteria for a significant increase in credit risk
- factoring in future economic assumptions
- techniques used to determine probability of default, loss given default and exposure at default.

These parameters are derived from the Company's internally developed statistical models with the help of management experts and other historical data.

Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.

**How our audit addressed the key audit matter**

- Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2022) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;
- Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since, modeling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;
- Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with Ind AS 109 considering the impact of COVID-19 on account of benefit extended by the Company to select borrowers and the basis for classification of various exposures into various stages by evaluating management's assessment of parameters such as PD or LGD;
- Ensured compliance with RBI Master Circular on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP') read with RBI circular on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications' dated 12 November 2021, in relation to identification, upgradation and provisioning of non-performing assets (NPAs);
- Ensured that the Company complied with the minimum provision requirements under RBI circular on "Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)" dated 5 May 2021; and
- Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

Key audit matters	How our audit addressed the key audit matter
<p><b>Information Technology (“IT”) Systems and Controls for the financial reporting process</b></p>	
<p>The Company is highly dependent on its Information Technology (“IT”) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the financial statements.</p> <p>The Company’s accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, EIR computation, impairment on loans, computation of daily DPD amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.</p> <p>Our areas of audit focus included user access management, changes to the IT environment and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems.</p> <p>Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the ‘IT Systems and Controls for the financial reporting process’ as a key audit matter for current year audit.</p>	<p>Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Company’s IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.</li> <li>• Tested the design and operating effectiveness of the Company’s IT controls over the IT applications as identified above;</li> <li>• On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: <ul style="list-style-type: none"> <li>a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments</li> <li>b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties</li> <li>c. Other areas that were assessed under the IT control environment included batch processing and interfaces.</li> </ul> </li> <li>• Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy.</li> <li>• Where deficiencies were identified, tested compensating controls or performed alternative procedures.</li> </ul>

**Information other than the Financial Statements and Auditor’s Report thereon**

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Director’s Report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

15. The standalone financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor, S. R. Batliboi & Associates LLP, Chartered Accountants, who have expressed an unmodified opinion on those standalone financial statements vide their audit report dated 29 April 2021.

Our opinion on the standalone financial statements is not modified in respect of the above matter.

#### Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed an unmodified opinion; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company, as detailed in note 36 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;
    - iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or

- provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

**For Walker Chandiok & Co LLP***Chartered Accountants*

Firm's Registration No:001076N/N500013

**Manish Gujral***Partner*

Membership No:105117

**UDIN:22105117AIKTTN7716**

Place: Mumbai

Date: 05 May 2022



## Annexure A referred to in Paragraph 17 of the Independent Auditor's Report of even date to the members of Aavas Financiers Limited on the standalone financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets during any point of time of the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company is a Housing Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not provided any guarantee or given any security or granted any advances in the nature of loans during the year. However, the Company has granted loans and made certain investments and in our opinion, and according to the information and explanations given to us, the loans and investments made are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company is a Housing Finance Company ('HFC'), registered under provisions of the National Housing Bank Act, 1987 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, we report that the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular except for certain instances as below:

Particulars – Days past due	Total amount due (₹ in Lakhs)	No. of Cases
1-29 days	15,999	2,523
30-59 days	14,482	2,697
60-89 days	2,931	589
90 or more days	5,848	1,027
<b>Total</b>	<b>39,260</b>	<b>6,836</b>

- (d) According to the information and explanations given to us, the total amount which is overdue for more than 90 days in respect of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to ₹ 5,848 Lakhs as at 31 March 2022 in respect of 1,027 number of loans. Further, reasonable steps as per the policies and procedures of the Company have been taken for recovery of such principal and interest amounts overdue.
- (e) The Company is a Housing Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

- (f) In addition to loans granted as part of its principal business having repayment schedule, the Company has granted loan which is repayable on demand, as per details below (₹ in lakhs):

Particulars	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan	265.53	NA	265.53
- Repayable on demand (A)			
- Agreement does not specify any terms or period of repayment (B)			
<b>Total (A+B)</b>	<b>265.53</b>	<b>NA</b>	<b>265.53</b>
Percentage of loans/advances in nature of loan to the total loans	0.03%	NA	0.03%

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security, as applicable.
- (v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a housing finance company registered with the National Housing Bank, and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred to in subclause (a) above that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks/ financial institution and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in readily realisable liquid investments.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.

- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is a Housing Finance Company having a valid Certificate of Registration under Section 29A of the NHB Act, 1987 and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 in terms of exemption granted under Master Direction - Exemptions from the provisions of RBI Act, 1934 dated 25 August 2016 (as amended). Accordingly, reporting under clause 3(xvi) (a) and (b) of the Order is not applicable to the Company.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company as part of the Group.
- (xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.
- (xviii) There has been resignation of the statutory auditors during the year and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and

when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

- (xx) (a) According to the information and explanations given to us, there is no unspent amount pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) The Company has transferred the remaining unspent amount under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account

in compliance with the provision of sub-section (6) of section 135 of the Act,

- (xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Walker Chandiok & Co LLP**

*Chartered Accountants*

Firm's Registration No:001076N/N500013

**Manish Gujral**

*Partner*

Membership No:105117

**UDIN:22105117AIKTTN7716**

Place: Mumbai

Date: 05 May 2022

## Annexure B to the Independent Auditor's Report of even date to the members of Aavas Financiers Limited on the standalone financial statements for the year ended 31 March 2022

### Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Aavas Financiers Limited ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were

established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at

31 March 2022 based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Walker Chandiok & Co LLP**

*Chartered Accountants*

Firm's Registration No:001076N/N500013

### **Manish Gujral**

*Partner*

Membership No:105117

**UDIN:22105117AIKTTN7716**

Place: Mumbai

Date: 05 May 2022

**Standalone Balance Sheet** as at March 31, 2022

(₹ in lakh)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	4,230.66	2,189.12
Bank balance other than cash and cash equivalents	2	1,48,791.98	1,09,907.11
Loans	3	9,05,342.36	7,52,328.63
Investments	4	6,751.73	450.00
Other financial assets	5	26,164.64	22,604.91
<b>Total financial assets</b>		<b>10,91,281.37</b>	<b>8,87,479.77</b>
<b>Non-financial assets</b>			
Current tax assets (net)		566.13	90.45
Property, plant and equipment	6(a)	2,694.35	2,506.66
Capital work-in-progress	6(b)	-	-
Intangible assets under development	6(c)	209.98	40.54
Other intangible assets	6(d)	368.94	345.56
Right-of-use assets	7	3,552.85	2,973.70
Other non-financial assets	8	1,025.35	728.44
<b>Total non-financial assets</b>		<b>8,417.60</b>	<b>6,685.35</b>
Assets held for sale	9	2,339.34	1,839.58
<b>Total assets</b>		<b>11,02,038.31</b>	<b>8,96,004.70</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables	10		
(l) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		368.07	284.31
Debt securities	11	1,70,946.09	1,46,466.15
Borrowings (other than debt securities)	12	6,16,321.15	4,78,102.49
Subordinated liabilities	13	9,982.50	9,973.65
Lease liabilities	14	3,948.24	3,229.82
Other financial liabilities	15	14,243.01	13,486.63
<b>Total financial liabilities</b>		<b>8,15,809.06</b>	<b>6,51,543.05</b>
<b>Non-financial liabilities</b>			
Provisions	16	402.50	372.40
Deferred tax liabilities (net)	17	3,535.55	2,852.27
Other non-financial liabilities	18	1,426.86	1,096.50
<b>Total non-financial liabilities</b>		<b>5,364.91</b>	<b>4,321.17</b>
<b>Equity</b>			
Equity share capital	19	7,893.65	7,850.46
Other equity	20	2,72,970.69	2,32,290.02
<b>Total equity</b>		<b>2,80,864.34</b>	<b>2,40,140.48</b>
<b>Total liabilities and equity</b>		<b>11,02,038.31</b>	<b>8,96,004.70</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

**For and on behalf of the Board of Directors of****AAVAS FINANCIERS LIMITED****Manas Tandon**

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

**Ghanshyam Rawat**

(Chief Financial Officer)

Place: Jaipur

**Sushil Kumar Agarwal**

(Managing Director and CEO)

Place: Jaipur

**Sharad Pathak**

(Company Secretary

&amp; Compliance Officer)

Place: Jaipur

**Standalone Statement of profit and loss** for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>REVENUE FROM OPERATIONS</b>			
Interest income	21	1,12,877.15	97,639.40
Fees and commission income	22	4,623.19	3,655.37
Gain on derecognition of financial instruments under amortised cost category		12,403.56	8,635.53
Net gain on fair value changes	23	531.99	387.16
<b>Total revenue from operations</b>		<b>1,30,435.89</b>	<b>1,10,317.46</b>
Other income	24	119.91	216.05
<b>Total income</b>		<b>1,30,555.80</b>	<b>1,10,533.51</b>
<b>EXPENSES</b>			
Finance costs	25	47,750.33	45,824.27
Fees and commission expense	26	571.23	618.46
Impairment on financial instruments	27	2,260.52	3,713.86
Employee benefits expense	28	23,223.53	17,213.61
Depreciation, amortization and impairment	6&7	2,375.76	2,060.37
Other expenses	29	8,888.70	5,770.00
<b>Total expenses</b>		<b>85,070.07</b>	<b>75,200.57</b>
<b>Profit/(loss) before tax</b>		<b>45,485.73</b>	<b>35,332.94</b>
Tax expense:	17		
(1) Current tax		9,122.53	6,701.45
(2) Deferred tax		683.28	(318.03)
<b>Profit/(loss) for the year</b>		<b>35,679.92</b>	<b>28,949.52</b>
<b>Other comprehensive income</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability	28	94.73	111.45
Income tax effect	17	(23.84)	(28.05)
<b>b) Items that will be reclassified to profit or loss</b>			
		-	-
<b>Other comprehensive income, net of income tax</b>		<b>70.89</b>	<b>83.40</b>
<b>Total comprehensive income for the year</b>		<b>35,750.81</b>	<b>29,032.92</b>
<b>Earnings per equity share</b>			
Basic (₹)	30	45.31	36.94
Diluted (₹)		45.02	36.62
Nominal value per share (₹)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

**For and on behalf of the Board of Directors of  
AAVAS FINANCIERS LIMITED****Manas Tandon**

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

**Ghanshyam Rawat**

(Chief Financial Officer)

Place: Jaipur

**Sushil Kumar Agarwal**

(Managing Director and CEO)

Place: Jaipur

**Sharad Pathak**(Company Secretary  
& Compliance Officer)

Place: Jaipur



## Standalone Statement of Changes in Equity for the year ended March 31, 2022

### a. Equity Share Capital

(₹ in lakh)

Particulars	Amount
Balance as at March 31, 2020	7,832.27
Changes in equity share capital during the current year	18.19
Balance as at March 31, 2021	7,850.46
Changes in equity share capital during the current year	43.19
Balance as at March 31, 2022	7,893.65

### b. Other Equity

(₹ in lakh)

Equity component of compounded financial instruments	Share application money pending allotment	Equity component of compound financial instruments	Reserves and surplus				Total
			Securities premium account	Share based payments reserve	Special reserve	Retained earnings	
Balance as at March 31, 2020	2.69	-	1,32,743.79	1,169.29	13,324.80	54,720.53	2,01,961.10
Profit for the year (A)	-	-	-	-	-	28,949.52	28,949.52
Other comprehensive income for the year (B)	-	-	-	-	-	83.40	83.40
<b>Total comprehensive income for the year (A+B)</b>	-	-	-	-	-	29,032.92	29,032.92
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act. 1961	-	-	-	-	5,806.58	(5,806.58)	-
<b>Any other change :</b>							
Application money received/adjusted against shares issued during the year	(2.21)	-	-	-	-	-	(2.21)
Issue of share capital	-	-	447.87	-	-	-	447.87
Utilisation of securities premium	-	-	(0.50)	-	-	-	(0.50)
Share based payments	-	-	-	850.84	-	-	850.84
Share options exercised during the year	-	-	212.13	(212.13)	-	-	-
<b>Balance as at March 31, 2021</b>	<b>0.48</b>	<b>-</b>	<b>1,33,403.29</b>	<b>1,808.00</b>	<b>19,131.38</b>	<b>77,946.87</b>	<b>2,32,290.02</b>
Profit for the year (C)	-	-	-	-	-	35,679.92	35,679.92
Other comprehensive income for the year (D)	-	-	-	-	-	70.89	70.89
<b>Total comprehensive income for the year (C+D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,750.81</b>	<b>35,750.81</b>
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act. 1961	-	-	-	-	7,150.17	(7,150.17)	-
<b>Any other change:</b>							
Application money received/adjusted against shares issued during the year	40.11	-	-	-	-	-	40.11
Issue of share capital	-	-	963.84	-	-	-	963.84
Share based payments	-	-	-	1,784.61	-	-	1,784.61
Share options exercised during the year*	-	-	520.08	(520.08)	-	2,141.30	2,141.30
<b>Balance as at March 31, 2022</b>	<b>40.59</b>	<b>-</b>	<b>1,34,887.21</b>	<b>3,072.53</b>	<b>26,281.55</b>	<b>1,08,688.81</b>	<b>2,72,970.69</b>

\* ₹ 2,141.30 lakh represents the adjustment for tax liability pertaining to deduction claimed for share options exercised during the current financial year, in accordance with treatment prescribed under Ind AS 12 - Income Taxes.

As per our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

For and on behalf of the Board of Directors of

AAVAS FINANCIERS LIMITED

Manas Tandon

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

Ghanshyam Rawat

(Chief Financial Officer)

Place: Jaipur

Sushil Kumar Agarwal

(Managing Director and CEO)

Place: Jaipur

Sharad Pathak

(Company Secretary

& Compliance Officer)

Place: Jaipur

Date: May 05, 2022

## Standalone Cash Flow statement for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net profit before tax as per statement of profit and loss		45,485.73	35,332.94
<b>Adjustments for</b>			
Depreciation and amortisation of PPE and right of use assets	6 & 7	2,375.76	2,060.37
Interest on lease liabilities		318.86	217.95
Net gain on derecognition on assigned loans		(4,501.10)	(2,150.55)
Provision for expected credit loss (ECL)	27	2,260.52	3,713.86
Provision for employee benefits		137.16	305.47
Share based payments	28	1,784.61	850.84
<b>Operating profit before working capital changes</b>		<b>47,861.54</b>	<b>40,330.88</b>
<b>Changes in working capital</b>			
Increase in loans		(1,55,044.05)	(1,37,099.87)
Increase in financial and other assets		(97.83)	(5,550.48)
Increase in financial and other liabilities		1,170.50	668.65
<b>Total of changes in working capital</b>		<b>(1,53,971.38)</b>	<b>(1,41,981.70)</b>
Direct taxes paid/refund received		(7,480.75)	(5,419.64)
<b>Net cash flow used in operating activities (A)</b>		<b>(1,13,590.59)</b>	<b>(1,07,070.46)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
<b>Inflow (outflow) on account of :</b>			
Investment in Subsidiary Company	5	(1,050.00)	-
Investment in Government securities		(5,251.73)	-
Investment in fixed deposits		(38,884.86)	(25,723.98)
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets		(1,559.64)	(829.17)
Sale of Property, plant and equipment (including capital work-in-progress)		35.58	31.33
<b>Net cash flow used in investing activities (B)</b>		<b>(46,710.65)</b>	<b>(26,521.82)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Issue of equity shares (including share premium)		1,047.13	466.54
Share / debenture issue expenses		(265.68)	(73.47)
Proceeds from borrowings		3,61,165.66	2,35,184.87
Repayment of borrowings		(1,98,192.53)	(1,33,688.76)
Repayment of lease liabilities		(1,411.80)	(1,130.18)
<b>Net Cash flow generated from financing activities (C)</b>		<b>1,62,342.78</b>	<b>1,00,759.00</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>2,041.54</b>	<b>(32,833.28)</b>
Cash and cash equivalents as at the beginning of the year		2,189.12	35,022.40
<b>Cash and cash equivalents at the end of the year</b>	2	<b>4,230.66</b>	<b>2,189.12</b>

**Standalone Cash Flow statement** for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>Components of cash and cash equivalents</b>			
Cash on hand		264.01	122.94
Balance in franking machine*		0.95	0.95
Balance with banks			
In current accounts		156.20	501.16
In cash credit		2,809.50	1,564.07
In deposit account		1,000.00	-
<b>Total cash and cash equivalents</b>	2	<b>4,230.66</b>	<b>2,189.12</b>
<b>Operational Cash Flow from Interest</b>			
Interest Received		1,11,893.87	94,268.99
Interest Paid		(43,177.05)	(39,957.99)
Summary of significant accounting policies	1		

\* The Company can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

**Note:-**

- Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
- Previous year figures have been regrouped/ reclassified wherever applicable.

As per our report of even date

**For Walker Chandiook & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

**For and on behalf of the Board of Directors of****AAVAS FINANCIERS LIMITED****Manas Tandon**

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

**Ghanshyam Rawat**

(Chief Financial Officer)

Place: Jaipur

**Sushil Kumar Agarwal**

(Managing Director and CEO)

Place: Jaipur

**Sharad Pathak**

(Company Secretary &amp; Compliance Officer)

Place: Jaipur

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### A. Corporate Information

**AAVAS FINANCIERS LIMITED** ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a housing finance company with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance. The Company is a public limited company and its shares are listed on BSE Limited and National Stock Exchange of India Limited.

### B. Basis of preparation of financial statements

#### a) Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for, derivative financial instruments and other financial assets held for trading and all of which have been measured at fair value. The standalone financial statements are presented in Indian Rupee (INR) and all values are rounded to the nearest lakh, unless otherwise indicated.

#### b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for foreign currency borrowings denominated in INR that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

### 1 Summary of significant accounting policies

#### 1.1 Use of estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

##### 1.1.1 Business Model Assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how Company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.

If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("the 'SPPI criterion').

##### 1.1.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 1.1.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at fair value through P&L (FVTPL), requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's Expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model, which assigns Probability of Default (PD)s
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime expected credit loss (LTECL) basis
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposure at default (EAD)s and Loss given default (LGD)s
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Recognition of the potential impact of COVID-19 in the Company's collective provision as outlined in Note 3(a)(3)(vii).

### 1.1.4 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

### 1.1.5 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 1.1.6 Leases

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

#### Measurement of Lease Liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payment discounted using the Company's incremental cost of borrowing rate. Subsequently, the lease liability is

- Increased by interest on lease liability and
- Reduce by lease payment made

#### Measurement of Right-of-Use asset

At the time of initial recognition, the Company measures 'Right-of-Use assets' as present value of all lease payment discounted using the Company's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Covid-19 Related rent concession

As a practical expedient Effective from April 1, 2020, The Company has elected not to assess whether a rent concession that meets the conditions in paragraph 46B of Ind As-116 is a lease modification. That makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The Company has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B of Ind As-116.

### 1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

### 1.3 Revenue recognition

#### 1.3.1 Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the contractual life of the financial instrument to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

#### 1.3.2 Other charges and other interest

1.3.2.1 Overdue interest in respect of loans is recognized upon realisation.

1.3.2.2 Other ancillary charges are recognized upon realisation.

#### 1.3.3 Commission on Insurance Policies

Commission on insurance policies sold is recognised on accrual basis when the Company under its agency code sells the insurance policies.

#### 1.3.4 Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

### 1.4 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 1.5 Property, plant and equipment (PPE) and Intangible assets

#### PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

### 1.6 Depreciation and amortization

#### Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE.

PPE	Useful Life (In Years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All PPE individually costing ₹ 5,000/- or less are fully depreciated in the year of installation/purchase.

#### Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company estimates the useful life of an intangible asset will not exceed four years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds four years, the Company amortizes the intangible asset over the best estimate of its useful life.

### 1.7 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### 1.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 1.9 Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

### 1.10 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: the date of the plan amendment or curtailment, and the date that the Company recognises related restructuring cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

### 1.11 Taxes

Tax expense comprises current and deferred tax.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 1.12 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.13 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### 1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1.14.1 Financial Assets

##### 1.14.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 1.14.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### 1.14.1.3 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

### 1.14.1.4 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI."

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### 1.14.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### 1.14.1.6 Business Model Test

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel; The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 1.14.1.7 Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

The Company has accounted for its investments in Subsidiary at cost less impairment loss (if any).

### 1.14.2 Financial Liabilities

#### 1.14.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### 1.14.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

#### 1.14.2.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### 1.14.3 Derivative financial instruments

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

#### Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Statement of Profit and Loss.

### 1.14.4 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

### 1.14.5 De-recognition of financial assets and liabilities

#### 1.14.5.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Company also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 1.14.5.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### 1.15 Impairment of financial assets

#### 1.15.1 Overview of the ECL principles

The Company is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and Excess Interest Spread (EIS) receivable, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 1.16.2. The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 3(a)(3)(v).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company's policy for grouping financial assets measured on a collective basis is explained in Note 3(a)(1).

The Company has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition. This is further explained in Note 3(a)(3)(v).

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

**Stage 1:** When loans are first recognised, the group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

**Stage 3:** Loans considered credit-impaired (as outlined in Note 3(a)(3)(i)). The group records an allowance for the LTECLs.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced.

#### 1.15.2 The calculation of ECLs

The Company calculates ECLs on loans and EIS Receivable based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

**Loan commitments:** When estimating ECLs for undisbursed loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments, the ECL is recognised within Provisions. Provisions for ECLs for undisbursed loan commitments are assessed as set out in Note 3(a)(2).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an exposure at a default date. The EAD is further explained in Note 3(a)(3)(iii).
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3(a)(3)(iv).

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

**Stage 1:** The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

**Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

**Stage 3:** For loans considered credit-impaired (as defined in Note 3(a)(3)(i)), the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### 1.15.3 Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Property Price Index, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

### 1.15.4 Collateral repossession

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the HFC under SARFAESI act. In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but generally engages external or internal agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and are treated as assets held for sale at (i) fair value less cost to sell or (ii) principal outstanding, whichever is less, at the repossession date.

### 1.15.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of profit and loss account.

### 1.16 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

### 1.17 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

### 1.18 New Technical Pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2022.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 2. Cash and bank balances

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
Cash on hand (refer note 2(a))	264.96	123.89
Balance with banks		
In Current accounts	156.20	501.16
In Cash credit accounts	2,809.50	1,564.07
In Deposits with original maturity of less than three months	1,000.00	-
	<b>4,230.66</b>	<b>2,189.12</b>
Bank balances other than above		
Deposit with original maturity of more than 3 months less than 12 months	1,23,714.08	86,791.77
Deposit with original maturity of more than 12 months (refer note 2(b))	25,077.90	23,115.34
	<b>1,48,791.98</b>	<b>1,09,907.11</b>
<b>Total</b>	<b>1,53,022.64</b>	<b>1,12,096.23</b>

2(a) Cash on hand includes of ₹ 0.95 lakh (P.Y. ₹ 0.95 lakh) balance in franking machine.

2(b) Other Bank balance in deposit accounts include deposits under lien aggregating to ₹ 1,280.94 lakh (P.Y. ₹ 1,248.34 lakh) towards the first loss guarantee provided by the Company under the securitization agreements.

### 3. Loans

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At amortised cost</b>		
Loan assets	9,11,773.88	7,57,286.55
<b>Total Gross</b>	<b>9,11,773.88</b>	<b>7,57,286.55</b>
Less: Impairment loss allowance	(6,431.52)	(4,957.92)
<b>Total Net</b>	<b>9,05,342.36</b>	<b>7,52,328.63</b>
Secured by tangible assets (Property including land and building)	9,11,773.88	7,57,286.55
<b>Total Gross</b>	<b>9,11,773.88</b>	<b>7,57,286.55</b>
Less: Impairment loss allowance	(6,431.52)	(4,957.92)
<b>Total Net</b>	<b>9,05,342.36</b>	<b>7,52,328.63</b>
<b>Loans in India</b>		
Public Sector	-	-
Others	9,11,773.88	7,57,286.55
<b>Total Gross</b>	<b>9,11,773.88</b>	<b>7,57,286.55</b>
Less: Impairment loss allowance	(6,431.52)	(4,957.92)
<b>Total Net</b>	<b>9,05,342.36</b>	<b>7,52,328.63</b>

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of ₹ 23,368.23 lakh at March 31, 2022 (P.Y. ₹ 23,866.12 lakh)



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

- iii) Loans sanctioned but undisbursed amount is ₹ 40,201.79 lakh as on March 31, 2022 (P.Y. ₹ 32,189.19 lakh)
- iv) The Company is not granting any loans against gold jewellery as collateral.
- v) The Company is not granting any loans against security of shares as collateral.
- vi) The Company has assigned a pool of certain loans amounting to ₹ 86,485.66 lakh (P.Y. ₹ 62,454.90 lakh) by way of a direct assignment transactions during the year. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.
- vii) The Company has granted certain loans to staff secured by equitable mortgage/registered mortgage of the property amounting to ₹ 2,112.98 lakh as on March 31, 2022 (P.Y. ₹ 993.56 lakh).
- viii) Loan assets include one loan which became doubtful due to fraudulent misrepresentation by the borrowers and same has been provided for.
- ix) Impairment loss allowance includes ₹ 2,636.52 lakh as on March 31, 2022 (P.Y. ₹ 1,902.62 lakh) on account of COVID-19 and management overlay.

### 3(a)(1) Grouping financial assets measured on a collective basis

As explained in Note 1.15, the Company calculates ECLs on collective basis on following asset classes:

- Housing-Salaried lending
- Housing-Self Employed lending
- Non Housing-Salaried lending
- Non Housing-Self Employed lending

The Company groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans such as product type and customer type.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances have been explained below and ECL allowances includes an additional impairment allowance of ₹ 2,636.52 lakh as on March 31, 2022 (P.Y. ₹ 1,902.62 lakh) on account of COVID-19 and management overlay as on March 31, 2022 as outlined in Note3(a)(3)(vii).

**An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows:**

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	7,27,801.05	22,094.14	7,391.36	7,57,286.55	6,10,838.26	6,507.23	2,841.18	6,20,186.67
New assets originated	3,53,434.42	-	-	3,53,434.42	2,73,959.65	-	-	2,73,959.65
Assets derecognised or repaid	(1,92,729.54)	(3,382.83)	(2,469.44)	(1,98,581.81)	(1,34,549.15)	(778.76)	(1,138.72)	(1,36,466.63)
Transfers from Stage 1	(20,368.72)	16,278.88	4,089.84	-	(24,235.66)	19,484.69	4,750.97	-
Transfers from Stage 2	6,190.76	(8,065.00)	1,874.24	-	1,801.56	(3,217.41)	1,415.85	-
Transfers from Stage 3	1,382.12	102.65	(1,484.77)	-	29.18	105.52	(134.70)	-
Amounts written off	-	-	(365.28)	(365.28)	(42.79)	(7.13)	(343.22)	(393.14)
Gross carrying amount closing balance	8,75,710.09	27,027.84	9,035.95	9,11,773.88	7,27,801.05	22,094.14	7,391.36	7,57,286.55

(₹ in lakh)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL opening balance</b>	<b>2,098.75</b>	<b>845.37</b>	<b>2,013.80</b>	<b>4,957.92</b>	<b>1,289.94</b>	<b>77.20</b>	<b>739.70</b>	<b>2,106.84</b>
ECL remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	82.42	1,392.36	57.43	1,532.21	844.90	756.34	1,373.70	2,974.94
Transfers from Stage 1	(95.28)	69.81	25.47	-	(49.88)	39.48	10.40	-
Transfers from Stage 2	46.26	(131.20)	84.94	-	12.37	(30.15)	17.78	-
Transfers from Stage 3	35.92	3.75	(39.67)	-	1.42	2.50	(3.92)	-
Amounts written off	-	-	(58.61)	(58.61)	-	-	(123.86)	(123.86)
<b>ECL closing balance</b>	<b>2,168.07</b>	<b>2,180.09</b>	<b>2,083.36</b>	<b>6,431.52</b>	<b>2,098.75</b>	<b>845.37</b>	<b>2,013.80</b>	<b>4,957.92</b>

### 3(a)(2) Loan commitments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is, as follows:

(₹ in lakh)

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>	<b>26,160.43</b>	<b>69.10</b>	<b>11.09</b>	<b>26,240.62</b>
High grade	-	-	-	-	-	-	-	-
New assets originated	34,563.27	-	-	34,563.27	26,097.54	-	-	26,097.54
Assets disbursed or cancelled	(26,233.56)	(160.65)	(156.47)	(26,550.68)	(20,116.86)	(21.01)	(11.09)	(20,148.96)
Transfers from Stage 1	(103.26)	103.26	-	-	(355.34)	241.82	113.52	-
Transfers from Stage 2	46.28	(46.28)	-	-	1.85	(48.10)	46.25	-
Transfers from Stage 3	3.30	-	(3.30)	-	-	-	-	-
<b>Gross carrying amount closing balance</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL opening balance</b>	<b>58.22</b>	<b>2.53</b>	<b>34.28</b>	<b>95.03</b>	<b>45.76</b>	<b>0.60</b>	<b>2.29</b>	<b>48.65</b>
ECL remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	16.44	5.51	(34.27)	(12.32)	13.28	1.82	31.28	46.38
Transfers from Stage 1	(0.23)	0.23	-	-	(0.82)	0.58	0.24	-
Transfers from Stage 2	0.10	(0.10)	-	-	0.00	(0.47)	0.47	-
Transfers from Stage 3	0.01	-	(0.01)	-	-	-	-	-
<b>ECL closing balance</b>	<b>74.54</b>	<b>8.17</b>	<b>-</b>	<b>82.71</b>	<b>58.22</b>	<b>2.53</b>	<b>34.28</b>	<b>95.03</b>

### 3(a)(3) Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 3(a)(3)(i) Definition of default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments on any day irrespective of reporting cycle. Company upgrade stage 3 cases only if entire arrears of interest and principal are paid by the borrower i.e. DPD becomes zero. The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognized and is still in the portfolio.

### 3(a)(3)(ii) The Company's process for managing risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers, investments in debt securities and derivatives that are an asset position. The Company considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

### 3(a)(3)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

### 3(a)(3)(iv) Loss given default

The Company segments its retail lending products into smaller homogeneous portfolios (housing and non housing), based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

### 3(a)(3)(v) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due. In accordance with the COVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Company has offered moratorium on the payment of all installments and/or interest, as applicable, falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers. During the year RBI issued resolution framework 2.0 dated May 05, 2021 accordance with that Company has offered moratorium on payment of all installment and/or interest as applicable to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

### 3(a)(3)(vi) Risk assessment model

The Company has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

### 3(a)(3)(vii) Risk assessment for COVID-19

The Company has used the principles of prudence in applying judgments, estimates and possible forward looking scenarios to assess and provide for the impact of the COVID-19 pandemic on the Financial Statements specifically while assessing the expected credit loss on financial assets by applying the customer profiling within salaried and self-employed portfolio and management overlays, approved by its Board of Directors. This has resulted in additional impairment allowance of ₹ 2,636.52 lakh (P.Y. Additional provision of ₹ 1,902.62 lakh) against financial assets as on March 31, 2022.

### 3(a)(4) Collateral

The Company holds collateral to mitigate credit risk associated with financial assets. The main types of collateral are registered/equitable mortgage property. The collateral presented relates to instruments that are measured at amortised cost.

The Company did not hold any financial instrument for which no loss allowance is recognised because of collateral at March 31, 2022. There was no change in the Company's collateral policy or collateral quality during the year.

Refer note 43(C) for risk concentration based on Loan to value(LTV).

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 4. Investments

(₹ in lakh)

Particulars	At fair Value				Subtotal	Others*	Total
	Amortised Cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss			
<b>As at March 31, 2022</b>							
Government Securities	5,251.73	-	-	-	-	-	5,251.73
Aavas Finserv Limited (Subsidiary Company)	-	-	-	-	-	1,500.00	1,500.00
<b>Total Gross (A)</b>	<b>5,251.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500.00</b>	<b>6,751.73</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	5,251.73	-	-	-	-	1,500.00	6,751.73
<b>Total (B)</b>	<b>5,251.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500.00</b>	<b>6,751.73</b>
<b>Total (A) to tally with (B)</b>	<b>5,251.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500.00</b>	<b>6,751.73</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) -(C)</b>	<b>5,251.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500.00</b>	<b>6,751.73</b>
<b>As at March 31, 2021</b>							
Aavas Finserv Limited (Subsidiary Company)	-	-	-	-	-	450.00	450.00
<b>Total Gross (A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450.00</b>	<b>450.00</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	-	-	-	-	-	450.00	450.00
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450.00</b>	<b>450.00</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) -(C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450.00</b>	<b>450.00</b>

\* The Company has accounted for its investments in subsidiary at cost less impairment loss (if any).

### 5. Other financial assets

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued on Bank Deposits	1,923.37	1,654.56
Security Deposit	379.02	319.53
EIS Receivable (Refer note 5(a))	23,717.80	19,216.70
Inter Corporate Loan	265.53	-
Other financial assets	-	1,493.21
<b>Total Gross</b>	<b>26,285.72</b>	<b>22,684.00</b>
Less: Impairment loss allowance (on EIS Receivable assets)	(121.08)	(79.09)
<b>Total Net</b>	<b>26,164.64</b>	<b>22,604.91</b>

5(a) Under Ind AS, with respect to Assignment deals, Company has created an Excess Interest Spread (EIS) Receivable, with corresponding credit to Statement of Profit and loss for the year, which has been computed by discounting EIS to present value.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 6(a). Property, plant and equipment

(₹ in lakh)

	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
<b>Cost</b>							
At March 31, 2020	1,041.53	1,384.89	1,665.91	599.83	678.99	4.95	5,376.10
Purchase	-	366.09	94.19	118.58	79.66	-	658.52
Disposals	-	(36.81)	(5.24)	(50.57)	(4.63)	-	(97.24)
At March 31, 2021	1,041.53	1,714.17	1,754.86	667.84	754.02	4.95	5,937.37
Purchase	-	535.10	275.70	197.97	161.20	-	1,169.97
Disposals	-	(29.15)	(21.27)	(86.53)	(16.98)	-	(153.93)
At March 31, 2022	1,041.53	2,220.12	2,009.29	779.28	898.24	4.95	6,953.41
<b>Depreciation</b>							
At March 31, 2020	150.22	1,065.19	803.61	224.09	433.16	-	2,676.27
Charge for the year	43.40	274.32	252.97	127.06	131.79	-	829.54
Disposals	-	(35.60)	(4.50)	(30.69)	(4.31)	-	(75.10)
At March 31, 2021	193.62	1,303.91	1,052.08	320.46	560.64	-	3,430.71
Charge for the year	41.29	362.40	267.72	139.45	135.85	-	946.71
Disposals	-	(27.69)	(18.93)	(57.24)	(14.50)	-	(118.36)
At March 31, 2022	234.91	1,638.62	1,300.87	402.67	681.99	-	4,259.06
<b>Net Block</b>							
At March 31, 2021	847.91	410.26	702.78	347.38	193.38	4.95	2,506.66
At March 31, 2022	806.62	581.50	708.42	376.61	216.25	4.95	2,694.35

### 6(b) Capital work-in-progress

(₹ in lakh)

	PPE	Total
<b>Gross block</b>		
At March 31, 2020	30.99	30.99
Capitalised during the year	37.81	37.81
Purchase	6.82	6.82
At March 31, 2021	-	-
Capitalised during the year	-	-
Purchase	-	-
At March 31, 2022	-	-

### 6(c) Intangible assets under development

(₹ in lakh)

	Software	Total
<b>Gross block</b>		
At March 31, 2020	39.90	39.90
Capitalised during the year	24.84	24.84
Purchase	25.48	25.48
At March 31, 2021	40.54	40.54
Capitalised during the year	58.42	58.42
Purchase	227.86	227.86
At March 31, 2022	209.98	209.98

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 6(d) Other Intangible assets

(₹ in lakh)

	Software/Other intangible assets	Total
<b>Gross block</b>		
At March 31, 2020	808.72	808.72
Purchase	131.90	131.90
Disposals	-	-
At March 31, 2021	940.62	940.62
Purchase	220.23	220.23
Disposals	-	-
At March 31, 2022	1,160.85	1,160.85
<b>Amortization</b>		
At March 31, 2020	393.88	393.88
Charge for the year	201.18	201.18
At March 31, 2021	595.06	595.06
Charge for the year	196.84	196.84
At March 31, 2022	791.90	791.90
<b>Net block</b>		
At March 31, 2021	345.56	345.56
At March 31, 2022	368.94	368.94

### 6.1 Capital-Work-in Progress (CWIP)

- (a) CWIP aging schedule- There is no balance of Capital-Work-in-Progress(CWIP) available as on March 31, 2022 and March 31, 2021
- (b) No such case of capital-work-in progress in which completion is overdue or has exceeded its cost compared to its original plan in the Company

### 6.2 Intangible assets under development

#### (a) Intangible assets under development aging schedule

(₹ in lakh)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 2022</b>					
Projects in progress	209.98	-	-	-	209.98
Projects temporarily suspended	-	-	-	-	-
<b>As at March 2021</b>					
Projects in progress	13.51	27.03	-	-	40.54
Projects temporarily suspended	-	-	-	-	-

- (b) No Such case of intangible assets under development in which completion is overdue or has exceeded its cost compared to its original plan in the Company

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 7. Right-of-use assets

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Opening Value of Right of Use Asset</b>	<b>4,914.17</b>	<b>3,785.03</b>
Addition	1,815.96	1,129.14
Disposal	(4.61)	-
<b>Gross Carrying Value</b>	<b>6,725.52</b>	<b>4,914.17</b>
<b>Depreciation</b>		
Opening Accumulated Depreciation	1,940.47	910.83
Depreciation for the year	1,232.20	1,029.64
<b>Closing Accumulated Depreciation</b>	<b>3,172.67</b>	<b>1,940.47</b>
<b>Net Carrying value</b>	<b>3,552.85</b>	<b>2,973.70</b>

### 8. Other non-financial assets

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid Expenses	361.10	288.91
Advance to staff	178.75	136.16
Advance to vendors	258.03	172.18
Other Recoverable	227.47	131.19
<b>Total</b>	<b>1,025.35</b>	<b>728.44</b>

### 9. Assets held for sale

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets obtained by taking possession of collateral (Refer note 9(a))	2,921.06	2,220.77
<b>Total Gross</b>	<b>2,921.06</b>	<b>2,220.77</b>
Less: Impairment loss allowance	(581.72)	(381.19)
<b>Total Net</b>	<b>2,339.34</b>	<b>1,839.58</b>

#### 9(a) Assets obtained by taking possession of collateral

The Company obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Residential properties	2,921.06	2,220.77
<b>Total assets obtained by taking possession of collateral</b>	<b>2,921.06</b>	<b>2,220.77</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 10. Payables

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade Payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	368.07	284.31
<b>Total</b>	<b>368.07</b>	<b>284.31</b>

#### 10 (a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars As at March 31, 2022	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	287.85	-	72.34	7.88	-	-	368.07
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

(₹ in lakh)

Particulars As at March 31, 2021	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	221.13	-	63.18	-	-	-	284.31
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

10(b) There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises for the year ended March 31, 2022

### 11. Debt Securities

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At amortised cost</b>		
<b>Secured</b>		
Debentures (Refer note 11(a))	1,15,263.52	1,26,568.97
<b>Unsecured</b>		
Debentures (Refer note 11(a))	55,682.57	19,897.18
<b>Total</b>	<b>1,70,946.09</b>	<b>1,46,466.15</b>
Debt securities in India	1,15,263.52	1,26,568.97
Debt securities outside India	55,682.57	19,897.18
<b>Total</b>	<b>1,70,946.09</b>	<b>1,46,466.15</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 11 (a) Detail of Redeemable Non-Convertible Debentures

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest	Face value	As at March		Secured/ Unsecured	Terms of redemption
							31, 2022	31, 2021		
INE216P07134	18-Jul-17	18-May-22	10	1,300	8.43%*	13,000	12,994.27	12,952.93	Secured	Redeemable at par
INE216P07159	17-Apr-18	17-Apr-23	10	100	8.90%*	1,000	-	998.01	Secured	Redeemed at par during the year
LRN-201812124	20-Dec-18	20-Dec-25	100	200	8.93%**	20,000	19,929.00	19,897.18	Unsecured	Redeemable at par
INE216P07167	16-Sep-19	15-Sep-24	100	345	8.39%*	34,500	34,283.81	34,208.65	Secured	Redeemable at par
INE216P07175	30-Mar-20	30-Mar-28	10	4,444	8.65%*	44,440	40,607.48	43,976.39	Secured	Redeemable at par
INE216P07183	22-Jun-20	22-Dec-21	10	1,500	6.60%*	15,000	-	14,999.08	Secured	Redeemed at par during the year
INE216P07191	4-Nov-20	4-Nov-25	10	1,000	6.70%	10,000	-	9,942.56	Secured	Redeemed at par during the year
INE216P07209	31-Dec-20	31-Dec-25	7.50	1,000	6.63%**	7,500	7,494.41	9,491.35	Secured	Redeemable at par
INE216P07217	26-Nov-21	26-Nov-26	10	990	6.50%	9,900	9,892.33	-	Secured	Redeemable at par
INE216P07225	25-Mar-22	25-Mar-27	10	1,000	6.25%**	10,000	9,991.22	-	Secured	Redeemable at par
LRN-202202123	10-Mar-22	10-Mar-29	100	360	7.00%**	36,000	35,753.57	-	Unsecured	Redeemable at par
<b>Total</b>							<b>1,70,946.09</b>	<b>1,46,466.15</b>		

\*ROI p.a (payable half yearly)

\*\*ROI p.a (payable quarterly)

### Terms of repayment of Debentures outstanding as at March 31, 2022

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Original maturity of loan</b>											
<b>Quarterly</b>											
Above 3 years	6%-8%	8	3,969.64	16	7,957.70	11	5,470.92	-	-	35	17,398.26
Half yearly	8%-10%	4	11,747.10	8	23,548.66	6	18,575.10	2	6,800.77	20	60,671.63
Above 3 years	6%-8%	-	-	-	0.00	4	17,904.82	4	17,904.82	8	35,809.64
Bullet end											
Above 3 years	6%-8%	-	-	-	-	3	9,847.65	-	-	3	9,847.65
Above 3 years	8%-10%	1	12,901.35	1	34,317.56	-	-	-	-	2	47,218.91
<b>Total</b>		<b>13</b>	<b>28,618.09</b>	<b>25</b>	<b>65,823.92</b>	<b>24</b>	<b>51,798.49</b>	<b>6</b>	<b>24,705.59</b>	<b>68</b>	<b>1,70,946.09</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Terms of repayment of Debentures outstanding as at March 31, 2021

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Original maturity of loan</b>											
<b>Quarterly</b>											
Above 3 years	6%-8%	4	1,980.05	8	3,975.87	7	3,478.89	-	-	19	9,434.81
Half yearly										-	
Above 3 years	8%-10%	1	3,384.35	8	23,531.05	8	23,531.05	4	13,591.37	21	64,037.82
Bullet end											
Less than 3 years	6%-8%	1	14,850.33	-	-	-	-	-	-	1	14,850.33
Above 3 years	6%-8%	-	-	-	-	1	9,939.68	-	-	1	9,939.68
	8%-10%	1	990.02	1	12,921.59	1	34,291.90	-	-	3	48,203.51
<b>Total</b>		<b>7</b>	<b>21,204.75</b>	<b>17</b>	<b>40,428.51</b>	<b>17</b>	<b>71,241.52</b>	<b>4</b>	<b>13,591.37</b>	<b>45</b>	<b>1,46,466.15</b>

(₹ in lakh)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 12. Borrowings (other than debt securities)

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At amortised cost</b>		
<b>Secured</b>		
<b>Term loans (refer note 12(l))</b>		
From National Housing Bank (NHB) (Refer note 12(a))	2,20,676.44	1,87,239.16
From Banks (Refer note 12(b))	3,81,480.45	2,73,719.91
From Financial institutions (Refer note 12(c))	30.54	61.07
From Insurance Companies (Refer note 12(d))	6,869.39	8,117.44
<b>Others</b>		
Cash Credit (refer note 12(e))	-	0.01
Others (refer note 12(f))	7,264.33	8,964.90
<b>Total</b>	<b>6,16,321.15</b>	<b>4,78,102.49</b>
Borrowings in India	6,16,321.15	4,78,102.49
Borrowings outside India	-	-
<b>Total</b>	<b>6,16,321.15</b>	<b>4,78,102.49</b>

12(a) Secured term loans from National Housing Bank carry rate of interest in the range of 2.94% to 8.50% p.a. The loans are having tenure of 1 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

12(b) Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 6.25% to 8.05% p.a. The loans are having tenure of 5 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Secured term loan from banks include auto loans of ₹ 279.11 lakh (P.Y. ₹ 240.63 lakh) carrying rate of interest in the range of 7.10% to 9.50% p.a. which are secured by hypothecation of Company's vehicles.

12(c) Loans from financial institutions include auto loans of ₹ 30.54 lakh (P.Y. ₹ 61.07 lakh) carrying rate of interest in the range of 8.63% to 9.26% p.a. which are secured by hypothecation of Company's vehicles.

12(d) Secured term loan from Insurance Company carry rate of interest of 7.60% p.a. The loan is having tenure of 8 years from the date of disbursement and is repayable in half yearly instalments. The Loan is secured by hypothecation (exclusive charge) of the loans given by the Company.

12(e) Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Company, are repayable on demand and carry interest rates ranging from 7.20% to 10.20%

12(f) Other borrowings includes associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS.

**Notes to the Standalone Financial Statements** for the year ended March 31, 2022**12(g) Changes in liabilities arising from financing activities**

(₹ in lakh)

Particulars	As at March 31, 2021	Cash flows	Other*	As at March 31, 2022
Debt securities	1,46,466.15	24,481.53	(1.59)	1,70,946.09
Borrowings	4,78,102.49	1,40,007.46	(1,788.80)	6,16,321.15
Subordinate liabilities	9,973.65	0.00	8.85	9,982.50
<b>Total</b>	<b>6,34,542.29</b>	<b>1,64,488.99</b>	<b>(1,781.54)</b>	<b>7,97,249.74</b>

(₹ in lakh)

Particulars	As at March 31, 2020	Cash flows	Other*	As at March 31, 2021
Debt securities	1,16,846.54	29,500.00	119.61	1,46,466.15
Borrowings	4,08,391.40	71,168.13	(1,457.04)	4,78,102.49
Subordinate liabilities	9,965.61	(0.00)	8.04	9,973.65
<b>Total</b>	<b>5,35,203.55</b>	<b>1,00,668.13</b>	<b>(1,329.39)</b>	<b>6,34,542.29</b>

\*Other column includes amortisation of transaction cost.

12(h) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 12(i) Terms of repayment of long term borrowings outstanding as at March 31, 2022

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Original maturity of loan</b>													
<b>Monthly repayment schedule</b>													
Above 3 years	6%-8%	608	21,352.68	969	43,663.94	350	38,292.71	325	45,824.09	-	-	2,252	1,49,133.42
	8%-10%	123	999.27	72	1,118.98	-	-	-	-	-	-	195	2,118.25
<b>Quarterly repayment schedule</b>													
Above 3 years	2%-4%	46	11,777.77	112	30,428.83	112	30,428.83	84	20,645.44	-	-	354	93,280.87
	4%-6%	42	16,520.56	96	15,473.35	70	10,131.85	86	11,003.45	-	-	294	53,129.21
	6%-8%	203	37,198.64	527	1,02,597.54	418	85,973.96	400	75,753.39	39	2,946.65	1,587	3,04,470.18
	8%-10%	3	10.15	8	27.09	6	20.12	-	-	-	-	17	57.36
<b>Half yearly repayment schedule</b>													
Above 3 years	6%-8%	2	1,247.89	4	2,497.62	4	2,497.62	1	624.40	-	-	11	6,867.53
<b>Total</b>		<b>1,027</b>	<b>89,106.96</b>	<b>1,788</b>	<b>1,95,807.35</b>	<b>960</b>	<b>1,67,345.09</b>	<b>896</b>	<b>1,53,850.77</b>	<b>39</b>	<b>2,946.65</b>	<b>4,710</b>	<b>6,09,056.82</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 7,264.33 lakh (Due within 1 year ₹ 549.19 lakh and due more than 1 year ₹ 6,715.14 lakh)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Terms of repayment of long term borrowings outstanding as at March 31, 2021

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Original maturity of loan</b>													
<b>Monthly repayment schedule</b>													
Above 3 years	6%-8%	304	7,497.94	551	21,362.62	303	17,192.43	363	28,982.34	9	-	1,530	75,035.33
	8%-10%	426	3,122.86	443	6,662.33	91	9.74	-	-	-	-	960	9,794.93
<b>Quarterly repayment schedule</b>													
Above 3 years	2%-4%	6	2,809.53	16	7,495.68	16	7,495.68	13	6,674.31	-	-	51	24,475.20
	4%-6%	39	6,424.47	104	17,140.17	100	15,924.52	113	16,033.49	16	2,039.58	372	57,562.23
	6%-8%	175	19,155.14	477	66,191.10	367	56,374.49	393	66,397.10	4	316.91	1,416	2,08,434.74
	8%-10%	66	1,571.83	136	15,496.36	132	14,914.13	137	17,195.66	-	-	471	49,177.98
<b>Half yearly repayment schedule</b>													
Above 3 years	6%-8%	2	1,248.01	4	2,497.23	4	2,497.23	3	1,872.92	-	-	13	8,115.39
<b>At the end of tenure</b>													
Less than 3 years	4%-6%	1	36,541.80	-	-	-	-	-	-	-	-	1	36,541.80
<b>Total</b>		<b>1,019</b>	<b>78,371.58</b>	<b>1,731</b>	<b>1,36,845.49</b>	<b>1,013</b>	<b>1,14,408.22</b>	<b>1,022</b>	<b>1,37,155.82</b>	<b>29</b>	<b>2,356.49</b>	<b>4,814</b>	<b>4,69,137.60</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 8,964.90 lakh (Due within 1 year ₹ 827.78 lakh and due more than 1 year ₹ 8,137.12 lakh)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 13. Subordinated Liabilities

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortised cost</b>		
Debentures (Refer note 13(a))	9,982.50	9,973.65
<b>Total</b>	<b>9,982.50</b>	<b>9,973.65</b>
Subordinated Liabilities in India	9,982.50	9,973.65
Subordinated Liabilities Outside India	-	-
<b>Total</b>	<b>9,982.50</b>	<b>9,973.65</b>

### 13(a). Detail of Subordinated Liabilities

(₹ in lakh)

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Face value	As at March 31, 2022	As at March 31, 2021	Secured/ Unsecured	Terms of redemption
INE216P08017	22-Dec-17	22-Dec-23	10	1,000	9.49%	10,000	9,982.50	9,973.65	Unsecured	Redeemable at par

### Terms of repayment of Subordinated liabilities outstanding as at March 31, 2022

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Original maturity of loan							
At the end of tenure							
Above 3 years	8%-10%	-	(9.76)	1	9,992.26	1	9,982.50

### Terms of repayment of Subordinated liabilities outstanding as at March 31, 2021

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
Original maturity of loan							
At the end of tenure							
Above 3 years	8%-10%	-	(8.86)	1	9,982.51	1	9,973.65

### 14. Lease liabilities

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liabilities	3,948.24	3,229.82
<b>Total</b>	<b>3,948.24</b>	<b>3,229.82</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Disclosures as required by Ind AS 116 'Leases' are stated below

### Movement of Lease Liability

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Opening Balance</b>	<b>3,229.82</b>	<b>3,012.91</b>
Add: Addition during the year	1,810.81	1,129.14
Interest on Lease Liability	319.41	217.95
Less: Lease rental Payment	(1,411.80)	(1,130.18)
<b>Closing Balance</b>	<b>3,948.24</b>	<b>3,229.82</b>

Note: The amount Recognized in profit or loss for the Financial Year ending March 31, 2022 to reflect changes in lease payments that arise from rent concessions to which the Company has applied the practical expedient in paragraph 46A of Ind As-116 is ₹ 23.79 lakh (P.Y. ₹ 72.99 lakh)

The following is the breakup of current and non-current portion of lease liability:

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
Current	1,102.45	885.78
Non-Current	2,845.79	2,344.04
	<b>3,948.24</b>	<b>3,229.82</b>

### 15 Other financial liabilities

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Interest accrued but not due</b>		
Non convertible debentures	793.48	1,143.24
Unsecured non convertible debentures	473.21	316.43
Bank- term Loan	402.92	154.98
Financial Institution- term Loan	0.14	0.30
Due to assignees towards collections in derecognised assets	5,095.69	2,569.98
Employee benefits payable	1,973.64	2,291.81
Others	5,503.93	7,009.89
<b>Total</b>	<b>14,243.01</b>	<b>13,486.63</b>

### 16 Provisions

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Provision for employee benefits</b>		
Leave availment	251.73	214.23
Gratuity	68.06	63.14
ECL on undisbursed loan commitment	82.71	95.03
<b>Total</b>	<b>402.50</b>	<b>372.40</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 17 Tax Expenses

The major components of income tax expense for the year ended:

#### Profit or loss section

Particulars	(₹ in lakh)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Current income tax:</b>		
Current income tax charge	9,122.53	6,701.45
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	683.28	(318.03)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>9,805.81</b>	<b>6,383.42</b>

#### OCI

Deferred tax related to items recognised in OCI during the year:

Particulars	(₹ in lakh)	
	Year ended March 31, 2022	Year ended March 31, 2021
Net loss/(gain) on re-measurements of defined benefit plans	23.84	28.05
<b>Income tax charged to OCI</b>	<b>23.84</b>	<b>28.05</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:

Particulars	(₹ in lakh)	
	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax from continuing operations	45,485.73	35,332.94
Profit/(loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>45,485.73</b>	<b>35,332.94</b>
Tax at statutory Income Tax rate of 25.17% (P.Y. 25.17%)	11,447.85	8,892.60
Expenses disallowed in Income Tax Act	254.34	206.78
Other permanent difference	(297.59)	(867.25)
Expenses disallowed u/s 43B of Income Tax Act	9.44	13.09
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of Income Tax Act, 1961	(1,601.17)	(1,242.71)
Incremental deferred tax liabilities /(assets) on account of Financial assets and other items	(7.06)	(619.09)
Tax at effective income tax rate (a)	9,805.81	6,383.42
Tax on Other comprehensive income (b)	23.84	28.05
<b>Total Tax expenses at effective income tax rate (a+b)</b>	<b>9,829.65</b>	<b>6,411.47</b>

#### Deferred Tax liabilities / (assets)

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Deferred tax liability</b>		
Unamortized Borrowings cost	412.70	392.32
Upfront EIS income	5,969.29	4,836.46
<b>Gross deferred tax liability</b>	<b>6,381.99</b>	<b>5,228.78</b>
<b>Deferred tax asset</b>		
Expected credit loss (ECL)	(1,275.85)	(906.01)
Unamortized processing fee	(1,032.11)	(1,028.93)
Fair valuation of SARFAESI	(102.46)	(83.01)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Provision for gratuity and Leave availment	(63.36)	(69.81)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(273.15)	(224.29)
Other adjustments	(99.51)	(64.46)
<b>Gross deferred tax asset</b>	<b>(2,846.44)</b>	<b>(2,376.51)</b>
<b>Net Deferred Tax Liability</b>	<b>3,535.55</b>	<b>2,852.27</b>

### Deferred Tax charged to statement of profit and loss account

(₹ in lakh)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Profit and Loss	OCI	Profit and Loss	OCI
	Unamortized Borrowings cost	20.38	-	(0.23)
Upfront EIS income	1,132.84	-	541.25	-
Expected credit loss (ECL)	(369.85)	-	(492.74)	-
Unamortized processing fee	(3.17)	-	(375.21)	-
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(48.86)	-	(47.82)	-
Other adjustments	(48.05)	23.84	56.72	28.05
<b>Deferred Tax charged to statement of profit and loss account</b>	<b>683.28</b>	<b>23.84</b>	<b>(318.03)</b>	<b>28.05</b>

The proportionate amount of business income from housing loan segment for Special Reserve u/s 29C of the NHB Act read with section 36 (1) (viii) of Income Tax Act, 1961 has been computed by giving weightage of housing loan for more than 60 months to total loan assets of the Company. The total housing loan for more than 60 months for the year under consideration is ₹ 6,53,700.01 lakh.

### 18 Other Non-financial Liabilities

(₹ in lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Statutory Dues Payable	295.70	204.33
Provision for Expenses	1,002.52	816.96
GST payable	67.06	-
Others	61.58	75.21
<b>Total</b>	<b>1,426.86</b>	<b>1,096.50</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 19 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Authorized share Capital</b>		
8,50,00,000 (P.Y. 8,50,00,000) Equity Shares of ₹ 10/- each	8,500.00	8,500.00
	<b>8,500.00</b>	<b>8,500.00</b>
<b>Issued, Subscribed &amp; Paid up capital</b>		
<b>Issued and Subscribed Capital</b>		
7,89,36,451 (P.Y. 7,85,04,551) Equity Shares of ₹ 10/- each	7,893.65	7,850.46
<b>Called-Up and Paid Up Capital</b>		
Fully Paid-Up		
7,89,36,451 (P.Y. 7,85,04,551) Equity Shares of ₹ 10/- each	7,893.65	7,850.46
<b>Total</b>	<b>7,893.65</b>	<b>7,850.46</b>

### 19(a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	(₹ in lakh)			
	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ In lakh	No. of shares	₹ In lakh
Equity Share at the beginning of year	7,85,04,551	7,850.46	7,83,22,661	7,832.27
Add:				
<b>Equity Share Allotted during year</b>				
Shares issued under ESOP	4,31,900	43.19	1,81,890	18.19
<b>Equity share at the end of year</b>	<b>7,89,36,451</b>	<b>7,893.65</b>	<b>7,85,04,551</b>	<b>7,850.46</b>

### 19(b) Details of Shareholders holding more than 5% shares in the Company

Name of the shareholder	(₹ in lakh)			
	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	1,81,86,219	23.04%	2,31,40,827	29.48%
1,81,86,219 Equity Shares of ₹ 10/- each fully paid				
Partners Group ESCL Limited	88,68,091	11.23%	1,12,40,151	14.32%
88,68,091 Equity Shares of ₹ 10/- each fully paid				
Smallcap World Fund, Inc	61,68,830	7.81%	54,97,038	7.00%
61,68,830 Equity Shares of ₹ 10/- each fully paid				
Partners Group Private Equity Master Fund LLC	38,91,752	4.93%	49,32,728	6.28%
38,91,752 Equity Shares of ₹ 10/- each fully paid				
<b>Total</b>	<b>3,71,14,892</b>	<b>47.01%</b>	<b>4,48,10,744</b>	<b>57.08%</b>

As per records of the Company, including its register of Shareholders/ members and other declarations received from Shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 19(c) Rights, preferences and restrictions attached to shares

#### Equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 19(d) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date

Particulars	(₹ in lakh)				
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-	-

19(e) For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 32

### 19(f) Shareholding of Promoters

#### Shares held by promoters at the end of March 31, 2022

Promoter name	(₹ in lakh)		
	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.04%	-21.41%
Partners Group ESCL Limited	88,68,091	11.23%	-21.10%
Partners Group Private Equity Master Fund LLC	38,91,752	4.93%	-21.10%
<b>Total</b>	<b>3,09,46,062</b>	<b>39.20%</b>	

#### Shares held by promoters at the end of March 31, 2021

Promoter name	(₹ in lakh)		
	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	2,31,40,827	29.48%	-
Partners Group ESCL Limited	1,12,40,151	14.32%	-13.65%
Partners Group Private Equity Master Fund LLC	49,32,728	6.28%	-13.65%
<b>Total</b>	<b>3,93,13,706</b>	<b>50.08%</b>	

### 20. Other equity

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
Securities premium account (refer note 20(a))	1,34,887.21	1,33,403.29
Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of income tax Act, 1961 (refer note 20(a))	26,281.55	19,131.38
Share Based Payments Reserve (refer note 20(a))	3,072.53	1,808.00
Retained earnings	1,08,688.81	77,946.87
Share application money received	40.59	0.48
<b>Total</b>	<b>2,72,970.69</b>	<b>2,32,290.02</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 20(a) Nature and purpose of reserve

#### Securities premium Account

Securities premium Account is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

#### Special reserve

Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. During the year ended March 31, 2022, The Company has transferred an amount of ₹ 6,361.94 lakh (P.Y. ₹ 4,937.65 lakh) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987 and also transferred an amount of ₹ 788.23 lakh (P.Y. ₹ 868.93 lakh) to the Reserve in terms of Section 29C of the National Housing Bank (“NHB”) Act, 1987.

#### Share Based Payments Reserve

This Reserve relates to stock options granted by the Company to employees under various ESOP Schemes. This Reserve is transferred to Securities Premium Account on exercise of vested options.

### 21. Interest income

(₹ in lakh)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss
Interest on Loans (Refer note 21 (a))	-	1,06,452.48	-	-	89,939.42	-
Interest on deposits with Banks	-	6,169.38	-	-	7,301.74	-
Interest on deposits with Corporates	-	145.39	-	-	398.24	-
Interest on Inter Corporates Loan	-	17.26	-	-	-	-
Interest on G-Sec Investment	-	92.64	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,12,877.15</b>	<b>-</b>	<b>-</b>	<b>97,639.40</b>	<b>-</b>

21(a) Loan origination income included in Interest income on Loan is disclosed net of the direct incremental costs of ₹ 4,150.73 lakh for year ended March 31, 2022 (P.Y. ₹ 2,457.61 lakh) associated with the origination of the underlying loans.

### 22. Fees and commission Income

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Insurance commission	476.75	311.46
Other fee income	4,146.44	3,343.91
<b>Total</b>	<b>4,623.19</b>	<b>3,655.37</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 23. Net gain on fair value changes

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>a) Net gain on financial instruments at fair value through profit and loss</b>		
<b>i) On trading portfolio</b>		
Investments	531.99	387.16
<b>b) Others</b>		
Derivatives	-	-
<b>Total Net gain on fair value changes</b>	<b>531.99</b>	<b>387.16</b>
<b>Fair value changes</b>		
Realised	531.99	387.16
Unrealised- MTM gain	-	-
<b>Total Net gain on fair value changes</b>	<b>531.99</b>	<b>387.16</b>

### 24. Other income

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net gain on derecognition of property, plant and equipment	1.68	9.10
Other income	118.23	206.95
<b>Total</b>	<b>119.91</b>	<b>216.05</b>

### 25. Finance Costs

(₹ in lakh)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost
Interest on borrowings, debt securities and subordinated liabilities	-	46,867.26	-	44,876.46
Interest on securitised pool	-	563.67	-	729.86
Interest on lease liability	-	319.40	-	217.95
<b>Total</b>	<b>-</b>	<b>47,750.33</b>	<b>-</b>	<b>45,824.27</b>

### 26. Fees and commission expense

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Resource mobilisation expenses	281.05	302.30
Bank charges and commission	151.28	133.50
Brokerage commission	138.90	182.66
<b>Total</b>	<b>571.23</b>	<b>618.46</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 27. Impairment on financial instruments

(₹ in lakh)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost
Loan assets	-	1,763.17	-	3,347.34
Write offs	-	306.67	-	269.29
Assets acquired under SARFAESI	-	190.68	-	97.23
<b>Total</b>	<b>-</b>	<b>2,260.52</b>	<b>-</b>	<b>3,713.86</b>

### 28. Employee Benefits Expenses

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	19,887.97	15,357.54
Contribution to provident and other funds	1,131.71	826.38
Share Based Payments to employees	1,784.61	850.84
Staff welfare expenses	419.24	178.85
<b>Total</b>	<b>23,223.53</b>	<b>17,213.61</b>

#### Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by the Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

#### Statement of profit and loss

##### Net employee benefit expense recognized in the employee cost

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	260.49	209.61
Interest cost	3.65	34.91
Expected return on plan assets	-	-
Net remeasurement (gain) / loss recognized in the year	-	-
<b>Net expense</b>	<b>264.14</b>	<b>244.52</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Remeasurement (gains)/ loss recognised in other comprehensive income: (₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	(94.73)	(111.45)
<b>Remeasurement (gain) / loss arising during the year</b>	<b>(94.73)</b>	<b>(111.45)</b>

Actual Return on plan asset (₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Expected return on plan asset	-	-
Interest Income on Plan Asset	39.93	-
Actuarial gain/(loss)	(18.11)	21.22
<b>Actual Return on plan asset</b>	<b>-</b>	<b>-</b>

### Balance Sheet

Net defined benefit liability (₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Present value of defined benefit obligation	758.08	659.25
Fair value of plan assets	(690.02)	(604.95)
<b>Plan liability</b>	<b>68.06</b>	<b>54.30</b>

Changes in the present value of the defined benefit obligation are as follows: (₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	659.25	517.23
Current service cost	260.49	209.61
Interest cost	43.59	34.91
Benefits paid during the year	(92.40)	(12.27)
Remeasurement (gain)/loss on obligation	(112.84)	(90.23)
<b>Closing defined benefit obligation</b>	<b>758.09</b>	<b>659.25</b>

Changes in the present value of the plan assets are as follows: (₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>Fair value of plan asset at the beginning</b>	<b>604.95</b>	<b>-</b>
Interest Income on Plan Asset	39.93	-
Expected return on plan asset	-	-
Contribution made	64.84	596.00
Benefit paid during the year	(1.59)	(12.27)
Actuarial Gain/(Loss) on plan assets	(18.11)	21.22
<b>Fair value of plan asset at the the end of the year</b>	<b>690.02</b>	<b>604.95</b>



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	7.10%	6.73%
Salary escalation rate	6.00%	6.00%
Employee Turnover	age 30 = 5%	age 30 = 5%
	age 31-40 = 3%	age 31-40 = 3%
	age 41-50 = 2%	age 41-50 = 2%
	age 51 & above=1%	age 51 & above=1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience adjustment for the reported years are as below:

(₹ in lakh)

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Defined benefit obligation	758.09	659.25	517.23	293.96	187.74
Plan assets	(690.02)	(604.95)	-	-	-
(Surplus)/Deficit	68.07	54.30	517.23	293.96	187.74
Experience adjustments on plan liabilities(Gain)/ Loss	(70.12)	(91.54)	6.97	(35.07)	(10.82)
Experience adjustments on plan assets	-	-	-	-	-

### Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>a) Effect of 1% change in assumed discount rate</b>		
- 1% increase	657.49	570.28
- 1% decrease	881.59	768.75
<b>(b) Effect of 1% change in assumed salary escalation rate</b>		
- 1% increase	875.87	768.44
- 1% decrease	659.69	568.97

The sensitivity analysis have been determined based on reasonably possible changes of the respective 'assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

### Funding Arrangement and Policy

The contribution by the Company to fund the liabilities of the plan has to be invested. The trustees of the 'plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax 'rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the 'fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Maturity Analysis of the Benefit Payments: From the Fund

(₹ in lakh)

Projected Benefits Payable in Future Years From the Date of Reporting	Year ended March 31, 2022
1 <sup>st</sup> Following Year	19.82
2 <sup>nd</sup> Following Year	24.21
3 <sup>rd</sup> Following Year	26.41
4 <sup>th</sup> Following Year	31.29
5 <sup>th</sup> Following Year	32.54
Sum of Years 6 to 10	209.82

### Other Benefits

The Company has provided for compensatory leaves which can be availed and not encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation.

### 29. Other expenses

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Advertisement and publicity	663.53	198.08
AMC charges	182.81	123.25
Auditor's remuneration (note 29(a))	77.09	50.69
Collection and legal recovery expenses	278.99	119.30
Communication costs	493.38	397.52
CSR expenses (refer note 39)	601.29	458.52
Directors' fees and commission	130.80	119.90
Donation	44.00	-
Electricity and water	299.24	269.58
General office expenses	275.39	265.46
IT and analytics Expenses	523.43	239.59
Legal and professional charges	728.18	436.58
Manpower management cost	3,109.44	2,236.89
Postage and courier expenses	235.08	156.93
Printing and stationery	102.49	87.56
Rent, rates and taxes Expenses	75.28	58.00
Repairs and maintenance	347.70	212.67
Travelling and conveyance	720.58	339.48
<b>Total</b>	<b>8,888.70</b>	<b>5,770.00</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 29(a) Auditor's remuneration

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Audit fees	64.01	44.42
Tax audit fees	3.27	2.18
Other services	9.81	4.09
<b>Total</b>	<b>77.09</b>	<b>50.69</b>

### 30. Earning per share

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Following reflects the profit and share data used in EPS computations:		
<b>Basic</b>		
Weighted average number of equity shares for computation of Basic EPS (in lakh)	787.52	783.72
Net profit for calculation of basic EPS (₹in lakh)	35,679.92	28,949.52
<b>Basic earning per share (In ₹)</b>	<b>45.31</b>	<b>36.94</b>
<b>Diluted</b>		
Weighted average number of equity shares for computation of Diluted EPS (in lakh)	792.57	790.64
Net profit for calculation of Diluted EPS (₹in lakh)	35,679.92	28,949.52
<b>Diluted earning per share (In ₹)</b>	<b>45.02</b>	<b>36.62</b>
<b>Nominal value of equity shares (In ₹)</b>	<b>10.00</b>	<b>10.00</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 31. Maturity analysis of assets and liabilities

The following tables set forth, for the periods indicated, the assets and liabilities line items expected to be recovered or settled within and after twelve months after factoring prepayment assumptions.

(₹ in lakh)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	4,230.66	-	4,230.66	2,189.12	-	2,189.12
Bank balance other than cash and cash equivalents	1,48,790.98	1.00	1,48,791.98	1,09,907.11	-	1,09,907.11
Loans	1,49,312.09	7,56,030.27	9,05,342.36	1,27,660.89	6,24,667.74	7,52,328.63
Investments	-	6,751.73	6,751.73	-	450.00	450.00
Other financial assets	12,934.71	13,229.93	26,164.64	12,379.79	10,225.12	22,604.91
<b>Non-financial assets</b>						
Current tax assets (net)	566.13	-	566.13	90.45	-	90.45
Property, plant and equipment	-	2,694.35	2,694.35	-	2,506.66	2,506.66
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	209.98	209.98	-	40.54	40.54
Other intangible assets	-	368.94	368.94	-	345.56	345.56
Right-of-use assets	-	3,552.85	3,552.85	-	2,973.70	2,973.70
Other non-financial assets	939.36	85.99	1,025.35	551.20	177.24	728.44
<b>Assets held for sale</b>	2,339.34	-	2,339.34	1,839.58	-	1,839.58
<b>Total Assets</b>	<b>3,19,113.27</b>	<b>7,82,925.04</b>	<b>11,02,038.31</b>	<b>2,54,618.14</b>	<b>6,41,386.56</b>	<b>8,96,004.70</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Payables						
(I) Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	368.07	-	368.07	284.31	-	284.31
Debt securities	28,618.09	1,42,328.00	1,70,946.09	21,204.75	1,25,261.40	1,46,466.15
Borrowings (other than debt securities)	90,255.35	5,26,065.80	6,16,321.15	79,199.36	3,98,903.13	4,78,102.49
Subordinated liabilities	(9.76)	9,992.26	9,982.50	(8.86)	9,982.51	9,973.65
Lease liabilities	1,102.45	2,845.79	3,948.24	885.78	2,344.04	3,229.82
Other financial liabilities	14,147.49	95.52	14,243.01	13,405.40	81.23	13,486.63
<b>Non-financial liabilities</b>						
Provisions	99.67	302.83	402.50	38.90	333.50	372.40
Deferred tax liabilities (net)	-	3,535.55	3,535.55	-	2,852.27	2,852.27
Other non-financial liabilities	1,426.86	-	1,426.86	1,096.50	-	1,096.50
<b>Total Liabilities</b>	<b>1,36,008.22</b>	<b>6,85,165.75</b>	<b>8,21,173.97</b>	<b>1,16,106.14</b>	<b>5,39,758.08</b>	<b>6,55,864.22</b>
<b>Net Assets</b>	<b>1,83,105.05</b>	<b>97,759.29</b>	<b>2,80,864.34</b>	<b>1,38,512.00</b>	<b>1,01,628.48</b>	<b>2,40,140.48</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 32. Stock options

I The Company has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the Year ended March 31, 2022 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 II	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021
<b>Scheme Name</b>	<b>Equity stock option plan for Employees 2016 (ESOP 2016 I)</b>	<b>Equity stock option plan for Employees 2016 (ESOP 2016 I)</b>	<b>Equity stock option plan for Management team 2016 (ESOP 2016 II)</b>	<b>Equity stock option plan for Directors 2016 (ESOP 2016 III)</b>	<b>Equity stock option plan for Employees 2019 (ESOP 2019)</b>	<b>Equity stock option plan for Employees 2020 (ESOP 2020)</b>	<b>Equity stock option plan for Employees 2021 (ESOP 2021)</b>
No. of options approved*	12,87,901		34,45,610	7,19,084	3,00,000	3,00,000	3,00,000
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	23-Feb-17	03-Oct-19	13-Jul-21	18-Aug-21
No. of options granted	9,80,118	4,24,687	34,45,610	7,19,084	3,00,000	3,00,000	3,00,000
Exercise price per option (in ₹)	215.25	328	215.25	215.25	1580.20	2887.05	2477.15
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")						
<b>A) Fixed Vesting year is as follows on following dates :-</b>							
1 <sup>st</sup> vesting "12 months from the date of grant"	98,012	42,469	Refer note A	71,908	30,000	30,000	30,000
2 <sup>nd</sup> vesting "On expiry of four months from the 1 <sup>st</sup> vesting date"	98,012	NA	-	71,908	NA	NA	NA
2 <sup>nd</sup> vesting "On expiry of one year from the 1 <sup>st</sup> vesting date"	NA	42,469	-	NA	30,000	30,000	30,000
3 <sup>rd</sup> vesting "On expiry of one year from the 2 <sup>nd</sup> vesting date"	98,012	42,469	-	Refer note B	30,000	30,000	30,000
4 <sup>th</sup> vesting "On expiry of one year from the 3 <sup>rd</sup> vesting date"	98,012	42,469	-	-	30,000	30,000	30,000
5 <sup>th</sup> vesting "On expiry of one year from the 4 <sup>th</sup> vesting date"	98,011	42,469	-	-	30,000	30,000	30,000
<b>B) Conditional Vesting</b>	Linked with conditions over the next five years as stipulated in respective stock option plan		Refer note A	Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note B)	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan
Exercise year	Four years from the date of each vesting						

\*After adjusting subsequent cancellations, if any

#### Note:

- During year ended March 31, 2018, pursuant to the Board approval dated January 25, 2018, all options granted under Management team 2016 (ESOP 2016 II) plan were vested with immediate effect with no further conditions attached to them.
- During Year ended March 31, 2019, pursuant to the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.
- During Year ended March 31, 2022, pursuant to the Board approval dated July 13, 2021, options granted for employees 2020-ESOP 2020 plan.
- During Year ended March 31, 2022, pursuant to the Board approval dated August 18, 2021, options granted for employees 2021-ESOP 2021 plan.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### II Computation of fair value of options granted during the year ended March 31, 2022

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP 2020	ESOP 2021
Share price on the date of grant	2887.05	2477.15
Exercise price	2887.05	2477.15
Expected volatility (%)	30.39%	28.58%
Life of the options granted (years)		
First Vesting	1 years	1 years
Second Vesting	2 years	2 years
Third Vesting	3 years	3 years
Forth Vesting	4 years	4 years
Fifth Vesting	5 years	5 years
Risk-free interest rate (%)	5.91%	6.28%
Expected dividend rate (%)	0%	0%
Fair value of the option	Tranche 1 - 820.37 Tranche 2 - 978.59 Tranche 3 - 1110.86 Tranche 4 - 1227.46 Tranche 5 - 1345.33	Tranche 1 - 354.82 Tranche 2 - 537.12 Tranche 3 - 686.66 Tranche 4 - 816.37 Tranche 5 - 932.20

### III Reconciliation of options

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021
<b>Year ended March 31, 2022</b>						
Options outstanding at April 1, 2021	1,93,462	2,24,049	2,69,656	3,00,000	-	-
Granted during the year	-	-	-	-	3,00,000	3,00,000
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,38,570	68,617	2,24,713	-	-	-
Expired / lapsed during the year	21,734	29,977	-	-	-	-
Outstanding at March 31, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000
Exercisable at March 31, 2022	33,158	83,970	44,943	1,20,000	-	-
Weighted average remaining contractual life (in years)	0.09	1.45	0.20	4.47	6.29	6.39
Weighted average share price at the time of exercise*	2,451.95	2,466.42	2,409.75	-	-	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021
<b>Year ended March 31, 2021</b>						
Options outstanding at April 1, 2020	3,13,321	2,93,155	2,69,656	3,00,000	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,15,784	66,106	-	-	-	-
Expired / lapsed during the year	4,075	3,000	-	-	-	-
Outstanding at March 31, 2021	1,93,462	2,24,049	2,69,656	3,00,000	-	-
Exercisable at March 31, 2021	48,082	84,471	2,69,656	60,000	-	-
Weighted average remaining contractual life (in years)	0.98	2.84	1.59	5.49	-	-
Weighted average share price at the time of exercise*	2,141.00	1,487.25	-	-	-	-

\* Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

### 33 Segment information

The Company has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

**34** The Company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business as a housing finance Company without accepting public deposits by National Housing Bank on August 04, 2011 and got a revised Certificate of Registration (02.0104.13) after conversion of Company from a private limited Company to a public limited Company on February 08, 2013. Further, the name of our Company was changed to AAVAS FINANCIERS LIMITED, pursuant to a Shareholders resolution passed at the EOGM held on February 23, 2017. A fresh certificate of incorporation consequent to such change of name was issued on March 29, 2017 by the Registrar of companies, Jaipur and subsequently the revised certificate of Registration (No.04.0151.17) was issued on April 19, 2017 by National Housing Bank.

### 35 Related party

#### a. Names of related parties identified in accordance with Ind AS -24 "Related Party Disclosures"

##### 1. Entities where control exists:

##### Shareholders having Substantial interest

Lake District Holdings Limited

##### Wholly owned Subsidiary Company

Aavas Finserv Limited

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 2. Directors and Key Management Personnel

Mr. Sandeep Tandon	Chairperson and Independent Director
Mr. Sushil Kumar Agarwal	Managing Director and Chief Executive Officer
Mrs. Kalpana Iyer	Independent Director
Mrs. Soumya Rajan	Independent Director
Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director
Mr. Vivek Vig	Non-Executive Nominee Director
Mr. Nishant Sharma	Non-executive Promoter Nominee Director
Mr. Manas Tandon	Non-executive Promoter Nominee Director
Mr. Kartikeya Dhruv Kaji	Non-executive Promoter Nominee Director
Mr. Ghanshyam Rawat	Chief Financial Officer
Mr. Sharad Pathak	Company Secretary & Compliance Officer

### 3. Post Employment Benefit Plan

Aavas Gratuity Trust

### 4. Enterprises under significant influence of the Key Management Personnel

Aavas foundation

### 5. Relatives of Key Managerial Personnel

None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

(₹ in lakh)

Name of related party	Nature of transactions	March 31, 2022			March 31, 2021		
		Amount received	Amount paid	Receivable	Amount received	Amount paid	Receivable
Aavas Finserv Limited	Reimbursement of expenses	-	4.40	18.42	-	0.56	14.02
	Reimbursement of Statutory payments	-	30.67	71.58	-	27.81	40.92
	Investment In Equity Share		1,050.00		-	-	-
	Inter Corporate Loan		250.00	250.00	-	-	-
	Interest on Inter corporate loan			15.53	-	-	-
Mr. Sandeep Tandon	Sitting fees	-	-	-	-	2.45	-
	Commission	-	-	-	-	16.08	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mr. Sushil Kumar Agarwal	Remuneration	-	309.65	-	-	199.40	-



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Name of related party	Nature of transactions	March 31, 2022			March 31, 2021		
		Amount received	Amount paid	Receivable	Amount received	Amount paid	Receivable
Mrs. Kalpana Iyer	Sitting fees	-	-	-	-	2.18	-
	Commission	-	-	-	-	16.35	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mrs. Soumya Rajan	Sitting fees	-	-	-	-	1.09	-
	Commission	-	-	-	-	37.06	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mr. Ramachandra Kasargod Kamath	Sitting fees	-	-	-	-	1.09	-
	Commission	-	-	-	-	25.07	-
	Consolidated Remuneration	-	26.16	-	-	-	-
	Share based Payment	-	2.73	-	-	11.87	-
Mr. Vivek Vig	Issue of Equity shares	483.69	-	-	-	-	-
	Sitting fees	-	-	-	-	1.09	-
	Commission	-	-	-	-	17.44	-
	Consolidated Remuneration	-	26.16	-	-	-	-
	Share based Payment	-	13.66	-	-	59.37	-
Mr. Ghanshyam Rawat	Remuneration	-	215.84	-	-	147.04	-
Mr. Sharad pathak	Issue of Equity shares	6.60	-	-	8.90	-	-
	Remuneration	-	24.36	-	-	16.77	-
	Share based Payment	-	1.18	-	-	3.19	-
Aavas Foundation	Contribute as a Settler (CSR)	-	351.17	-	-	344.00	-
Aavas Gratuity Trust	Gratuity Contribution	-	63.25	-	-	596.11	-

### Notes:

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Consolidated Remuneration is paid to Non-Executive Directors as profit linked commission instead of paying Sitting fees and Commission separately.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

36 The Company's pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements as at March 31, 2022.

### 37. Commitments and contingencies

#### a Capital and other commitments:

(₹ in lakh)

Particulars	As at March 31, 2022		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	105.08	61.79	43.29
Other intangible assets	1,196.19	207.29	988.90

(₹ in lakh)

Particulars	As at March 31, 2021		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	62.69	20.88	41.81
Other intangible assets	43.89	37.37	6.52

Refer note 3(iii) for undisbursed commitment relating to loans.

b There are no Contingent Liabilities as on March 31, 2022 and March 31, 2021

### 38. Expenditure in Foreign currency

(₹ in lakh)

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
Interest paid*	1,781.10	1,796.18
Other Expenses**	453.65	33.08

\*Interest expenses does not includes provision for interest on Rupee Denominated Bond (RDB) issued on March 10, 2022 payable to CDC Group amounting to ₹ 185.62 lakh.

\*\*Other expenses does not includes provision for royalty payable to Intralinks Inc. amounting to ₹ 21.64 lakh.

### 39. CSR expenses

Operating expenses include ₹ 601.29 lakh for the Year ended March 31, 2022 (P.Y. ₹ 475.80 lakh) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross Amount (including deficit of previous year) required to be spent by the Company during the year is ₹ 601.29 lakh. (P.Y. ₹ 475.51 lakh).

The Board of Directors of the Company has approved an amount of CSR of ₹ 601.29 lakh.

a. The details of amount spent during the respective year towards CSR are as under:

(₹ in lakh)

Particulars	March 31, 2022			March 31, 2021		
	Amount Spent	Yet to be paid	Total	Amount Spent	Yet to be paid	Total
Construction/acquisition of any asset	Nil	Nil	Nil	Nil	Nil	Nil
On purposes other than above	552.86	48.43	601.29	475.80	0.00	475.80

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### b. Amount of shortfall at the end of year

The Company has an unspent amount of ₹ 48.43 lakh as on March 31, 2022, which has been transferred to CSR unspent bank account within thirty days.

### c. Unspent amount as per Section 135 (5) of the Companies Act, 2013

(₹ in lakh)

Particulars	Amount
Opening Balance	-
Amount required to be spent during the year	601.29
Amount spent during the year	552.86
Closing Balance - Unspent amount	48.43

### d. Details of ongoing projects for financial year 2021-22

(₹ in lakh)

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In CSR Unspent Bank A/C		From Company's Bank A/C	From CSR Unspent Bank A/C	From Company's Bank A/C	From CSR Unspent Bank A/C
-	-	601.29	552.86	-	48.43	-

### e. Reason of shortfall at the end of year

During the year under consideration, there was shortfall in CSR spending amounting to ₹ 48.43 lakhs. The shortfall in CSR spending is mainly on account of a) contribution to CM Relief Fund for COVID-19 vaccination, not eligible for CSR expenditure; and b) delay in implementation of Rural woman employable skill project due to COVID-19.

### f. Nature of CSR activities are disclosed in CSR Report

### g. Details of related party transactions

The Company has paid 351.17 lakh for CSR expenditure to Aavas Foundation, public trust registered under section 12A and 80G of Income Tax Act 1961, established by the Company singly for the purpose of CSR.

## 40 Fair value measurement

### 40 (a) Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 40 (b) Fair Value of financial instruments which are not measured at Fair Value

The carrying amounts and fair value of the Company's financial instruments are reasonable approximations of fair values at financial statement level.

### Valuation methodologies of financial instruments not measured at fair value

#### Loans

Most of the loans are repriced frequently, with interest rate of loans reflecting current market pricing. Hence carrying value of loans is deemed to be equivalent of fair value.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Borrowings

The Company's most of the borrowings are at floating rate which approximates the fair value.

Debt securities and subordinate liabilities are fixed rate borrowings and fair value of these fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans and carrying value approximates the fair value for fixed rate borrowing at financial statement level."

### Short Term and Other Financial Assets and Liabilities

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Assets held for sale

Real estate properties are valued based on a well progressed sale process with price quotes.

## 41 Transfer of Financial assets

### Transfers of financial assets that are not derecognised in their entirety

#### Securitisation:

The Company uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

	(₹ in lakh)	
Loans and advances measured at amortised cost	As at March 31, 2022	As at March 31, 2021
Carrying amount of transferred assets measured at amortised cost	7,545.70	9,303.97
Carrying amount of associated liabilities	(7,245.23)	(8,930.71)

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

#### Assignment Deal:

During the year ended March 31, 2022, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Company business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition.

	(₹ in lakh)	
Loans and advances measured at amortised cost	Year ended March 31, 2022	Year ended March 31, 2021
Carrying amount of derecognised financial assets	86,485.66	62,454.90
Gain from derecognition	12,403.56	8,635.53

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 42. Capital management:

For the purpose of the Company's capital management, capital includes issued equity capital, Securities premium and all other equity reserves attributable to the equity holders of the Company net of intangible assets. The primary objective of the Company's capital management is safety and security of share capital and maximize the shareholder value.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 currently permits HFCs to borrow up to 12 times of their net owned funds ("NOF"). The Company includes with in debt, its all interest bearing loans and borrowings.

Debt to net worth ratio

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Debts	7,98,919.49	6,36,157.24
Net worth	2,80,285.41	2,39,754.38
<b>Debt to Net worth (in times)</b>	<b>2.85</b>	<b>2.65</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

### 43. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. At the other hand Company's principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. Company's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major type of risks Company faces in business are liquidity risk, credit risk and interest rate risk.

#### (A) Liquidity risk

Liquidity Risk refers to the risk that the Company can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business resultantly may face an Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company has given cash collateral for the securitisation transactions and do not expect any net cash outflow and hence guarantees given for securitisation transactions have not been shown as part of below table. Further, undisbursed loan amount being cancellable in nature are not disclosed as part of below mentioned maturity profile.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.

### Maturity profile of Financial liabilities as on March 31, 2022

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	1,66,766.63	368.07	12,477.73
Over 1 year to 3 years	3,49,184.60	-	95.52
Over 3 year to 5 years	2,61,885.54	-	-
Over 5 year	2,01,139.29	-	-
<b>Total</b>	<b>9,78,976.06</b>	<b>368.07</b>	<b>12,573.25</b>

### Maturity profile of Financial liabilities as on March 31, 2021

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	1,41,269.45	284.31	11,790.45
Over 1 year to 3 years	2,53,845.79	-	81.23
Over 3 year to 5 years	2,26,580.56	-	-
Over 5 year	1,73,405.56	-	-
<b>Total</b>	<b>7,95,101.36</b>	<b>284.31</b>	<b>11,871.68</b>

#### (B) Credit risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher credit impaired assets. Company address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. Company has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysed at various levels. Company has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The Company has created more than 60 templates of customer profiles through its experience over the years, with risk assessment measures for each geography in which it operates. The Company continuously seek to develop and update such profiles in order to identify and source reliable customers and improve efficiencies. The Company also conduct an analysis of the existing cash flow of customer's business to assess their repayment abilities. The Company has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 9,35,491.68 lakh and ₹ 7,76,503.25 lakh as of March 31, 2022 and March 31, 2021 respectively, being the total of the carrying amount of Loan assets and EIS receivable.

#### (C) Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by range of loan-to-value (LTV) ratio .LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Loans to customers:

#### LTV wise bifurcation:

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,11,206.85	6,528.24	2,288.11	2,20,023.20
41%-60%	3,21,668.80	8,721.30	2,984.65	3,33,374.75
61%-80%	2,86,556.40	8,373.58	3,146.86	2,98,076.84
More than 80%	56,278.04	3,404.72	616.33	60,299.09
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

As at March 31, 2021

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	1,83,044.17	4,554.31	1,415.06	1,89,013.54
41%-60%	2,62,339.39	7,166.52	2,189.00	2,71,694.91
61%-80%	2,37,807.21	8,053.61	3,182.19	2,49,043.01
More than 80%	44,610.28	2,319.70	605.11	47,535.09
<b>Total</b>	<b>7,27,801.05</b>	<b>22,094.14</b>	<b>7,391.36</b>	<b>7,57,286.55</b>

#### Customer profile

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	3,09,052.63	4,189.24	1,418.27	3,14,660.14
Self employed	3,66,017.95	14,588.68	5,275.10	3,85,881.73
<b>NON-HOUSING:</b>				
Salaried	60,540.24	1,375.16	342.67	62,258.07
Self employed	1,40,099.27	6,874.76	1,999.91	1,48,973.94
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

As at March 31, 2021

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	2,45,304.46	3,653.91	1,107.99	2,50,066.36
Self employed	3,00,342.82	11,336.11	4,560.28	3,16,239.21
<b>NON-HOUSING:</b>				
Salaried	54,076.65	1,128.74	233.18	55,438.57
Self employed	1,28,077.12	5,975.38	1,489.91	1,35,542.41
<b>Total</b>	<b>7,27,801.05</b>	<b>22,094.14</b>	<b>7,391.36</b>	<b>7,57,286.55</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Loan Commitments:

#### LTV wise bifurcation:

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	10,298.70	31.32	-	10,330.02
41%-60%	18,997.65	47.98	-	19,045.63
61%-80%	8,892.02	32.20	-	8,924.22
More than 80%	1,875.28	26.64	-	1,901.92
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>

As at March 31, 2021

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	8,785.08	35.39	12.99	8,833.46
41%-60%	14,424.72	44.23	64.62	14,533.57
61%-80%	7,269.16	103.11	68.44	7,440.71
More than 80%	1,308.66	59.08	13.72	1,381.46
<b>Total</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>

#### Customer profile

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	17,839.83	36.49	-	17,876.32
Self employed	22,223.82	101.65	-	22,325.47
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>

As at March 31, 2021

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	13,736.27	52.79	45.10	13,834.16
Self employed	18,051.35	189.02	114.67	18,355.04
<b>Total</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>

### (D) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

### (I) Interest Rate Risk:-

The Company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seek to optimize borrowing profile between short-term and long-term loans. The Company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Due to the very nature of housing finance, the Company is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the Company. Interest Rate Risk arises due to:

- i) Changes in Regulatory or Market Conditions affecting the interest rates
- ii) Short term volatility
- iii) Prepayment risk translating into a reinvestment risk
- iv) Real interest rate risk.

In short run, change in interest rate affects Company's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the Company to not only quantify the interest rate risk but also to manage it proactively. The Company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further Company carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.

### Interest Rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(₹ in lakh)		
Particulars	Basis Points	Effect on Profit before tax
<b>Loans</b>		
Increase in basis points	50	2,577.66
Decrease in basis points	-50	(2,578.60)
<b>Borrowings</b>		
Increase in basis points	50	2,073.70
Decrease in basis points	-50	(2,073.70)

### (II) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from bank.

### (E) Operational risk

"Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 44 Impact of COVID-19

The extent to which COVID-19 pandemic will continue to impact the Company's operations and financial metrics will depend on future developments, which are uncertain. The Company has used the principles of prudence to provide for the impact of pandemic on the financial statements specifically while assessing the expected credit loss on financial assets by applying management overlays, which was ₹ 2,636.52 lakh as on March 31, 2022 (P.Y. ₹ 1,902.62 lakh) as approved by its Board of Directors. The Company will closely monitor any material changes to future economic conditions and resultant impact, if any on the expected credit loss provision on Loan assets.

In accordance with the COVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Company has offered moratorium on the payment of all installments and/or interest, as applicable, falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers. During the year RBI issued resolution framework 2.0 on May 05, 2021 accordance with that Company has offered moratorium on payment of all installment and/or interest as applicable to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

45 In compliance with RBI circular number RBI/2020-21/16/DOR.No.BPBC/3/21.04.048/2020-21 dated August 06, 2020, the Company has not invoked or implemented resolution plan under the "Resolution Framework for COVID-19 related Stress" for any of its borrower accounts.

Disclosure pursuant to RBI Notification -RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021

Type of Borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2021 (A)	of (A) aggregate debt that slipped into NPA during the half year ended March 31, 2022	Of (A) amount written off during the half year ended March 31, 2022	Of (A) amount paid by the borrower during the half year ended March 31, 2022*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2022
Personal Loan	14,825.88	742.80	36.45	436.18	13,610.45
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>14,825.88</b>	<b>742.80</b>	<b>36.45</b>	<b>436.18</b>	<b>13,610.45</b>

\* Amount paid by the borrower during the half year is net of additions due to interest capitalisation.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

46. Disclosures required by the Reserve Bank of India /National Housing Bank as per Notification no. DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021- Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

### 46.1 Summary of Significant Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 1 of Accounting policy to the Standalone Financial Statement for the year ended March 31, 2022.

### 46.2 Capital

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
CRAR (%)	51.93%	54.38%
CRAR - Tier I capital (%)	51.25%	53.17%
CRAR - Tier II capital (%)	0.68%	1.21%
Amount of subordinated debt raised as Tier- II Capital	1,996.50	3,989.46
Amount raised by issue of perpetual Debt instruments	-	-

### 46.3 Reserve Fund u/s 29C of National Housing Bank Act, 1987

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Statutory Reserve u/s 29C of the National Housing Bank Act, 1987</b>		
Opening Balance	19,131.38	13,324.80
Additional during the year	7,150.17	5,806.58
Appropriation during the year	-	-
<b>Closing Balance</b>	<b>26,281.55</b>	<b>19,131.38</b>

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Special Reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961</b>		
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	2,027.49	1,158.56
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	17,103.89	12,166.24
<b>c) Total</b>	<b>19,131.38</b>	<b>13,324.80</b>
<b>Addition /Appropriation / Withdrawal during the year</b>		
<b>Add:</b>		
a) Amount transferred u/s 29C of the NHB Act, 1987	788.23	868.93
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	6,361.94	4,937.65

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Less:</b>		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision under section 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	2,815.72	2,027.49
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	23,465.83	17,103.89
<b>c) Total</b>	<b>26,281.55</b>	<b>19,131.38</b>

### 46.4 Investments

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Value of Investment		
<b>Gross Value of Investment</b>	<b>6,751.73</b>	<b>450.00</b>
In India	6,751.73	450.00
Outside India	-	-
<b>Provision for Depreciation</b>	<b>-</b>	<b>-</b>
In India	-	-
Outside India	-	-
<b>Net Value of Investment</b>	<b>6,751.73</b>	<b>450.00</b>
In India	6,751.73	450.00
Outside India	-	-
<b>Movement of Provision held towards depreciation on Investment</b>		
<b>Opening Balance</b>	<b>-</b>	<b>-</b>
Add: Provisions made during the year	-	-
Less: Write off/Write Back Excess provision during the year	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

### 46.5 Derivatives

- 1) The Company has no transactions/exposure in derivatives in the current and previous year.
- 2) The Company has no unhedged foreign currency exposure on March 31, 2022 (P.Y. ₹ Nil)

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 46.6 Securitisation

#### a. Disclosure as per NHB guidelines for assignment/securitisation transactions as an originator:

(₹ in lakh)

Particulars	No. / Amount	
	As at March 31, 2022	As at March 31, 2021
No of SPVs sponsored by the HFC for securitisation transactions	2	2
Total amount of securitised assets as per books of the SPVs sponsored	7,545.70	9,303.63
Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I) Off-balance sheet exposures towards Credit Concentration		
First Loss	-	-
Others	-	-
(II) On-balance sheet exposures towards Credit Concentration		
First Loss (In the form of Fixed Deposits)	1,147.30	1,147.30
Series A PTCs	300.47	373.26
Amount of exposures to securitisation transactions other than MRR		
(I) Off-balance sheet exposures towards Credit Concentration		
a) Exposure to own securitizations		
First Loss	-	-
Others (Guarantees provided by banks on behalf of the Company*)	430.70	430.70
b) Exposure to third party securitisations		
First Loss	-	-
Others	-	-
(II) On-balance sheet exposures towards Credit Concentration		
a) Exposure to own securitisations		
First Loss	-	-
Others	-	-
b) Exposure to third party securitisations		
First Loss	-	-
Others	-	-

\* Second Loss facility

#### b. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Number of accounts	-	-
Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### c. Details of Assignment transactions undertaken by company

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Number of accounts	11,299	9,536
Aggregate value (net of provisions) of accounts assigned	77,837.09	54,959.43
Aggregate consideration	77,837.09	54,959.43
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

### d. Details of non-performing financial assets purchased/sold

#### i. Details of non-performing financial assets purchased:

The Company has not purchased non-performing financial assets in the current and previous year.

#### ii. Details of non-performing financial assets sold:

The Company has not sold non-performing financial assets in the current and previous year.

### 46.7 Asset liability management

#### Maturity pattern of certain items of assets and liabilities as on March 31, 2022\*

(₹ in lakh)

Particulars	Liabilities				Assets			
	Deposits	Borrowings from banks	Market borrowings	Foreign currency Liability	Advance	Investments	Fixed Deposits*	Foreign currency Assets
1 to 7 Days	-	889.27	-	-	9,907.97	-	11,940.51	-
8 to 14 Days	-	-	-	-	3,218.97	-	12,484.00	-
15 Days to 30/31 Days	-	3,444.77	-	-	5,889.69	-	20,306.00	-
Over 1 month to 2 month	-	2,648.19	12,957.40	-	11,681.02	-	8,957.00	-
Over 2 month to 3 month	-	16,513.56	3,481.91	-	11,677.31	-	6,078.00	-
Over 3 month to 6 month	-	20,934.11	4,362.80	-	35,812.49	-	49,141.25	-
Over 6 month to 1 year	-	45,825.47	7,806.20	-	71,124.68	-	39,603.28	-
Over 1 year to 3 years	-	1,99,016.33	75,770.24	-	2,64,780.08	3,028.40	1.00	-
Over 3 year to 5 years	-	1,70,280.91	51,832.50	-	2,24,823.79	2,212.69	-	-
Over 5 years	-	1,56,768.54	24,717.54	-	2,72,857.88	1,500.00	-	-
<b>Total</b>	-	<b>6,16,321.15</b>	<b>1,80,928.59</b>	-	<b>9,11,773.88</b>	<b>6,741.09</b>	<b>1,48,511.04</b>	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### Maturity pattern of certain items of assets and liabilities as on March 31, 2021\*

(₹ in lakh)

Particulars	Liabilities				Assets			
	Deposits	Borrowings from banks	Market borrowings	Foreign currency Liability	Advance	Investments	Fixed Deposits*	Foreign currency Assets
1 to 7 Days	-	493.16	-	-	8,740.93	-	979.00	-
8 to 14 Days	-	-	981.56	-	2,182.74	-	979.00	-
15 Days to 30/31 Days	-	407.03	-	-	5,302.21	-	7,367.00	-
Over 1 month to 2 month	-	37,934.81	(18.34)	-	9,992.60	-	25,790.00	-
Over 2 month to 3 month	-	3,198.78	482.21	-	9,970.19	-	13,582.77	-
Over 3 month to 6 month	-	11,878.35	444.72	-	30,712.55	-	26,719.00	-
Over 6 month to 1 year	-	25,287.23	19,305.73	-	60,767.99	-	33,242.00	-
Over 1 year to 3 years	-	1,38,201.97	50,282.96	-	2,24,777.85	-	-	-
Over 3 year to 5 years	-	1,19,669.58	71,450.80	-	1,90,341.85	-	-	-
Over 5 years	-	1,41,031.58	13,510.15	-	2,14,497.64	450.00	-	-
<b>Total</b>	<b>-</b>	<b>4,78,102.49</b>	<b>1,56,439.79</b>	<b>-</b>	<b>7,57,286.55</b>	<b>450.00</b>	<b>1,08,658.77</b>	<b>-</b>

\* Fixed deposits included in cash and bank balance other than those pledged towards first loss guarantee have been disclosed in the above table as these are considered as investment of surplus funds held by the Company for the purpose of this disclosure.

### 46.8 Exposure

#### a. Exposures to real estate sector

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(A) Direct exposure-</b>		
<b>i) Residential mortgages :</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans upto ₹ 15 lakh : ₹ 4,12,351.92 lakh (PY ₹ 3,33,822.35 lakh)	9,04,716.15	7,55,185.35
<b>ii) Commercial real estate :</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure would also include non-fund based (NFB) limits	7,057.73	2,101.20
<b>iii) Investments in mortgage backed securities (MBS) and other securitized exposures :</b>		
(a) Residential	-	-
(b) Commercial real estate.	Nil	Nil
<b>(B) Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### b. Exposure to Capital Market

The Company has no exposure to capital market directly or indirectly in the current and previous year.

### c. Details of financing of parent Company products

There is no financing of parent Company products.

### d. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Company has not exceeded the Single Borrower Limit and Group Borrower Limit as prescribed by NHB during the financial year.

### e. Unsecured Advances

The Company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc as collateral security.

### f. Exposure to group companies engaged in Real estate business

The Company has no exposures to group companies engaged in the real estate business in the current and previous year.

## 46.9 Miscellaneous

### a. Registration obtained from other Financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority: As Corporate Agent (Composite)	CA0537

### b. Disclosure of penalties imposed by NHB or RBI and any other regulator/ supervisor/ enforcement authority

During FY 2021-22, there were no penalties imposed by NHB or RBI and any other regulator/ supervisor/ enforcement authority.

### c. Related Party Transactions

Details of all material transactions with related parties are disclosed in Note 35.

### d. Ratings assigned by credit rating agencies and migration of ratings during the year:

During the year, CARE has upgraded long term rating outlook to AA-/Positive from AA-/ Stable and reaffirmed short term rating of A1 + to the Company. ICRA has upgraded long term rating outlook to AA-/Positive from AA-/ Stable and reaffirmed short term rating of A1 + to the Company. India Ratings has reaffirmed short term credit rating of A1 + to the Company during the year.

Aavas Financiers Limited Ratings are as under :

Term/Instrument	CARE	ICRA	India Ratings
Long term	AA- /Positive	AA- /Positive	
Short term	A1 +	A1 +	A1 +

### e. Remuneration of Directors

Details of Remuneration of Directors are disclosed in Note 35 Related party.

### f. Management

Refer to the Management Discussion and Analysis report for the relevant disclosures.

### g. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

### h. Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

### i. Accounting Standard 21 – Consolidated Financial Statements (CFS)

Refer to the Consolidated Financial Statements for the relevant disclosures.



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 46.10 Additional Disclosures

#### a. Provisions and Contingencies

(₹ in lakh)

Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account	Year ended March 31, 2022	Year ended March 31, 2021
1. Provisions for depreciation on investment	-	-
2. Provision made towards Income tax	9,122.53	6,701.45
3. Provision towards NPA	578.40	940.99
4. Provision for Standard Assets (with details like teaser loan , CRE , CRE-RH etc.)*	2,098.61	451.22
5. Other Provision and contingencies**	(973.21)	1,825.13
6. Provision for investments	-	-

\*Provision for Standard Assets includes CRE of ₹ (.41) lakh (PY ₹ (.11) lakh) , CRE-RH of ₹ 21.19 lakh (PY ₹ (8.83) lakh) and Non CRE of ₹ 2,077.84 lakh (PY ₹ 459.93 lakh).

\*\*Includes reversal or additional provision taken due to COVID-19 as per COVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020.

(₹ in lakh)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>Standard Assets</b>				
a) Total Outstanding Amount	6,69,065.81	5,41,837.81	2,33,672.12	2,08,057.39
b) Provisions made	3,302.69	2,238.18	1,045.46	705.93
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	4,195.26	4,533.50	1,762.66	1,690.67
b) Provisions made	925.95	1,223.99	382.95	415.36
<b>Doubtful Assets - Category - I</b>				
a) Total Outstanding Amount	1,884.61	737.08	640.34	154.33
b) Provisions made	459.95	216.32	147.20	47.88
<b>Doubtful Assets - Category - II</b>				
a) Total Outstanding Amount	317.11	214.08	146.63	30.33
b) Provisions made	80.55	72.64	42.66	9.34
<b>Doubtful Assets - Category - III</b>				
a) Total Outstanding Amount	69.70	3.88	1.47	0.78
b) Provisions made	25.45	1.39	0.49	0.19
<b>Loss Assets</b>				
a) Total Outstanding Amount	17.05	25.94	1.12	0.76
b) Provisions made	17.05	25.94	1.12	0.76
<b>TOTAL</b>				
a) Total Outstanding Amount	6,75,549.54	5,47,352.29	2,36,224.34	2,09,934.26
b) Provisions made	4,811.64	3,778.46	1,619.88	1,179.46

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### b. Draw Down from Reserves

There has been no draw down from reserves during the year ended March 31, 2022 (P.Y. ₹ Nil)

### c. Concentration of Public Deposits , Advances , Exposures and NPAs

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Concentration of Public Deposits</b>		
Total Deposits of twenty largest depositors	NA	NA
(%) of Deposits of twenty largest depositors to Total Deposits of the Company	NA	NA
<b>Concentration of Advances</b>		
Total Loans & Advances to twenty largest borrowers	4,574.45	5,003.20
(%) of Loans & Advances to twenty largest borrowers to Total Advances of the Company	0.50%	0.66%
<b>Concentration of all Exposures (including off-balance sheet exposure)</b>		
Total Exposures to twenty largest borrowers/Customers	5,342.89	5,069.71
(%) of Exposures to twenty largest borrowers/Customers to Total Exposures of the Company on borrowers/customers	0.41%	0.64%
<b>Concentration of NPAs</b>		
Total Exposures to top ten NPA accounts	990.92	748.15

### Sector-Wise NPAs

(₹ in lakh)

Sector	% of NPAs to total Advances in that sector	
	As at March 31, 2022	As at March 31, 2021
<b>A. Housing Loans:</b>		
1 Individuals	0.96%	1.01%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%
<b>B. Non Housing Loans:</b>		
1 Individuals	1.08%	0.89%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%

\*Percentage has been computed taking the amount of Housing Loans and Non Housing Loans respectively.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### d. Movement of NPAs

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>(I) Net NPAs to Net Advances (%)</b>	0.76%	0.71%
<b>(II) Movement of NPAs (Gross)</b>		
a) Opening Balance	7,391.35	2,841.17
b) Additions during the year	5,817.93	6,166.82
c) Reductions during the year	(4,173.35)	(1,616.64)
d) Closing Balance	<b>9,035.93</b>	<b>7,391.35</b>
<b>(III) Movement of Net NPAs</b>		
a) Opening Balance	5,377.55	2,101.47
b) Additions during the year	4,534.74	4,494.56
c) Reductions during the year	(2,959.72)	(1,218.48)
d) Closing Balance	<b>6,952.57</b>	<b>5377.55</b>
<b>(IV) Movement of Provisions for NPAs (excluding provisions on standard assets)</b>		
a) Opening Balance	2,013.80	739.70
b) Provisions made during the year	1,283.20	1,672.26
c) Write-off/Write-Back of excess provisions	(1,213.63)	(398.16)
d) Closing Balance	<b>2,083.37</b>	<b>2,013.80</b>

### e. Overseas Assets

The Company does not have any overseas assets.

### f. Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

The Company does not have any off balance sheet Special Purpose Vehicle (SPV) which are required to be consolidated as per accounting norms.

## 46.11 Disclosure of Complaints

### a. Customers Complaints

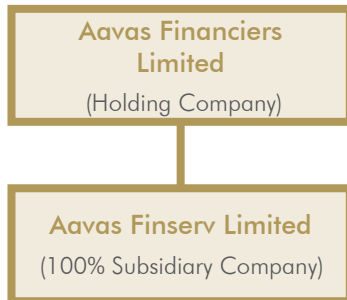
(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
No. of complaints pending at the beginning of the year	1	0
No. of complaints received during the year	294	255
No. of complaints redressed during the year	295	254
No. of complaints pending at the end of the year	0	*1

\*1 Pending complaint is repetitive in nature. Complaints uploaded on NHB-GRIDS, where Company provides redressal to customer from their end.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 46.12 Diagrammatic representation of group structure



## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 46.13 Liquidity Risk Management Framework

#### (i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Number of significant counter parties	17	19
Amount	7,59,697.28	6,23,394.15
Percentage of funding concentration to total deposits	N/A	N/A
Percentage of funding concentration to total liabilities*	92.51%	95.05%

\* Total liabilities excludes net worth

#### (ii) Top 20 large deposits

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Total amount of top 20 deposits	N/A	N/A
Percentage of amount of top 20 deposits to total deposits	N/A	N/A

#### (iii) Top 10 borrowings

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Total amount of top 10 borrowings	6,06,254.32	5,05,792.04
Percentage of amount of top 10 borrowings to total borrowings	75.88%	79.51%

#### (iv) Funding Concentration based on significant instrument/product

(₹ in lakh)

Particulars	As at March 31, 2022	Percentage of total liabilities	As at March 31, 2021	Percentage of total liabilities
Borrowings from Banks	3,81,883.36	46.51%	2,73,874.90	41.76%
Borrowings from National Housing Bank (NHB)	2,20,676.44	26.87%	1,87,239.16	28.55%
Debt securities	1,16,057.00	14.13%	1,27,712.20	19.47%
External Commercial Borrowings (including Rupee Denominated Bonds)	55,893.18	6.81%	19,951.01	3.04%
Borrowings from Financial institutions	30.68	0.00%	N/A	N/A
Subordinated liabilities	10,245.10	1.25%	10,236.25	1.56%
Securitisation	7,264.33	0.88%	8,964.90	1.37%
Borrowings from Insurance Companies	6,869.39	0.84%	8,117.44	1.24%
Cash Credit	N/A	N/A	N/A	N/A

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### (v) Stock ratio

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Commercial paper as a percentage of total public funds	N/A	N/A
Commercial paper as a percentage of total liabilities	N/A	N/A
Commercial paper as a percentage of total assets	N/A	N/A
Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	N/A	N/A
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	N/A	N/A
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	N/A	N/A
Other short term liabilities as a percentage of total public funds	N/A	N/A
Other short term liabilities as a percentage of total liabilities	16.56%	17.99%
Other short term liabilities as a percentage of total assets	12.34%	13.17%

### (vi) Institutional set-up for liquidity risk Management

The Company has an Asset Liability Management Committee (ALCO) to monitor asset liability mismatches to ensure that there is no imbalances or excessive concentration on the either side of the balance sheet. The Company maintains a judicious mix of borrowings in the form of Term Loans, Refinance, Capital Market Instruments, Securitization, Working Capital and continues to diversify its source of borrowings with the emphasis on longer tenor borrowings. The Company has diversified mix of investors/lenders which includes Banks, National Housing Bank, Development Financial Institution, Mutual Funds, Insurance Companies etc.

The Liquidity Risk Management (LRM) of the Company is governed by the LRM Policy approved by the Board. The Asset Liability Committee (ALCO) is responsible for implementing and monitoring the liquidity risk management strategy of the Company in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board.

Refer note no. 42 of standalone financials statement

#### 46.14 Loans against security of shares

Refer to the note no. 3(v) of Loans

#### 46.15 Loans against security of single product - gold jewellery

Refer to the note no. 3(iv) of Loans

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 46.16 Institutional set-up for liquidity risk management

Quarter on quarter Liquidity Coverage Ratio:

Sr No	Particulars	As at December 31, 2021		As at March 31, 2022	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(₹ in lakh)					
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	**Total High Quality Liquid Assets (HQLA)	1,12,635.82	1,12,635.82	1,36,595.39	1,36,595.39
<b>CASH OUTFLOWS</b>					
2	Deposits (for deposit taking companies)	-	-	-	-
3	Unsecured wholesale funding	-	-	-	-
4	Secured wholesale funding	6,140.98	7,062.13	7,254.27	8,342.41
5	Additional requirements, of which	-	-	-	-
	(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	(ii) Outflows related to loss of funding on debt products	-	-	-	-
	(iii) Credit and liquidity facilities	12,392.31	14,251.16	3,500.00	4,025.00
6	Other contractual funding obligations	8,100.00	9,315.00	7,273.04	8,364.00
7	Other contingent funding obligations	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	<b>26,633.29</b>	<b>30,628.29</b>	<b>18,027.31</b>	<b>20,731.41</b>
<b>CASH INFLOWS</b>					
9	Secured lending	-	-	-	-
10	Inflows from fully performing exposures	18,434.29	13,825.72	19,571.20	14,678.40
11	Other cash inflows	578.51	433.88	929.34	697.01
12	<b>TOTAL CASH INFLOWS</b>	<b>19012.80</b>	<b>14,259.60</b>	<b>20,500.54</b>	<b>15,375.41</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>	
13	TOTAL HQLA		1,12,635.82		1,36,595.39
14	TOTAL NET CASH OUTFLOWS		16,368.69		5,356.00
15	LIQUIDITY COVERAGE RATIO (%)		688%		2550%

### 46.17 Principal Business Criteria for HFCs

"Housing finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfils the following conditions:

- It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).
- Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals.

RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22,2020 defined the principal business criteria for HFCs. The Company meets the aforesaid principal business criteria for HFCs.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Particulars	As at March 31, 2022
Total Assets*	10,78,441.60
Less: Intangible assets	(578.92)
Net total Assets	10,77,862.68
Housing Finance	6,70,738.09
Individual Housing Finance	6,63,676.13
Percentage of housing finance to total assets (netted off intangible assets)	62.23%
Percentage of individual housing finance to total assets (netted off intangible assets)	61.57%
Percentage of individual housing finance to housing finance	98.95%

\*Total Assets excludes Net EIS receivable

46.18 In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments' is as follows:

(₹ in lakh)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions taken as IRACP Norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	8,68,903.29	2,145.58	8,66,757.71	2,573.51	(427.93)
	Stage 2	26,820.51	2,177.54	24,642.97	1,559.36	618.18
<b>Subtotal</b>		<b>8,95,723.80</b>	<b>4,323.12</b>	<b>8,91,400.68</b>	<b>4,132.87</b>	<b>190.25</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	5,677.11	1,247.25	4,429.86	854.92	392.33
Doubtful - up to 1 year	Stage 3	2,444.90	586.64	1,858.26	622.65	(36.01)
1 to 3 years	Stage 3	432.22	115.35	316.87	175.18	(59.83)
More than 3 years	Stage 3	71.16	25.93	45.23	71.40	(45.47)
<b>Subtotal for doubtful</b>		<b>2,948.28</b>	<b>727.92</b>	<b>2,220.36</b>	<b>869.23</b>	<b>(141.31)</b>
Loss	Stage 3	18.17	18.17	-	18.17	-
<b>Subtotal for NPA</b>		<b>8,643.56</b>	<b>1,993.34</b>	<b>6,650.22</b>	<b>1,742.32</b>	<b>251.02</b>
Other items such as loan commitments, EIS etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	69,809.48	136.69	69,672.79	-	136.69
	Stage 2	970.64	58.62	912.02	-	58.62
	Stage 3	545.96	123.54	422.42	-	123.54
<b>Subtotal</b>		<b>71,326.08</b>	<b>318.85</b>	<b>71,007.23</b>	<b>-</b>	<b>318.85</b>





## Notes to the Standalone Financial Statements for the year ended March 31, 2022

Particulars	(₹ in lakh)
	Amount outstanding
<b>Assets side</b>	
<b>(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:</b>	
(a) Secured	9,11,773.88
(b) Unsecured	-
<b>(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities</b>	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under sundry debtors	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
<b>Assets side</b>	
<b>(5) Break-up of Investments</b>	
<b>Current Investments</b>	
<b>1. Quoted</b>	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-
<b>2. Unquoted</b>	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-
<b>Long Term investments</b>	
<b>1. Quoted</b>	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	5,251.73
(v) Others (please specify)	-

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Particulars	Amount outstanding
<b>2. Unquoted</b>	
(i) Shares	
(a) Equity	1,500.00
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

### (6) Borrower group-wise classification of assets financed as in (3) and (4) above:

(₹ in lakh)

Category	Amount net of provisions		
	Secured	Unsecured	Total
<b>1. Related Parties</b>			
(a) Subsidiaries	-	265.53	265.53
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	9,05,342.36	-	9,05,342.36
<b>Total</b>	<b>9,05,342.36</b>	<b>265.53</b>	<b>9,05,607.90</b>

### (7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in lakh)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
<b>1. Related Parties</b>		
(a) Subsidiaries	1,500.00	1,500.00
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
<b>Total</b>	<b>1,500.00</b>	<b>1,500.00</b>

### (8) Other information

(₹ in lakh)

Particulars	Amount
<b>(i) Gross Non-Performing Assets</b>	
(a) Related parties	-
(b) Other than related parties	9,035.93
<b>(ii) Net Non-Performing Assets</b>	
(a) Related parties	-
(b) Other than related parties	6,952.57
<b>(iii) Assets acquired in satisfaction of debt</b>	<b>2,339.34</b>

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

### 47 Disclosures pursuant to RBI Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

(a) Details of transfer through assignment in respect of loans not in default during the year ended March 31, 2022

Particulars	Year ended March 31, 2022	
	(₹ in lakh)	
Entity	NBFC (Housing Finance Company)	
Count of loan accounts assigned	7572 loans	
Amount of loan accounts assigned	₹ 86,486 lakh	
Weighted average maturity	126 months	
Weighted average holding period	16 months	
Retention of beneficial economic interest (MRR)	10%	
Coverage of tangible security coverage	1	
Rating wise distribution of rated loans	Unrated	

(b) The Company has not transferred or acquired, any stressed loans during the year ended March 31, 2022

(c) The Company has not acquired, any loans not in default during the year ended March 31, 2022

### 48 Additional Regulatory Information

48.1 There is no such immovable property whose title deeds are not held in the name of the Company

48.2 There are no investment property as on March 31, 2022

48.3 The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

48.4 The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

48.5 Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

(a) repayable on demand or

(b) without specifying any terms or period of repayment

Type of Borrower	Amount of loan or advance in the nature of loan outstanding (₹ in lakh)	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-
Directors	-	-
KMPs	-	-
Related Parties (Aavas Finserv Limited)	265.53	0.03%

48.6 No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder

48.7 The Company has not taken borrowings from banks or financial institutions on the basis of security of current assets.

48.8 The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.

## Notes to the Standalone Financial Statements for the year ended March 31, 2022

48.9 Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

As on March 31, 2022

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Fulkrum Financial Services Private Limited	Shares held by stuck off company	172	Shareholder
Safeguard Packaging Systems (P)Limited	Shares held by stuck off company	88	Shareholder

As on March 31, 2021

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Fulkrum Financial Services Private Limited	Shares held by stuck off company	211	Shareholder
Safeguard Packaging Systems (P)Limited	Shares held by stuck off company	88	Shareholder
Nsil Exports Limited	Shares held by stuck off company	107	Shareholder

48.10 No charges or satisfaction yet to be registered with ROC beyond the statutory period.

48.11 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

48.12 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

48.13 Utilisation of Borrowed funds and share premium

(a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :-

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

48.14 There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013

48.15 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

49 Previous year figures have been regrouped/ reclassified wherever applicable.

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

**For and on behalf of the Board of Directors of**

**AAVAS FINANCIERS LIMITED**

**Manas Tandon**

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

**Ghanshyam Rawat**

(Chief Financial Officer)

Place: Jaipur

**Sushil Kumar Agarwal**

(Managing Director and CEO)

Place: Jaipur

**Sharad Pathak**

(Company Secretary & Compliance Officer)

Place: Jaipur

# Consolidated Financial Statements



# Independent Auditor's Report

To  
The Members of  
**Aavas Financiers Limited**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of **Aavas Financiers Limited** ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at **31 March 2022**, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditor in terms of their report referred to in paragraph 15 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matter
<p><b>Expected Credit Losses (ECL) on loan assets</b></p> <p>At 31 March 2022, the Company reported total gross loans of ₹ 911,774 lakhs (2021: ₹ 757,287 lakhs) and ₹ 6,432 lakhs of expected credit loss provisions (2021: ₹ 4,958 lakhs).</p> <p>Ind AS 109- Financial Instruments ('Ind AS 109'), requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets.</p> <p>Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates and applying appropriate measurement principles in case of loss events, including additional considerations on account of Reserve Bank of India guidelines in relation to COVID-19 regulatory package and restructuring.</p> <p>The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Additional management overlay is estimated considering non prediction and long-term future impact.</p> <p>The Expected Credit Loss ("ECL") is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgment and assumptions involved in measuring ECL is required with respect to:</p> <ul style="list-style-type: none"> <li>Segmentation of loan book in buckets</li> <li>determining the criteria for a significant increase in credit risk</li> <li>factoring in future economic assumptions</li> <li>techniques used to determine probability of default, loss given default and exposure at default.</li> </ul> <p>These parameters are derived from the Company's internally developed statistical models with the help of management experts and other historical data.</p> <p>Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the expected credit losses through the following procedures, but were not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>Examined the Board Policy approving methodology for computation of ECL that addresses policies and procedures for assessing and measuring credit risk on the lending exposures of the Company in accordance with the requirements of Ind AS 109. Also, obtained the policy on moratorium and restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines and ensured such policy is in compliant with the requirements of the RBI circulars / guidelines;</li> <li>Performed a walkthrough of the impairment loss allowance process, and assessed the design and tested operating effectiveness of the key controls over completeness and accuracy of the key inputs (including loan book as at 31 March 2022) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized;</li> <li>Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since, modeling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;</li> <li>Evaluated the appropriateness of the Company's determination of significant increase in credit risk in accordance with Ind AS 109 considering the impact of COVID-19 on account of benefit extended by the Company to select borrowers and the basis for classification of various exposures into various stages by evaluating management's assessment of parameters such as PD or LGD;</li> <li>Ensured compliance with RBI Master Circular on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP') read with RBI circular on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications' dated 12 November 2021, in relation to identification, upgradation and provisioning of non-performing assets (NPAs);</li> </ul>



Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>• Ensured that the Company complied with the minimum provision requirements under RBI circular on “Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)” dated 5 May 2021; and</li> <li>• Assessed the appropriateness and adequacy of the related presentation and disclosures in the accompanying financial statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.</li> </ul>

### Information Technology (“IT”) Systems and Controls for the financial reporting process

The Company is highly dependent on its Information Technology (“IT”) systems for carrying on its operations which require large volume of transactions to be processed in numerous locations on a daily basis. Among other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the financial statements.

The Company’s accounting and financial reporting processes are dependent on automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, EIR computation, impairment on loans, computation of daily DPD amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.

Our areas of audit focus included user access management, changes to the IT environment and segregation of duties. Further, we focused on key automated controls relevant for financial accounting and reporting systems.

Accordingly, since our audit strategy included focus on key IT systems and controls due to pervasive impact on the financial statements, we have determined the ‘IT Systems and Controls for the financial reporting process’ as a key audit matter for current year audit.

Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following:

- Obtained an understanding of the Company’s IT related control environment and conducted risk assessment and identified IT applications, data bases and operating systems that are relevant to our audit.
- Tested the design and operating effectiveness of the Company’s IT controls over the IT applications as identified above;
- On such in-scope IT systems, we have tested key IT general controls with respect to the following domains:
  - a. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments
  - b. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties
  - c. Other areas that were assessed under the IT control environment included batch processing and interfaces.
- Evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing of configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy.

Where deficiencies were identified, tested compensating controls or performed alternative procedures.

### Information other than the Consolidated Financial Statements and Auditor's Report thereon

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Directors Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

15. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 1,644 lakhs and net assets of ₹ 1,279 lakhs as at 31 March 2022, total revenues of ₹ 26 lakhs and net cash outflows amounting to ₹ 530 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.
- Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditor.
16. The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by the predecessor auditor, S. R. Batliboi & Associates LLP, Chartered Accountants, who have expressed an unmodified opinion on those consolidated financial statements vide their audit report dated 29 April 2021.
- Our opinion on the consolidated financial statements is not modified in respect of the above matter.

#### Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the report of the other auditor, referred to in paragraph 15, on separate financial statements of the subsidiary, we report that the Holding Company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to subsidiary company, covered under the Act since such Company is not a public company as defined under section 2(71) of the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order report issued by us and by the respective other auditor as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order report of such company.
19. As required by section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and other financial information of the subsidiary, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, (for all the companies covered under the Act), proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor;
- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
- e) On the basis of the written representations received from the directors of the Holding Company, and its subsidiary company and taken on record by the Board of Directors of the Holding Company, and its subsidiary company, and the report of the statutory auditor of its subsidiary company, covered under the Act, none of the directors of the Group covered under the Act, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company, covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' wherein we have expressed an unmodified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in note 36 to the consolidated financial statements;
  - ii. the Holding Company, its subsidiary company, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, covered under the Act, during the year ended 31 March 2022;
- iv.
    - a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds by the Group, to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
    - b. The management has represented that, to the best of its knowledge and belief, no funds have been received by the Group, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Group, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
  - v. The Holding Company, its subsidiary company, have not declared or paid any dividend during the year ended 31 March 2022.

**For Walker Chandniok & Co LLP**

*Chartered Accountants*

Firm's Registration No:001076N/N500013

**Manish Gujral**

*Partner*

Membership No:105117

**UDIN:22105117AIKTXJ1012**

Place: Mumbai

Date: 05 May 2022

## Annexure A to the Independent Auditor's Report of even date to the members of Aavas Financiers Limited on the consolidated financial statements for the year ended 31 March 2022

### Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Aavas Financiers Limited ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

#### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and

the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter(s) paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022 based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 1644 lakhs and net assets of ₹ 1279 lakhs as at 31 March 2022, total revenues of ₹ 26 lakhs and net cash inflows amounting to ₹ 530 lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company has been audited by other auditors whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

### For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No:001076N/N500013

### Manish Gujral

Partner

Membership No:105117

UDIN:22105117AIKTXJ1012

Place: Mumbai

Date: 05 May 2022

**Consolidated Balance Sheet** as at March 31, 2022

(₹ in lakh)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	4,781.06	2,209.81
Bank balance other than cash and cash equivalents	2	1,49,791.98	1,10,307.11
Loans	3	9,05,342.36	7,52,328.63
Investments	4	5,251.73	-
Other financial assets	5	25,911.24	22,607.25
<b>Total financial assets</b>		<b>10,91,078.37</b>	<b>8,87,452.80</b>
<b>Non-financial assets</b>			
Current tax assets (net)		568.74	92.06
Property, plant and equipment	6(a)	2,694.50	2,507.08
Capital work-in-progress	6(b)	-	-
Intangible assets under development	6(c)	209.98	40.54
Other intangible assets	6(d)	368.94	345.56
Right-of-use assets	7	3,552.85	2,973.70
Other non-financial assets	8	935.35	674.47
<b>Total non-financial assets</b>		<b>8,330.36</b>	<b>6,633.41</b>
Assets held for sale	9	2,339.34	1,839.58
<b>Total assets</b>		<b>11,01,748.07</b>	<b>8,95,925.79</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables	10		
(l) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		370.30	285.40
Debt securities	11	1,70,946.09	1,46,466.15
Borrowings (other than debt securities)	12	6,16,321.15	4,78,102.49
Subordinated liabilities	13	9,982.50	9,973.65
Lease liabilities	14	3,948.24	3,229.82
Other financial liabilities	15	14,243.01	13,486.63
<b>Total financial liabilities</b>		<b>8,15,811.29</b>	<b>6,51,544.14</b>
<b>Non-financial liabilities</b>			
Provisions	16	406.70	372.40
Deferred tax liabilities (net)	17	3,457.53	2,829.19
Other non-financial liabilities	18	1,429.52	1,099.03
<b>Total non-financial liabilities</b>		<b>5,293.75</b>	<b>4,300.62</b>
<b>Equity</b>			
Equity share capital	19	7,893.65	7,850.46
Other equity	20	2,72,749.38	2,32,230.57
<b>Total equity</b>		<b>2,80,643.03</b>	<b>2,40,081.03</b>
<b>Total liabilities and equity</b>		<b>11,01,748.07</b>	<b>8,95,925.79</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Walker Chandiook &amp; Co LLP

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

For and on behalf of the Board of Directors of

AAVAS FINANCIERS LIMITED

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Manas Tandon

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

Sushil Kumar Agarwal

(Managing Director and CEO)

Place: Jaipur

Ghanshyam Rawat

(Chief Financial Officer)

Place: Jaipur

Sharad Pathak

(Company Secretary  
& Compliance Officer)

Place: Jaipur

Date: May 05, 2022

**Consolidated Statement of profit and loss** for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>REVENUE FROM OPERATIONS</b>			
Interest income	21	1,12,886.13	97,657.92
Fees and commission income	22	4,623.19	3,655.37
Gain on derecognition of financial instruments under amortised cost category		12,403.56	8,635.53
Net gain on fair value changes	23	531.99	387.16
<b>Total revenue from operations</b>		<b>1,30,444.87</b>	<b>1,10,335.98</b>
Other income	24	119.91	216.05
<b>Total income</b>		<b>1,30,564.78</b>	<b>1,10,552.03</b>
<b>EXPENSES</b>			
Finance costs	25	47,750.34	45,824.27
Fees and commission expense	26	571.23	618.46
Impairment on financial instruments	27	2,260.52	3,713.86
Employee benefits expense	28	23,428.89	17,305.14
Depreciation, amortization and impairment	6&7	2,376.02	2,061.09
Other expenses	29	8,908.85	5,773.85
<b>Total expenses</b>		<b>85,295.85</b>	<b>75,296.67</b>
<b>Profit/(loss) before tax</b>		<b>45,268.93</b>	<b>35,255.36</b>
Tax expense:	17		
(1) Current tax		9,122.53	6,701.45
(2) Deferred tax		628.34	(338.01)
<b>Profit/(loss) for the year</b>		<b>35,518.06</b>	<b>28,891.92</b>
<b>Other comprehensive income</b>			
<b>a) Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability	28	94.73	111.45
Income tax effect	17	(23.84)	(28.05)
<b>b) Items that will be reclassified to profit or loss</b>			
		-	-
<b>Other comprehensive income, net of income tax</b>		<b>70.89</b>	<b>83.40</b>
<b>Total comprehensive income for the year</b>		<b>35,588.95</b>	<b>28,975.32</b>
<b>Earnings per equity share</b>			
Basic (₹)	30	45.10	36.86
Diluted (₹)		44.81	36.54
Nominal value per share (₹)		10.00	10.00
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For Walker Chandio & Co LLP**

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

**For and on behalf of the Board of Directors of****AAVAS FINANCIERS LIMITED****Manish Gujral**

Partner

Membership No. 105117

Place: Mumbai

**Manas Tandon**

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

**Ghanshyam Rawat**

(Chief Financial Officer)

Place: Jaipur

**Sushil Kumar Agarwal**

(Managing Director and CEO)

Place: Jaipur

**Sharad Pathak**

(Company Secretary

&amp; Compliance Officer)

Place: Jaipur

Date: May 05, 2022



## Consolidated Statement of Changes in Equity for the year ended March 31, 2022

### a. Equity Share Capital

(₹ in lakh)

Particulars	Amount
Balance as at March 31, 2020	7,832.27
Changes in equity share capital during the current year	18.19
<b>Balance as at March 31, 2021</b>	<b>7,850.46</b>
Changes in equity share capital during the current year	43.19
<b>Balance as at March 31, 2022</b>	<b>7,893.65</b>

### b. Other Equity

(₹ in lakh)

Equity component of compounded financial instruments	Share application money pending allotment	Equity component of compound financial instruments	Reserves and surplus				Total
			Securities premium account	Share based payments reserve	Special reserve	Retained earnings	
Balance as at March 31, 2020	2.69	-	1,32,743.79	1,169.29	13,324.80	54,718.68	2,01,959.25
Profit for the year (A)	-	-	-	-	-	28,891.92	28,891.92
Other comprehensive income for the year (B)	-	-	-	-	-	83.40	83.40
<b>Total comprehensive income for the year (A+B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,975.32</b>	<b>28,975.32</b>
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act. 1961	-	-	-	-	5,806.55	(5,806.55)	-
<b>Any other change :</b>							
Application money received/adjusted against shares issued during the year	(2.21)	-	-	-	-	-	(2.21)
Issue of share capital	-	-	447.86	-	-	-	447.86
Utilisation of securities premium	-	-	(0.49)	-	-	-	(0.49)
Share based payments	-	-	-	850.84	-	-	850.84
Share options exercised during the year	-	-	212.13	(212.13)	-	-	-
<b>Balance as at March 31, 2021</b>	<b>0.48</b>	<b>-</b>	<b>1,33,403.29</b>	<b>1,808.00</b>	<b>19,131.35</b>	<b>77,887.45</b>	<b>2,32,230.57</b>
Profit for the year (C)	-	-	-	-	-	35,518.06	35,518.06
Other comprehensive income for the year (D)	-	-	-	-	-	70.89	70.89
<b>Total comprehensive income for the year (C+D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,588.95</b>	<b>35,588.95</b>
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of Income Tax Act. 1961	-	-	-	-	7,150.20	(7,150.20)	-
<b>Any other change:</b>							
Application money received/adjusted against shares issued during the year	40.11	-	-	-	-	-	40.11
Issue of share capital	-	-	963.84	-	-	-	963.84
Share based payments	-	-	-	1,784.61	-	-	1,784.61
Share options exercised during the year*	-	-	520.08	(520.08)	-	2,141.30	2,141.30
<b>Balance as at March 31, 2022</b>	<b>40.59</b>	<b>-</b>	<b>1,34,887.21</b>	<b>3,072.53</b>	<b>26,281.55</b>	<b>1,08,467.50</b>	<b>2,72,749.38</b>

\*₹ 2,141.30 lakh represents the adjustment for tax liability pertaining to deduction claimed for share options exercised during the current financial year, in accordance with treatment prescribed under Ind AS 12 - Income Taxes.

As per our report of even date

For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

For and on behalf of the Board of Directors of

AAVAS FINANCIERS LIMITED

Manas Tandon

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

Ghanshyam Rawat

(Chief Financial Officer)

Place: Jaipur

Sushil Kumar Agarwal

(Managing Director and CEO)

Place: Jaipur

Sharad Pathak

(Company Secretary

& Compliance Officer)

Place: Jaipur

**Consolidated Cash Flow statement** for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net profit before tax as per statement of profit and loss		45,268.93	35,255.36
<b>Adjustments for</b>			
Depreciation and amortisation of PPE and right of use assets	6 & 7	2,376.02	2,061.09
Interest on lease liabilities		318.86	217.95
Net gain on derecognition on assigned loans		(4,501.10)	(2,150.55)
Provision for expected credit loss (ECL)	27	2,260.52	3,713.86
Provision for employee benefits		137.16	305.47
Share based payments	28	1,784.61	850.84
<b>Operating profit before working capital changes</b>		<b>47,645.00</b>	<b>40,254.02</b>
<b>Changes in working capital</b>			
Increase in loans		(1,55,044.04)	(1,37,099.87)
Increase in financial and other assets		(71.60)	(5,548.43)
Increase in financial and other liabilities		1,441.51	697.16
<b>Total of changes in working capital</b>		<b>(1,53,674.13)</b>	<b>(1,41,951.14)</b>
Direct taxes paid/refund received		(7,481.75)	(5,419.64)
<b>Net cash flow used in operating activities (A)</b>		<b>(1,13,510.88)</b>	<b>(1,07,116.76)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
<b>Inflow (outflow) on account of :</b>			
Investment in Government securities		(5,251.73)	-
Investment in fixed deposits		(39,484.86)	(25,693.98)
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets		(1,559.64)	(829.17)
Sale of Property, plant and equipment (including capital work-in-progress)		35.58	31.33
<b>Net cash flow used in investing activities (B)</b>		<b>(46,260.65)</b>	<b>(26,491.82)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Issue of equity shares (including share premium)		1,047.13	466.54
Share / debenture issue expenses		(265.68)	(73.47)
Proceeds from borrowings		3,61,165.66	2,35,184.87
Repayment of borrowings		(1,98,192.53)	(1,33,688.76)
Repayment of lease liabilities		(1,411.80)	(1,130.18)
<b>Net Cash flow generated from financing activities (C)</b>		<b>1,62,342.78</b>	<b>1,00,759.00</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>2,571.25</b>	<b>(32,849.58)</b>
Cash and cash equivalents as at the beginning of the year		2,209.81	35,059.39
<b>Cash and cash equivalents at the end of the year</b>	2	<b>4,781.06</b>	<b>2,209.81</b>
<b>Components of cash and cash equivalents</b>			
Cash on hand		264.01	122.94
Balance in franking machine*		0.95	0.95

## Consolidated Cash Flow statement for the year ended March 31, 2022

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Balance with banks			
In current accounts		406.60	521.85
In cash credit		2,809.50	1,564.07
In deposit account		1,300.00	-
<b>Total cash and cash equivalents</b>	2	<b>4,781.06</b>	<b>2,209.81</b>
<b>Operational Cash Flow from Interest</b>			
Interest Received		1,11,893.87	94,268.99
Interest Paid		(43,177.05)	(39,957.99)
Summary of significant accounting policies	1		

\*The Group can utilize the balance towards stamping of loan agreements executed with their borrowers and also for the agreements executed by the Company for its own borrowings.

### Note:-

- Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".
- Previous year figures have been regrouped/ reclassified wherever applicable.

As per our report of even date

### For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

### Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

### For and on behalf of the Board of Directors of

AAVAS FINANCIERS LIMITED

### Manas Tandon

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

### Ghanshyam Rawat

(Chief Financial Officer)

Place: Jaipur

### Sushil Kumar Agarwal

(Managing Director and CEO)

Place: Jaipur

### Sharad Pathak

(Company Secretary &  
Compliance Officer)

Place: Jaipur

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### A. Corporate Information

**AAVAS FINANCIERS LIMITED** ("the Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a housing finance company with National Housing Bank (NHB) vide Registration No. 04.0151.17 and is engaged in the long term financing activity in the domestic markets to provide housing finance. The Company is a public limited company and its shares are listed on BSE Limited and National Stock Exchange of India Limited.

**AAVAS FINSERV LIMITED** ("the subsidiary") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company has been incorporated during the year on November 30, 2017 to carry on the business of financing by way of lending/hire-purchase and to provide on lease, sub-lease or on hire, including but not limited to, all type of vehicles, automobiles, industrial plant and machinery, office equipment, movable and immovable assets, building, real estate, household and domestic appliances and equipment, furniture, fixtures, finishing items and all type of machinery, etc. The Company has neither obtained Certificate of Registration from Reserve Bank of India nor has commenced any business activity during the year ending March 31, 2022.

### B. Basis of preparation of financial statements

#### a) Basis of preparation

The consolidated financial statements relates to Aavas Financiers Limited ("the Company") and its subsidiary Company i.e. Aavas Finserv Limited (hereinafter collectively referred to as the 'Group').

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The consolidated financial statements are presented in Indian Rupee (INR) and all values are rounded to the nearest lakh, unless otherwise indicated.

#### Presentation of financial statements

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

#### b) Basis of measurement

The financial statements have been prepared on an accrual basis as a going concern and under the historical cost convention, except for foreign currency borrowings denominated in INR that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

### C. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2022 including controlled structured entities. The Company consolidates a subsidiary when it controls it. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including :

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company member's financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Company (profits or losses resulting from intracompany transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intracompany losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intracompany transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Company's accounting policies. All intracompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

## 1 Summary of significant accounting policies

### 1.1 Use of estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

### 1.1.1 Business Model Assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how Group's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Group considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Based on this assessment and future business plans of the Group, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ('the 'SPPI criterion').

### 1.1.2 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 1.1.3 Impairment losses on financial assets

The measurement of impairment losses across all categories of financial assets except assets valued at fair value through P&L (FVTPL), requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's Expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's model, which assigns Probability of Default (PD)s
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime expected credit loss (LTECL) basis
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, Exposure at default (EAD)s and Loss given default (LGD)s
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- Recognition of the potential impact of COVID-19 in the Group's collective provision as outlined in Notes 3(a)(3)(vii).

### 1.1.4 Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 1.1.5 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### 1.1.6 Leases

With effect from 1 April 2019, the Group has applied Ind AS 116 'Leases' for all lease contracts covered by the Ind AS. The Group has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

#### Measurement of Lease Liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payment discounted using the Group's incremental cost of borrowing rate. Subsequently, the lease liability is

- (i) Increased by interest on lease liability and
- (ii) Reduce by lease payment made

#### Measurement of Right-of-Use asset

At the time of initial recognition, the Group measures 'Right-of-Use assets' as present value of all lease payment discounted using the Group's incremental cost of borrowing rate w.r.t said lease contract. Subsequently, 'Right-of-Use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-Use assets' is provided on straight line basis over the lease period.

#### Covid-19 Related rent concession

As a practical expedient Effective from April 1, 2020, The Group has elected not to assess whether a rent concession that meets the conditions in paragraph 46B of Ind As-116 is a lease modification. That makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The Group has applied the practical expedient to all rent concessions that meet the conditions in paragraph 46B of Ind As-116.

### 1.2 Cash and cash equivalents

Cash and cash equivalent comprises cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank, debit balance in cash credit account and balance in franking machine.

### 1.3 Revenue recognition

#### 1.3.1 Interest and similar income

Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the contractual life of the financial instrument to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

#### 1.3.2 Other charges and other interest

1.3.2.1 Overdue interest in respect of loans is recognized upon realisation.

1.3.2.2 Other ancillary charges are recognized upon realisation.

#### 1.3.3 Commission on Insurance Policies

Commission on insurance policies sold is recognised on accrual basis when the Group under its agency code sells the insurance policies.

#### 1.3.4 Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 1.4 Foreign currency

The Group's financial statements are presented in Indian Rupee (INR) which is also the Group's functional currency.

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Group at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

### 1.5 Property, plant and equipment (PPE) and Intangible assets

#### PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

### 1.6 Depreciation and amortization

#### Depreciation

Depreciation is provided over the useful life of the asset as per Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Group has used the following useful lives to provide depreciation on its PPE.

PPE	Useful Life (In Years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Office equipment	5
Motor Vehicles	8
Servers	6
Computers and printers	3

All PPE individually costing ₹ 5,000/- or less are fully depreciated in the year of installation/purchase.

#### Amortization

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group estimates the useful life of an intangible asset will not exceed four years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds four years, the Group amortizes the intangible asset over the best estimate of its useful life.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 1.7 Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### 1.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 1.9 Contingent liabilities and assets

The Group does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

### 1.10 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group provides gratuity benefits which is a defined benefit scheme. The cost of providing gratuity benefits is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: the date of the plan amendment or curtailment, and the date that the Group recognises related restructuring cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.

Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

### 1.11 Taxes

Tax expense comprises current and deferred tax.

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 1.12 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### 1.13 Share based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### 1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 1.14.1 Financial Assets

##### 1.14.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### 1.14.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

##### 1.14.1.3 Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding."

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

##### 1.14.1.4 Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### 1.14.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

### 1.14.1.6 Business Model Test

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis. The Group considers all relevant information available when making the business model assessment. The Group takes into account all relevant evidence available such as:- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel; The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected). At initial recognition of a financial asset, the Group determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model.

### 1.14.1.7 Equity Instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## 1.14.2 Financial Liabilities

### 1.14.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### 1.14.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

### 1.14.2.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

### 1.14.3 Derivative financial instruments

The Group holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is not designated a hedge is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in Statement of Profit and Loss.

### 1.14.4 Reclassification of financial assets and liabilities

The Group doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

### 1.14.5 De-recognition of financial assets and liabilities

#### 1.14.5.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is de-recognised when the rights to receive cash flows from the financial asset have expired. The Group also de-recognised the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Group has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the year between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

### 1.14.5.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### 1.15 Impairment of financial assets

#### 1.15.1 Overview of the ECL principles

The Group is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and Excess Interest Spread (EIS) receivable, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in Note 1.16.2. The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 3(a)(3)(v).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in Note 3(a)(1).

The Group has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition. This is further explained in Note 3(a)(3)(v).

Based on the above process, the Group categorized its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 or Stage 3.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Stage 2: When a loan has shown a significant increase in credit risk since origination, the group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired (as outlined in Note 3(a)(3)(i)). The group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced.

### 1.15.2 The calculation of ECLs

The Group calculates ECLs on loans and EIS Receivable based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. Loan commitments: When estimating ECLs for undisbursed loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments, the ECL is recognised within Provisions. Provisions for ECLs for undisbursed loan commitments are assessed as set out in Note 3(a)(2).

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an exposure at a default date. The EAD is further explained in Note 3(a)(3)(iii).
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3(a)(3)(iv).

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired (as defined in Note 3(a)(3)(i)), the Group recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

### 1.15.3 Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Group analyses if there is any relationship between key economic trends like GDP, Property Price Index, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Group based on its internal data. While the internal estimates of PD, LGD rates by the Group may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

### 1.15.4 Collateral repossession

To mitigate the credit risk on financial assets, the Group seeks to use collateral, where possible as per the powers conferred on the HFC under SARFAESI act. In its normal course of business, the Group does not physically repossess properties or other assets in its retail portfolio, but generally engages external or internal agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and are treated as assets held for sale at (i) fair value less cost to sell or (ii) principal outstanding, whichever is less, at the repossession date.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 1.15.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of profit and loss account.

### 1.16 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable"

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

### 1.17 Dividend

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

### 1.18 New Technical Pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2022.



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 2. Cash and bank balances

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
Cash on hand (refer note 2(a))	264.96	123.89
Balance with banks		
In Current accounts	406.60	521.85
In Cash credit accounts	2,809.50	1,564.07
In Deposits with original maturity of less than three months	1,300.00	-
	<b>4,781.06</b>	<b>2,209.81</b>
Bank balances other than above		
Deposit with original maturity of more than 3 months less than 12 months	1,24,714.08	87,191.77
Deposit with original maturity of more than 12 months (refer note 2(b))	25,077.90	23,115.34
	<b>1,49,791.98</b>	<b>1,10,307.11</b>
<b>Total</b>	<b>1,54,573.04</b>	<b>1,12,516.92</b>

2(a) Cash on hand includes of ₹ 0.95 lakh (P.Y. ₹ 0.95 lakh) balance in franking machine.

2(b) Other Bank balance in deposit accounts include deposits under lien aggregating to ₹ 1,280.94 lakh (P.Y. ₹ 1,248.34 lakh) towards the first loss guarantee provided by the group under the securitization agreements.

### 3. Loans

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At amortised cost</b>		
Loan assets	9,11,773.88	7,57,286.55
<b>Total Gross</b>	<b>9,11,773.88</b>	<b>7,57,286.55</b>
Less: Impairment loss allowance	(6,431.52)	(4,957.92)
<b>Total Net</b>	<b>9,05,342.36</b>	<b>7,52,328.63</b>
Secured by tangible assets (Property including land and building)	9,11,773.88	7,57,286.55
<b>Total Gross</b>	<b>9,11,773.88</b>	<b>7,57,286.55</b>
Less: Impairment loss allowance	(6,431.52)	(4,957.92)
<b>Total Net</b>	<b>9,05,342.36</b>	<b>7,52,328.63</b>
<b>Loans in India</b>		
Public Sector	-	-
Others	9,11,773.88	7,57,286.55
<b>Total Gross</b>	<b>9,11,773.88</b>	<b>7,57,286.55</b>
Less: Impairment loss allowance	(6,431.52)	(4,957.92)
<b>Total Net</b>	<b>9,05,342.36</b>	<b>7,52,328.63</b>

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the group. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Loans granted by the group are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies. The process of security creation was in progress for loans to the extent of ₹ 23,368.23 lakh at March 31, 2022 (P.Y. ₹ 23,866.12 lakh)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

- iii) Loans sanctioned but undisbursed amount is ₹ 40,201.79 lakh as on March 31, 2022 (P.Y. ₹ 32,189.19 lakh)
- iv) The group is not granting any loans against gold jewellery as collateral.
- v) The group is not granting any loans against security of shares as collateral.
- vi) The group has assigned a pool of certain loans amounting to ₹ 86,485.66 lakh (P.Y. ₹ 62,454.90 lakh) by way of a direct assignment transactions during the year. These loan assets have been de-recognised from the loan portfolio of the Group as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Group continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreement, the Group pays to assignee, on a monthly basis, the pro-rata collection amounts.
- vii) The group has granted certain loans to staff secured by equitable mortgage/registered mortgage of the property amounting to ₹ 2,112.98 lakh as on March 31, 2022 (P.Y. ₹ 993.56 lakh).
- viii) Loan assets include one loan which became doubtful due to fraudulent misrepresentation by the borrowers and same has been provided for.
- ix) Impairment loss allowance includes ₹ 2,636.52 lakh as on March 31, 2022 (P.Y. ₹ 1,902.62 lakh) on account of COVID-19 and management overlay.

### 3(a)(1) Grouping financial assets measured on a collective basis

As explained in Note 1.15, the Group calculates ECLs on collective basis on following asset classes:

- Housing-Salaried lending
- Housing-Self Employed lending
- Non Housing-Salaried lending
- Non Housing-Self Employed lending

The group categorized these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans such as product type and customer type.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances have been explained below and ECL allowances includes an additional impairment allowance of ₹ 2,636.52 lakh as on March 31, 2022 (P.Y. ₹ 1,902.62 lakh) on account of COVID-19 and management overlay as on March 31, 2022 as outlined in Note3(a)(3)(vii).

**An analysis of changes in the gross carrying amount of loans and the corresponding ECL allowances in relation to loans are, as follows:**

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	<b>Gross carrying amount opening balance</b>	<b>7,27,801.05</b>	<b>22,094.14</b>	<b>7,391.36</b>	<b>7,57,286.55</b>	<b>6,10,838.26</b>	<b>6,507.23</b>	<b>2,841.18</b>
New assets originated	3,53,434.42	-	-	<b>3,53,434.42</b>	2,73,959.65	-	-	<b>2,73,959.65</b>
Assets derecognised or repaid	(1,92,729.54)	(3,382.83)	(2,469.44)	<b>(1,98,581.81)</b>	(1,34,549.15)	(778.76)	(1,138.72)	<b>(1,36,466.63)</b>
Transfers from Stage 1	(20,368.72)	16,278.88	4,089.84	-	(24,235.66)	19,484.69	4,750.97	-
Transfers from Stage 2	6,190.76	(8,065.00)	1,874.24	-	1,801.56	(3,217.41)	1,415.85	-
Transfers from Stage 3	1,382.12	102.65	(1,484.77)	-	29.18	105.52	(134.70)	-
Amounts written off	-	-	(365.28)	<b>(365.28)</b>	(42.79)	(7.13)	(343.22)	<b>(393.14)</b>
<b>Gross carrying amount closing balance</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>	<b>7,27,801.05</b>	<b>22,094.14</b>	<b>7,391.36</b>	<b>7,57,286.55</b>

(₹ in lakh)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL opening balance</b>	<b>2,098.75</b>	<b>845.37</b>	<b>2,013.80</b>	<b>4,957.92</b>	<b>1,289.94</b>	<b>77.20</b>	<b>739.70</b>	<b>2,106.84</b>
ECL remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	82.42	1,392.36	57.43	1,532.21	844.90	756.34	1,373.70	2,974.94
Transfers from Stage 1	(95.28)	69.81	25.47	-	(49.88)	39.48	10.40	-
Transfers from Stage 2	46.26	(131.20)	84.94	-	12.37	(30.15)	17.78	-
Transfers from Stage 3	35.92	3.75	(39.67)	-	1.42	2.50	(3.92)	-
Amounts written off	-	-	(58.61)	(58.61)	-	-	(123.86)	(123.86)
<b>ECL closing balance</b>	<b>2,168.07</b>	<b>2,180.09</b>	<b>2,083.36</b>	<b>6,431.52</b>	<b>2,098.75</b>	<b>845.37</b>	<b>2,013.80</b>	<b>4,957.92</b>

### 3(a)(2) Loan commitments

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is, as follows:

(₹ in lakh)

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount opening balance</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>	<b>26,160.43</b>	<b>69.10</b>	<b>11.09</b>	<b>26,240.62</b>
New assets originated	34,563.27	-	-	34,563.27	26,097.54	-	-	26,097.54
Assets disbursed or cancelled	(26,233.56)	(160.65)	(156.47)	(26,550.68)	(20,116.86)	(21.01)	(11.09)	(20,148.96)
Transfers from Stage 1	(103.26)	103.26	-	-	(355.34)	241.82	113.52	-
Transfers from Stage 2	46.28	(46.28)	-	-	1.85	(48.10)	46.25	-
Transfers from Stage 3	3.30	-	(3.30)	-	-	-	-	-
<b>Gross carrying amount closing balance</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL opening balance</b>	<b>58.22</b>	<b>2.53</b>	<b>34.28</b>	<b>95.03</b>	<b>45.76</b>	<b>0.60</b>	<b>2.29</b>	<b>48.65</b>
ECL remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	16.44	5.51	(34.27)	(12.32)	13.28	1.82	31.28	46.38
Transfers from Stage 1	(0.23)	0.23	-	-	(0.82)	0.58	0.24	-
Transfers from Stage 2	0.10	(0.10)	-	-	0.00	(0.47)	0.47	-
Transfers from Stage 3	0.01	-	(0.01)	-	-	-	-	-
<b>ECL closing balance</b>	<b>74.54</b>	<b>8.17</b>	<b>-</b>	<b>82.71</b>	<b>58.22</b>	<b>2.53</b>	<b>34.28</b>	<b>95.03</b>

### 3(a)(3) Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 3(a)(3)(i) Definition of default

The Group considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments on any day irrespective of reporting cycle. Group upgrade stage 3 cases only if entire arrears of interest and principal are paid by the borrower i.e. DPD becomes zero. The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognized and is still in the portfolio.

### 3(a)(3)(ii) The group's process for managing risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the group. The group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers, investments in debt securities and derivatives that are an asset position. The group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

### 3(a)(3)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

### 3(a)(3)(iv) Loss given default

The group segments its retail lending products into smaller homogeneous portfolios (housing and non housing), based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

### 3(a)(3)(v) Significant increase in credit risk

The group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due. In accordance with the COVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the group has offered moratorium on the payment of all installments and/or interest, as applicable, falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers. During the year RBI issued resolution framework 2.0 dated May 05, 2021 accordance with that group has offered moratorium on payment of all installment and/or interest as applicable to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

When estimating ECLs on a collective basis for a group of similar assets, the group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

### 3(a)(3)(vi) Risk assessment model

The group has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

### 3(a)(3)(vii) Risk assessment for COVID-19

The group has used the principles of prudence in applying judgments, estimates and possible forward looking scenarios to assess and provide for the impact of the COVID-19 pandemic on the Financial Statements specifically while assessing the expected credit loss on financial assets by applying the customer profiling within salaried and self-employed portfolio and management overlays, approved by its Board of Directors. This has resulted in additional impairment allowance of ₹ 2,636.52 lakh (P.Y. Additional provision of ₹ 1,902.62 lakh) against financial assets as on March 31, 2022.

### 3(a)(4) Collateral

The Group holds collateral to mitigate credit risk associated with financial assets. The main types of collateral are registered/equitable mortgage property. The collateral presented relates to instruments that are measured at amortised cost.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

The group did not hold any financial instrument for which no loss allowance is recognised because of collateral at March 31, 2022. There was no change in the group's collateral policy or collateral quality during the year.

Refer note 44(C) for risk concentration based on Loan to value(LTV).

### 4. Investments

(₹ in lakh)

Particulars	At fair Value				Subtotal	Others	Total
	Amortised Cost	Through other comprehensive income	Through profit or loss	Designated at fair value through profit or loss			
<b>As at March 31, 2022</b>							
Government Securities	5,251.73	-	-	-	-	-	5,251.73
<b>Total Gross (A)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>
Investments outside India	-	-	-	-	-	-	-
Investments in India	5,251.73	-	-	-	-	-	5,251.73
<b>Total (B)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>
<b>Total (A) to tally with (B)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) -(C)</b>	<b>5,251.73</b>	-	-	-	-	-	<b>5,251.73</b>
<b>As at March 31, 2021</b>							
Government Securities	-	-	-	-	-	-	-
<b>Total Gross (A)</b>	-	-	-	-	-	-	-
Investments outside India	-	-	-	-	-	-	-
Investments in India	-	-	-	-	-	-	-
<b>Total (B)</b>	-	-	-	-	-	-	-
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-	-
<b>Total Net D = (A) -(C)</b>	-	-	-	-	-	-	-

### 5. Other financial assets

(₹ in lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Interest accrued on Bank Deposits	1,935.03	1,656.42
Security Deposit	379.49	320.01
EIS Receivable (Refer note 5(a))	23,717.80	19,216.70
Other financial assets	-	1,493.21
<b>Total Gross</b>	<b>26,032.32</b>	<b>22,686.34</b>
Less: Impairment loss allowance (on EIS Receivable assets)	(121.08)	(79.09)
<b>Total Net</b>	<b>25,911.24</b>	<b>22,607.25</b>

5(a) Under Ind AS, with respect to Assignment deals, group has created an Excess Interest Spread (EIS) Receivable, with corresponding credit to Statement of profit and loss for the year, which has been computed by discounting EIS to present value.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 6(a). Property, plant and equipment

							(₹ in lakh)
	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
<b>Cost</b>							
At March 31, 2020	1,041.53	1,386.16	1,665.91	599.83	678.99	4.95	5,377.37
Purchase	-	366.09	94.19	118.58	79.66	-	658.52
Disposals	-	(36.81)	(5.24)	(50.57)	(4.63)	-	(97.25)
At March 31, 2021	1,041.53	1,715.44	1,754.86	667.84	754.02	4.95	5,938.64
Purchase	-	535.10	275.70	197.97	161.20	-	1,169.98
Disposals	-	(29.15)	(21.27)	(86.53)	(16.98)	-	(153.93)
At March 31, 2022	1,041.53	2,221.39	2,009.29	779.28	898.24	4.95	6,954.68
<b>Depreciation</b>							
At March 31, 2020	150.22	1,065.32	803.61	224.09	433.16	-	2,676.40
Charge for the year	43.40	275.04	252.97	127.06	131.79	-	830.26
Disposals	-	(35.60)	(4.50)	(30.69)	(4.31)	-	(75.10)
At March 31, 2021	193.62	1,304.76	1,052.08	320.46	560.64	-	3,431.57
Charge for the year	41.29	362.67	267.72	139.45	135.85	-	946.98
Disposals	-	(27.69)	(18.93)	(57.24)	(14.50)	-	(118.36)
At March 31, 2022	234.91	1,639.74	1,300.87	402.67	681.99	-	4,260.19
<b>Net Block</b>							
At March 31, 2021	847.91	410.68	702.78	347.38	193.38	4.95	2,507.08
At March 31, 2022	806.62	581.65	708.42	376.61	216.25	4.95	2,694.50

### 6(b) Capital work-in-progress

			(₹ in lakh)
	PPE	Total	
<b>Gross block</b>			
At March 31, 2020	30.99	30.99	
Capitalised during the year	37.81	37.81	
Purchase	6.82	6.82	
At March 31, 2021	-	-	
Capitalised during the year	-	-	
Purchase	-	-	
At March 31, 2022	-	-	

### 6(c) Intangible assets under development

			(₹ in lakh)
	Software	Total	
<b>Gross block</b>			
At March 31, 2020	39.90	39.90	
Capitalised during the year	24.84	24.84	
Purchase	25.48	25.48	
At March 31, 2021	40.54	40.54	
Capitalised during the year	58.42	58.42	
Purchase	227.86	227.86	
At March 31, 2022	209.98	209.98	

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 6(d) Other Intangible assets

(₹ in lakh)

	Software/Other intangible assets	Total
<b>Gross block</b>		
At March 31, 2020	808.72	808.72
Purchase	131.90	131.90
Disposals	-	-
At March 31, 2021	940.62	940.62
Purchase	220.23	220.23
Disposals	-	-
At March 31, 2022	1,160.85	1,160.85
<b>Amortization</b>		
At March 31, 2020	393.88	393.88
Charge for the year	201.18	201.18
At March 31, 2021	595.06	595.06
Charge for the year	196.84	196.84
At March 31, 2022	791.90	791.90
<b>Net block</b>		
At March 31, 2021	345.56	345.56
At March 31, 2022	368.94	368.94

### 6.1 Capital-Work-in Progress (CWIP)

- (a) CWIP aging schedule- There is no balance of Capital-Work-in-Progress(CWIP) available as on March 31, 2022 and March 31, 2021
- (b) No such case of capital-work-in progress in which completion is overdue or has exceeded its cost compared to its original plan in the group

### 6.2 Intangible assets under development

#### (a) Intangible assets under development aging schedule

(₹ in lakh)

Intangible assets under development	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 2022</b>					
Projects in progress	209.98	-	-	-	209.98
Projects temporarily suspended	-	-	-	-	-
<b>As at March 2021</b>					
Projects in progress	13.51	27.03	-	-	40.54
Projects temporarily suspended	-	-	-	-	-

- (b) No such case of intangible assets under development in which completion is overdue or has exceeded its cost compared to its original plan in the group

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 7. Right-of-use assets

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Value of Right of Use Asset	4,914.17	3,785.03
Addition	1,815.96	1,129.14
Disposal	(4.61)	-
<b>Gross Carrying Value</b>	<b>6,725.52</b>	<b>4,914.17</b>
<b>Depreciation</b>		
Opening Accumulated Depreciation	1,940.47	910.83
Depreciation for the year	1,232.20	1,029.64
<b>Closing Accumulated Depreciation</b>	<b>3,172.67</b>	<b>1,940.47</b>
<b>Net Carrying value</b>	<b>3,552.85</b>	<b>2,973.70</b>

### 8. Other non-financial assets

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid Expenses	361.10	288.91
Advance to staff	178.75	136.16
Advance to vendors	258.03	172.18
GST Input	-	0.92
Other Recoverable	137.47	76.30
<b>Total</b>	<b>935.35</b>	<b>674.47</b>

### 9. Assets held for sale

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Assets obtained by taking possession of collateral (Refer note 9(a))	2,921.06	2,220.77
<b>Total Gross</b>	<b>2,921.06</b>	<b>2,220.77</b>
Less: Impairment loss allowance	(581.72)	(381.19)
<b>Total Net</b>	<b>2,339.34</b>	<b>1,839.58</b>

#### 9(a) Assets obtained by taking possession of collateral

The group obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The group's policy is to realise collateral on a timely basis. The Group does not use non-cash collateral for its operations.

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Residential properties	2,921.06	2,220.77
<b>Total assets obtained by taking possession of collateral</b>	<b>2,921.06</b>	<b>2,220.77</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 10. Payables

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Trade Payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	370.30	285.40
<b>Total</b>	<b>370.30</b>	<b>285.40</b>

#### 10 (a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars As at March 31, 2022	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	290.08	-	72.34	7.88	-	-	370.30
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iii) Disputed dues- MSME	-	-	-	-	-	-	-

Particulars As at March 31, 2021	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	222.22	-	63.18	-	-	-	285.40
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

10(b) There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises for the year ended March 31, 2022

### 11. Debt Securities

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At amortised cost</b>		
<b>Secured</b>		
Debentures (Refer note 11(a))	1,15,263.52	1,26,568.97
<b>Unsecured</b>		
Debentures (Refer note 11(a))	55,682.57	19,897.18
<b>Total</b>	<b>1,70,946.09</b>	<b>1,46,466.15</b>
Debt securities in India	1,15,263.52	1,26,568.97
Debt securities outside India	55,682.57	19,897.18
<b>Total</b>	<b>1,70,946.09</b>	<b>1,46,466.15</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 11(a) Detail of Redeemable Non-Convertible Debentures

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest	Face value	As at March		Secured/ Unsecured	Terms of redemption
							31, 2022	31, 2021		
INE216P07134	18-Jul-17	18-May-22	10	1,300	8.43%**	13,000	12,994.27	12,952.93	Secured	Redeemable at par
INE216P07159	17-Apr-18	17-Apr-23	10	100	8.90%**	1,000	-	998.01	Secured	Redeemed at par during the year
LRN-201812124	20-Dec-18	20-Dec-25	100	200	8.93%**	20,000	19,929.00	19,897.18	Unsecured	Redeemable at par
INE216P07167	16-Sep-19	15-Sep-24	100	345	8.39%**	34,500	34,283.81	34,208.65	Secured	Redeemable at par
INE216P07175	30-Mar-20	30-Mar-28	10	4,444	8.65%**	44,440	40,607.48	43,976.39	Secured	Redeemable at par
INE216P07183	22-Jun-20	22-Dec-21	10	1,500	6.60%**	15,000	-	14,999.08	Secured	Redeemed at par during the year
INE216P07191	4-Nov-20	4-Nov-25	10	1,000	6.70%	10,000	-	9,942.56	Secured	Redeemed at par during the year
INE216P07209	31-Dec-20	31-Dec-25	7.50	1,000	6.63%**	7,500	7,494.41	9,491.35	Secured	Redeemable at par
INE216P07217	26-Nov-21	26-Nov-26	10	990	6.50%	9,900	9,892.33	-	Secured	Redeemable at par
INE216P07225	25-Mar-22	25-Mar-27	10	1,000	6.25%**	10,000	9,991.22	-	Secured	Redeemable at par
LRN-202202123	10-Mar-22	10-Mar-29	100	360	7.00%**	36,000	35,753.57	-	Unsecured	Redeemable at par
				<b>Total</b>		<b>Total</b>	<b>1,70,946.09</b>	<b>1,46,466.15</b>		

\*ROI p.a (payable half yearly)

\*\*ROI p.a (payable quarterly)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Terms of repayment of Debentures outstanding as at March 31, 2022

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Original maturity of loan</b>											
<b>Quarterly</b>											
Above 3 years	6%-8%	8	3,969.64	16	7,957.70	11	5,470.92	-	-	35	17,398.26
<b>Half yearly</b>											
Above 3 years	8%-10%	4	11,747.10	8	23,548.66	6	18,575.10	2	6,800.77	20	60,671.63
	6%-8%	-	-	-	0.00	4	17,904.82	4	17,904.82	8	35,809.64
<b>Bullet end</b>											
Above 3 years	6%-8%	-	-	-	-	3	9,847.65	-	-	3	9,847.65
	8%-10%	1	12,901.35	1	34,317.56	-	-	-	-	2	47,218.91
<b>Total</b>		<b>13</b>	<b>28,618.09</b>	<b>25</b>	<b>65,823.92</b>	<b>24</b>	<b>51,798.49</b>	<b>6</b>	<b>24,705.59</b>	<b>68</b>	<b>1,70,946.09</b>

Terms of repayment of Debentures outstanding as at March 31, 2021

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>Original maturity of loan</b>											
<b>Quarterly</b>											
Above 3 years	6%-8%	4	1,980.05	8	3,975.87	7	3,478.89	-	-	19	9,434.81
<b>Half yearly</b>											
Above 3 years	8%-10%	1	3,384.35	8	23,531.05	8	23,531.05	4	13,591.37	21	64,037.82
<b>Bullet end</b>											
Less than 3 years	6%-8%	1	14,850.33	-	-	-	-	-	-	1	14,850.33
Above 3 years	6%-8%	-	-	-	-	1	9,939.68	-	-	1	9,939.68
	8%-10%	1	990.02	1	12,921.59	1	34,291.90	-	-	3	48,203.51
<b>Total</b>		<b>7</b>	<b>21,204.75</b>	<b>17</b>	<b>40,428.51</b>	<b>17</b>	<b>71,241.52</b>	<b>4</b>	<b>13,591.37</b>	<b>45</b>	<b>1,46,466.15</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 12. Borrowings (other than debt securities)

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At amortised cost</b>		
<b>Secured</b>		
<b>Term loans (refer note 12(l))</b>		
From National Housing Bank (NHB) (Refer note 12(a))	2,20,676.44	1,87,239.16
From Banks (Refer note 12(b))	3,81,480.45	2,73,719.91
From Financial institutions (Refer note 12(c))	30.54	61.07
From Insurance Companies (Refer note 12(d))	6,869.39	8,117.44
<b>Others</b>		
Cash Credit (refer note 12(e))	-	0.01
Others (refer note 12(f))	7,264.33	8,964.90
<b>Total</b>	<b>6,16,321.15</b>	<b>4,78,102.49</b>
Borrowings in India	6,16,321.15	4,78,102.49
Borrowings outside India	-	-
<b>Total</b>	<b>6,16,321.15</b>	<b>4,78,102.49</b>

12(a) Secured term loans from National Housing Bank carry rate of interest in the range of 2.94% to 8.50% p.a. The loans are having tenure of 1 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Group.

12(b) Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 6.25% to 8.05% p.a. The loans are having tenure of 5 to 15 years from the date of disbursement and are repayable in monthly or quarterly or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Group. Secured term loan from banks include auto loans of ₹ 279.11 lakh (P.Y. ₹ 240.63 lakh) carrying rate of interest in the range of 7.10% to 9.50% p.a. which are secured by hypothecation of Group's vehicles.

12(c) Loans from financial institutions include auto loans of ₹ 30.54 lakh (P.Y. ₹ 61.07 lakh) carrying rate of interest in the range of 8.63% to 9.26% p.a. which are secured by hypothecation of Group's vehicles.

12(d) Secured term loan from Insurance Group carry rate of interest of 7.60% p.a. The loan is having tenure of 8 years from the date of disbursement and is repayable in half yearly instalments. The Loan is secured by hypothecation (exclusive charge) of the loans given by the Group.

12(e) Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Group, are repayable on demand and carry interest rates ranging from 7.20% to 10.20%

12(f) Other borrowings includes associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS.

### 12(g) Changes in liabilities arising from financing activities

(₹ in lakh)

Particulars	As at March 31, 2021	Net change	Other*	As at March 31, 2022
Debt securities	1,46,466.15	24,481.53	(1.59)	1,70,946.09
Borrowings	4,78,102.49	1,40,007.46	(1,788.80)	6,16,321.15
Subordinate liabilities	9,973.65	(0.00)	8.85	9,982.50
<b>Total</b>	<b>6,34,542.29</b>	<b>1,64,488.99</b>	<b>(1,781.54)</b>	<b>7,97,249.74</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Particulars	As at March 31, 2020	Net change	Other*	As at March 31, 2021
Debt securities	1,16,846.54	29,500.00	119.61	1,46,466.15
Borrowings	4,08,391.40	71,168.13	(1,457.04)	4,78,102.49
Subordinate liabilities	9,965.61	(0.00)	8.04	9,973.65
<b>Total</b>	<b>5,35,203.55</b>	<b>1,00,668.13</b>	<b>(1,329.39)</b>	<b>6,34,542.29</b>

\*Other column includes amortisation of transaction cost.

12(h) The group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 12(i) Terms of repayment of long term borrowings outstanding as at March 31, 2022

Particulars	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount		
<b>Original maturity of loan</b>												
<b>Interest rate</b>												
<b>Monthly repayment schedule</b>												
Above 3 years	608	21,352.68	969	43,663.94	350	38,292.71	325	45,824.09	-	-	2,252	1,49,133.42
	123	999.27	72	1,118.98	-	-	-	-	-	-	195	2,118.25
<b>Quarterly repayment schedule</b>												
Above 3 years	46	11,777.77	112	30,428.83	112	30,428.83	84	20,645.44	-	-	354	93,280.87
	42	16,520.56	96	15,473.35	70	10,131.85	86	11,003.45	-	-	294	53,129.21
	203	37,198.64	527	1,02,597.54	418	85,973.96	400	75,753.39	39	2,946.65	1,587	3,04,470.18
	3	10.15	8	27.09	6	20.12	-	-	-	-	17	57.36
<b>Half yearly repayment schedule</b>												
Above 3 years	2	1,247.89	4	2,497.62	4	2,497.62	1	624.40	-	-	11	6,867.53
<b>Total</b>	<b>1,027</b>	<b>89,106.96</b>	<b>1,788</b>	<b>1,95,807.35</b>	<b>960</b>	<b>1,67,345.09</b>	<b>896</b>	<b>1,53,850.77</b>	<b>39</b>	<b>2,946.65</b>	<b>4,710</b>	<b>6,09,056.82</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 7,264.33 lakh (Due within 1 year ₹ 549.19 lakh and due more than 1 year ₹ 6,715.14 lakh)

(₹ in lakh)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Terms of repayment of long term borrowings outstanding as at March 31, 2021

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Due 3 to 5 years		Due 5 to 10 years		Above 10 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount		
<b>Original maturity of loan</b>													
<b>Monthly repayment schedule</b>													
Above 3 years	6%-8%	304	7,497.94	551	21,362.62	303	17,192.43	363	28,982.34	9	-	1,530	75,035.33
	8%-10%	426	3,122.86	443	6,662.33	91	9.74	-	-	-	-	960	9,794.93
<b>Quarterly repayment schedule</b>													
Above 3 years	2%-4%	6	2,809.53	16	7,495.68	16	7,495.68	13	6,674.31	-	-	51	24,475.20
	4%-6%	39	6,424.47	104	17,140.17	100	15,924.52	113	16,033.49	16	2,039.58	372	57,562.23
	6%-8%	175	19,155.14	477	66,191.10	367	56,374.49	393	66,397.10	4	316.91	1,416	2,08,434.74
	8%-10%	66	1,571.83	136	15,496.36	132	14,914.13	137	17,195.66	-	-	471	49,177.98
<b>Half yearly repayment schedule</b>													
Above 3 years	6%-8%	2	1,248.01	4	2,497.23	4	2,497.23	3	1,872.92	-	-	13	8,115.39
<b>At the end of tenure</b>													
Less than 3 years	4%-6%	1	36,541.80	-	-	-	-	-	-	-	-	1	36,541.80
<b>Total</b>		<b>1,019</b>	<b>78,371.58</b>	<b>1,731</b>	<b>1,36,845.49</b>	<b>1,013</b>	<b>1,14,408.22</b>	<b>1,022</b>	<b>1,37,155.82</b>	<b>29</b>	<b>2,356.49</b>	<b>4,814</b>	<b>4,69,137.60</b>

The above table doesn't include associated liabilities to securitized asset that has been re-recognised due to non fulfillment of derecognition criteria as per Ind AS amounting to ₹ 8,964.90 lakh (Due within 1 year ₹ 827.78 lakh and due more than 1 year ₹ 8,137.12 lakh)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 13. Subordinated Liabilities

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>At Amortised cost</b>		
Debentures (Refer note 13(a))	9,982.50	9,973.65
<b>Total</b>	<b>9,982.50</b>	<b>9,973.65</b>
Subordinated Liabilities in India	9,982.50	9,973.65
Subordinated Liabilities Outside India	-	-
<b>Total</b>	<b>9,982.50</b>	<b>9,973.65</b>

### 13(a). Detail of Subordinated Liabilities

(₹ in lakh)

ISIN No.	Date of allotment	Date of redemption	Nominal value per debenture	Total number of debentures	Rate of Interest p.a.	Face value	As at March 31, 2022	As at March 31, 2021	Secured/Unsecured	Terms of redemption
INE216P08017	22-Dec-17	22-Dec-23	10	1,000	9.49%	10,000	9,982.50	9,973.65	Unsecured	Redeemable at par

### Terms of repayment of Subordinated liabilities outstanding as at March 31, 2022

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>At the end of tenure</b>							
Above 3 years	8%-10%	-	(9.76)	1	9,992.26	1	9,982.50

### Terms of repayment of Subordinated liabilities outstanding as at March 31, 2021

(₹ in lakh)

Particulars	Interest rate	Due within 1 year		Due 1 to 3 years		Total	
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
<b>At the end of tenure</b>							
Above 3 years	8%-10%	-	(8.86)	1	9,982.51	1	9,973.65

### 14. Lease liabilities

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liabilities	3,948.24	3,229.82
<b>Total</b>	<b>3,948.24</b>	<b>3,229.82</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Disclosures as required by Ind AS 116 'Leases' are stated below

### Movement of Lease Liability

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Opening Balance</b>	<b>3,229.82</b>	<b>3,012.91</b>
Add: Addition during the year	1,810.81	1,129.14
Interest on Lease Liability	319.41	217.95
Less: Lease rental Payment	(1,411.80)	(1,130.18)
<b>Closing Balance</b>	<b>3,948.24</b>	<b>3,229.82</b>

**Note:** The amount Recognized in profit or loss for the Financial Year ending March 31, 2022 to reflect changes in lease payments that arise from rent concessions to which the Company has applied the practical expedient in paragraph 46A of Ind As-116 is ₹ 23.79 lakh (P.Y. ₹ 72.99 lakh)

The following is the breakup of current and non-current portion of lease liability:

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
Current	1,102.45	885.78
Non-Current	2,845.79	2,344.04
	<b>3,948.24</b>	<b>3,229.82</b>

### 15 Other financial liabilities

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Interest accrued but not due</b>		
Non convertible debentures	793.48	1,143.24
Unsecured non convertible debentures	473.21	316.43
Bank- term Loan	402.92	154.98
Financial Institution- term Loan	0.14	0.30
Due to assignees towards collections in derecognised assets	5,095.69	2,569.98
Employee benefits payable	1,973.64	2,291.81
Others	5,503.93	7,009.89
<b>Total</b>	<b>14,243.01</b>	<b>13,486.63</b>

### 16 Provisions

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Provision for employee benefits</b>		
Leave availment	251.73	214.23
Gratuity	72.26	63.14
ECL on undisbursed loan commitment	82.71	95.03
<b>Total</b>	<b>406.70</b>	<b>372.40</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 17 Tax Expenses

The major components of income tax expense for the year ended:

#### Profit or loss section

Particulars	(₹ in lakh)	
	Year ended March 31, 2022	Year ended March 31, 2021
<b>Current income tax:</b>		
Current income tax charge	9,122.53	6,701.45
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	628.34	(338.01)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>9,750.87</b>	<b>6,363.44</b>

#### OCI

Deferred tax related to items recognised in OCI during the year:

Particulars	(₹ in lakh)	
	Year ended March 31, 2022	Year ended March 31, 2021
Net loss/(gain) on re-measurements of defined benefit plans	23.84	28.05
<b>Income tax charged to OCI</b>	<b>23.84</b>	<b>28.05</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for:

Particulars	(₹ in lakh)	
	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax from continuing operations	45,268.93	35,255.36
Profit/(loss) before tax from a discontinued operation	-	-
<b>Accounting profit before income tax</b>	<b>45,268.93</b>	<b>35,255.36</b>
Tax at statutory Income Tax rate of 25.17% (P.Y. 25.17%)	11,393.29	8,873.07
Expenses Disallowed in Income tax Act	254.34	206.78
Other permanent difference	(297.59)	(867.25)
Expenses Disallowed u/s 43B of Income tax Act	9.44	13.09
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	(1,601.17)	(1,242.71)
Incremental deferred tax liabilities /(assets) on account of Financial assets and other items	(7.44)	(619.54)
Tax at effective income tax rate (a)	9,750.87	6,363.44
Tax on Other comprehensive income (b)	23.84	28.05
<b>Total Tax expenses at effective income tax rate (a+b)</b>	<b>9,774.71</b>	<b>6,391.49</b>

Deferred Tax liabilities / (assets)

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Deferred tax liability</b>		
Unamortized Borrowings cost	412.70	392.32
Upfront EIS income	5,969.29	4,836.46
<b>Gross deferred tax liability</b>	<b>6,381.99</b>	<b>5,228.78</b>
<b>Deferred tax asset</b>		
Expected credit loss (ECL)	(1,275.85)	(906.01)
Unamortized processing fee	(1,032.11)	(1,028.93)
Fair Valuation of SARFAESI	(102.46)	(83.01)

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Deferred Tax liabilities / (assets)

(₹ in lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Provision for gratuity and Leave availment	(63.36)	(69.81)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(351.17)	(247.37)
Other adjustments	(99.51)	(64.46)
<b>Gross deferred tax asset</b>	<b>(2,924.46)</b>	<b>(2,399.59)</b>
<b>Net Deferred Tax Liability</b>	<b>3,457.53</b>	<b>2,829.19</b>

### Deferred Tax charged to statement of profit and loss account

(₹ in lakh)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	Profit and Loss	OCI	Profit and Loss	OCI
	Unamortized Borrowings cost	20.38	-	(0.23)
Upfront EIS income	1,132.84	-	541.25	-
Expected credit loss (ECL)	(369.85)	-	(492.74)	-
Unamortized processing fee	(3.17)	-	(375.21)	-
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(103.80)	-	(70.90)	-
Other adjustments	(48.05)	23.84	59.82	28.05
<b>Deferred Tax charged to statement of profit and loss account</b>	<b>628.35</b>	<b>23.84</b>	<b>(338.01)</b>	<b>28.05</b>

The proportionate amount of business income from housing loan segment for Special Reserve u/s 29C of the NHB Act read with section 36 (1) (viii) of Income Tax Act, 1961 has been computed by giving weightage of housing loan for more than 60 months to total loan assets of the Group. The total housing loan for more than 60 months for the year under consideration is ₹ 6,53,700.01 lakh.

### 18 Other Non-financial Liabilities

(₹ in lakh)

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Statutory Dues Payable	299.29	206.86
Provision for Expenses	1,002.71	816.96
GST payable	65.94	-
Others	61.58	75.21
<b>Total</b>	<b>1,429.52</b>	<b>1,099.03</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 19 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
<b>Authorized share Capital</b>		
8,50,00,000 (P.Y. 8,50,00,000) Equity Shares of ₹ 10/- each	8,500.00	8,500.00
	<b>8,500.00</b>	<b>8,500.00</b>
<b>Issued, Subscribed &amp; Paid up capital</b>		
<b>Issued and Subscribed Capital</b>		
7,89,36,451 (P.Y. 7,85,04,551) Equity Shares of ₹ 10/- each	7,893.65	7,850.46
<b>Called-Up and Paid Up Capital</b>		
Fully Paid-Up		
7,89,36,451 (P.Y. 7,85,04,551) Equity Shares of ₹ 10/- each	7,893.65	7,850.46
<b>Total</b>	<b>7,893.65</b>	<b>7,850.46</b>

### 19(a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	(₹ in lakh)			
	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ In lakh	No. of shares	₹ In lakh
Equity Share at the beginning of year	7,85,04,551	7,850.46	7,83,22,661	7,832.27
Add:				
<b>Equity Share Allotted during year</b>				
Shares issued under ESOP	4,31,900	43.19	1,81,890	18.19
<b>Equity share at the end of year</b>	<b>7,89,36,451</b>	<b>7,893.65</b>	<b>7,85,04,551</b>	<b>7,850.46</b>

### 19(b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	(₹ in lakh)			
	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	1,81,86,219	23.04%	2,31,40,827	29.48%
1,81,86,219 Equity Shares of ₹ 10/- each fully paid				
Partners Group ESCL Limited	88,68,091	11.23%	1,12,40,151	14.32%
88,68,091 Equity Shares of ₹ 10/- each fully paid				
Smallcap World Fund, Inc	61,68,830	7.81%	54,97,038	7.00%
61,68,830 Equity Shares of ₹ 10/- each fully paid				
Partners Group Private Equity Master Fund LLC	38,91,752	4.93%	49,32,728	6.28%
38,91,752 Equity Shares of ₹ 10/- each fully paid				
<b>Total</b>	<b>3,71,14,892</b>	<b>47.01%</b>	<b>4,48,10,744</b>	<b>57.08%</b>

As per records of the group, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 19(c) Rights, preferences and restrictions attached to shares

#### Equity shares:

The group has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

### 19(d) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date

Particulars	(₹ in lakh)				
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-	-

19(e) For details of shares reserved for issue under the employee stock option plan (ESOP) of the Group, refer note 32

### 19(f) Shareholding of Promoters

#### Shares held by promoters at the end of March 31, 2022

Promoter name	(₹ in lakh)		
	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.04%	-21.41%
Partners Group ESCL Limited	88,68,091	11.23%	-21.10%
Partners Group Private Equity Master Fund LLC	38,91,752	4.93%	-21.10%
<b>Total</b>	<b>3,09,46,062</b>	<b>39.20%</b>	

#### Shares held by promoters at the end of March 31, 2021

Promoter name	(₹ in lakh)		
	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	2,31,40,827	29.48%	-
Partners Group ESCL Limited	1,12,40,151	14.32%	-13.65%
Partners Group Private Equity Master Fund LLC	49,32,728	6.28%	-13.65%
<b>Total</b>	<b>3,93,13,706</b>	<b>50.08%</b>	

### 20. Other equity

Particulars	(₹ in lakh)	
	As at March 31, 2022	As at March 31, 2021
Securities premium account (refer note 20(a))	1,34,887.21	1,33,403.29
Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of income tax Act, 1961 (refer note 20(a))	26,281.55	19,131.35
Share Based Payments Reserve (refer note 20(a))	3,072.53	1,808.00
Retained earnings	1,08,467.50	77,887.45
Share application money received	40.59	0.48
<b>Total</b>	<b>2,72,749.38</b>	<b>2,32,230.57</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 20(a) Nature and purpose of reserve

#### Securities premium Account

Securities premium Account is used to record the premium on issue of shares. The reserve is utilised in accordance with provisions of the Companies Act, 2013.

#### Special reserve

Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Group under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. During the year ended March 31, 2022, The Group has transferred an amount of ₹ 6,361.94 lakh (P.Y. ₹ 4,937.65 lakh) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987 and also transferred an amount of ₹ 788.23 lakh (P.Y. ₹ 868.93 lakh) to the reserve in terms of Section 29C of the National Housing Bank ("NHB") Act, 1987.

#### Share Based Payments Reserve

This Reserve relates to stock options granted by the group to employees under various ESOP Schemes. This Reserve is transferred to Securities Premium Account on exercise of vested options.

### 21. Interest income

(₹ in lakh)

Particulars	Year ended March 31, 2022			Year ended March 31, 2021		
	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss	On financial assets measured at fair value through OCI	On financial assets measured at Amortised cost	Interest income on financial assets classified at fair value through profit and loss
Interest on Loans (Refer note 21 (a))	-	1,06,452.48	-	-	89,939.42	-
Interest on deposits with Banks	-	6,195.62	-	-	7,320.26	-
Interest on deposits with Corporates	-	145.39	-	-	398.24	-
Interest on G-Sec Investment	-	92.64	-	-	-	-
<b>Total</b>	-	<b>1,12,886.13</b>	-	-	<b>97,657.92</b>	-

21(a) Loan origination income included in Interest income on Loan is disclosed net of the direct incremental costs of ₹ 4,150.73 lakh for year ended March 31, 2022 (P.Y. ₹ 2,457.61 lakh) associated with the origination of the underlying loans.

### 22. Fees and commission Income

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Insurance commission	476.75	311.46
Other fee income	4,146.44	3,343.91
<b>Total</b>	<b>4,623.19</b>	<b>3,655.37</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 23. Net gain on fair value changes

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>a) Net gain on financial instruments at fair value through profit and loss</b>		
<b>i) On trading portfolio</b>		
Investments	531.99	387.16
<b>b) Others</b>		
Derivatives	-	-
<b>Total Net gain on fair value changes</b>	<b>531.99</b>	<b>387.16</b>
<b>Fair value changes</b>		
Realised	531.99	387.16
Unrealised- MTM gain	-	-
<b>Total Net gain on fair value changes</b>	<b>531.99</b>	<b>387.16</b>

### 24. Other income

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net gain on derecognition of property, plant and equipment	1.68	9.10
Other income	118.23	206.95
<b>Total</b>	<b>119.91</b>	<b>216.05</b>

### 25. Finance Costs

(₹ in lakh)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost
Interest on borrowings, debt securities and subordinated liabilities	-	46,867.27	-	44,876.46
Interest on securitised pool	-	563.67	-	729.86
Interest on lease liability	-	319.40	-	217.95
<b>Total</b>	<b>-</b>	<b>47,750.34</b>	<b>-</b>	<b>45,824.27</b>

### 26. Fees and commission expense

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Resource mobilisation expenses	281.05	302.30
Bank charges and commission	151.28	133.50
Brokerage commission	138.90	182.66
<b>Total</b>	<b>571.23</b>	<b>618.46</b>

**Notes to the Consolidated Financial Statements** for the year ended March 31, 2022**27. Impairment on financial instruments**

(₹ in lakh)

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost
Loan assets	-	1,763.17	-	3,347.34
Write offs	-	306.67	-	269.29
Assets acquired under SARFAESI	-	190.68	-	97.23
<b>Total</b>	-	<b>2,260.52</b>	-	<b>3,713.86</b>

**28. Employee Benefits Expenses**

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages	20,093.33	15,448.58
Contribution to provident and other funds	1,131.71	826.87
Share Based Payments to employees	1,784.61	850.84
Staff welfare expenses	419.24	178.85
<b>Total</b>	<b>23,428.89</b>	<b>17,305.14</b>

**Gratuity and other post-employment benefit plans**

The group has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by the Payment of Gratuity Act, 1972 as amended from time to time.

The following tables summarize the components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

**Statement of profit and loss****Net employee benefit expense recognized in the employee cost**

(₹ in lakh)

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	260.49	209.61
Interest cost	3.65	34.91
Expected return on plan assets	-	-
Net remeasurement (gain) / loss recognized in the year	-	-
<b>Net expense</b>	<b>264.14</b>	<b>244.52</b>

**Remeasurement (gains)/ loss recognised in other comprehensive income:**

(₹ in lakh)

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	(94.73)	(111.45)
<b>Remeasurement (gain) / loss arising during the year</b>	<b>(94.73)</b>	<b>(111.45)</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Actual Return on plan asset

(₹ in lakh)

	Year ended March 31, 2022	Year ended March 31, 2021
Expected return on plan asset	-	-
Interest Income on Plan Asset	39.93	-
Actuarial gain/(loss)	(18.11)	21.22
Actual Return on plan asset	-	-

### Balance Sheet

#### Net defined benefit liability

(₹ in lakh)

	Year ended March 31, 2022	Year ended March 31, 2021
Present value of defined benefit obligation	758.08	659.25
Fair value of plan assets	(690.02)	(604.95)
<b>Plan liability</b>	<b>68.06</b>	<b>54.30</b>

#### Changes in the present value of the defined benefit obligation are as follows:

(₹ in lakh)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	659.25	517.23
Current service cost	260.49	209.61
Interest cost	43.59	34.91
Benefits paid during the year	(92.40)	(12.27)
Remeasurement (gain)/loss on obligation	(112.84)	(90.23)
<b>Closing defined benefit obligation</b>	<b>758.09</b>	<b>659.25</b>

#### Changes in the present value of the plan assets are as follows:

(₹ in lakh)

	Year ended March 31, 2022	Year ended March 31, 2021
Fair value of plan asset at the beginning	604.95	-
Interest Income on Plan Asset	39.93	-
Expected return on plan asset	-	-
Contribution made	64.84	596.00
Benefit paid during the year	(1.59)	(12.27)
Actuarial Gain/(Loss) on plan assets	(18.11)	21.22
Fair value of plan asset at the the end of the year	690.02	604.95

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

The principle assumptions used in determining gratuity obligations for the Company are shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	7.10%	6.73%
Salary escalation rate	6.00%	6.00%
Employee Turnover	age 30 = 5%	age 30 = 5%
	age 31-40 = 3%	age 31-40 = 3%
	age 41-50 = 2%	age 41-50 = 2%
	age 51 & above = 1%	age 51 & above = 1%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Experience adjustment for the reported years are as below:

(₹ in lakh)

	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Defined benefit obligation	758.09	659.25	517.23	293.96	187.74
Plan assets	(690.02)	(604.95)	-	-	-
(Surplus)/Deficit	68.07	54.30	517.23	293.96	187.74
Experience adjustments on plan liabilities (Gain)/ Loss	(70.12)	(91.54)	6.97	(35.07)	(10.82)
Experience adjustments on plan assets	-	-	-	-	-

### Sensitivity Analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>a) Effect of 1% change in assumed discount rate</b>		
- 1% increase	657.49	570.28
- 1% decrease	881.59	768.75
<b>(b) Effect of 1% change in assumed salary escalation rate</b>		
- 1% increase	875.87	768.44
- 1% decrease	659.69	568.97

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

### Funding Arrangement and Policy

The contribution by the Group to fund the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Maturity Analysis of the Benefit Payments: From the Fund

(₹ in lakh)

Projected Benefits Payable in Future Years From the Date of Reporting	Year ended March 31, 2022
1 <sup>st</sup> Following Year	19.82
2 <sup>nd</sup> Following Year	24.21
3 <sup>rd</sup> Following Year	26.41
4 <sup>th</sup> Following Year	31.29
5 <sup>th</sup> Following Year	32.54
Sum of Years 6 to 10	209.82

### Other Benefits

The group has provided for compensatory leaves which can be availed and not encashed as per policy of the group as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation.

### 29. Other expenses

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Advertisement and publicity	663.53	198.08
AMC charges	182.81	123.25
Auditor's remuneration (note 29(a))	79.83	51.78
Collection and legal recovery expenses	278.99	119.30
Communication costs	493.38	397.52
CSR expenses (refer note 39)	601.29	458.52
Directors' fees and commission	130.80	119.90
Donation	44.00	-
Electricity and water	299.24	269.58
General office expenses	275.39	265.46
IT and analytics Expenses	523.43	239.59
Legal and professional charges	744.29	439.34
Manpower management cost	3,109.44	2,236.89
Postage and courier expenses	235.08	156.93
Printing and stationery	102.49	87.56
Rent, rates and taxes Expenses	75.28	58.00
Repairs and maintenance	347.70	212.67
Travelling and conveyance	721.88	339.48
<b>Total</b>	<b>8,908.85</b>	<b>5,773.85</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 29(a) Auditor's remuneration

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Audit fees	66.75	45.51
Tax audit fees	3.27	2.18
Other services	9.81	4.09
	<b>79.83</b>	<b>51.78</b>

### 30. Earning per share

(₹ in lakh)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Following reflects the profit and share data used in EPS computations:		
<b>Basic</b>		
Weighted average number of equity shares for computation of Basic EPS (in lakh)	787.52	783.72
Net profit for calculation of basic EPS (₹ in lakh)	35,518.06	28,891.92
<b>Basic earning per share (In ₹)</b>	<b>45.10</b>	<b>36.86</b>
<b>Diluted</b>		
Weighted average number of equity shares for computation of Diluted EPS (in lakh)	792.57	790.64
Net profit for calculation of Diluted EPS (₹ in lakh)	35,518.06	28,891.92
<b>Diluted earning per share (In ₹)</b>	<b>44.81</b>	<b>36.54</b>
<b>Nominal value of equity shares (In ₹)</b>	<b>10.00</b>	<b>10.00</b>

### 31. Maturity analysis of assets and liabilities

The following tables set forth, for the periods indicated, the assets and liabilities line items expected to be recovered or settled within and after twelve months after factoring prepayment assumptions.

(₹ in lakh)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	4,781.06	-	4,781.06	2,209.81	-	2,209.81
Bank balance other than cash and cash equivalents	1,49,790.98	1.00	1,49,791.98	1,10,307.11	-	1,10,307.11
Loans	1,49,312.09	7,56,030.27	9,05,342.36	1,27,660.89	6,24,667.74	7,52,328.63
Investments	-	5,251.73	5,251.73	-	-	-
Other financial assets	12,680.84	13,230.40	25,911.24	12,381.65	10,225.60	22,607.25
<b>Non-financial assets</b>						
Current tax assets (net)	568.74	-	568.74	92.06	-	92.06
Property, plant and equipment	-	2,694.50	2,694.50	-	2,507.08	2,507.08
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	209.98	209.98	-	40.54	40.54

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

(₹ in lakh)

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other intangible assets	-	368.94	368.94	-	345.56	345.56
Right-of-use assets	-	3,552.85	3,552.85	-	2,973.70	2,973.70
Other non-financial assets	849.36	85.99	935.35	496.31	178.16	674.47
<b>Assets held for sale</b>	<b>2,339.34</b>	<b>-</b>	<b>2,339.34</b>	<b>1,839.58</b>	<b>-</b>	<b>1,839.58</b>
<b>Total Assets</b>	<b>3,20,322.41</b>	<b>7,81,425.66</b>	<b>11,01,748.07</b>	<b>2,54,987.41</b>	<b>6,40,938.38</b>	<b>8,95,925.79</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Payables						
(l) Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	370.30	-	370.30	285.40	-	285.40
Debt securities	28,618.09	1,42,328.00	1,70,946.09	21,204.75	1,25,261.40	1,46,466.15
Borrowings (other than debt securities)	90,255.35	5,26,065.80	6,16,321.15	79,199.36	3,98,903.13	4,78,102.49
Subordinated liabilities	(9.76)	9,992.26	9,982.50	(8.86)	9,982.51	9,973.65
Lease liabilities	1,102.45	2,845.79	3,948.24	885.78	2,344.04	3,229.82
Other financial liabilities	14,147.49	95.52	14,243.01	13,405.40	81.23	13,486.63
<b>Non-financial liabilities</b>						
Provisions	99.68	307.02	406.70	38.90	333.50	372.40
Deferred tax liabilities (net)	-	3,457.53	3,457.53	-	2,829.19	2,829.19
Other non-financial liabilities	1,429.52	-	1,429.52	1,099.03	-	1,099.03
<b>Total Liabilities</b>	<b>1,36,013.12</b>	<b>6,85,091.92</b>	<b>8,21,105.04</b>	<b>1,16,109.77</b>	<b>5,39,734.99</b>	<b>6,55,844.76</b>
<b>Net Assets</b>	<b>1,84,309.29</b>	<b>96,333.74</b>	<b>2,80,643.03</b>	<b>1,38,877.64</b>	<b>1,01,203.39</b>	<b>2,40,081.03</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 32. Stock options

- I The group has formulated various share-based payment schemes for its employees (Plan I), management team (Plan II) and directors (Plan III). Details of all grants in operation during the Year ended March 31, 2022 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 II	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021
Scheme Name	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Equity stock option plan for Management team 2016 (ESOP 2016 II)	Equity stock option plan for Directors 2016 (ESOP 2016 III)	Equity stock option plan for Employees 2019 (ESOP 2019)	Equity stock option plan for Employees 2020 (ESOP 2020)	Equity stock option plan for Employees 2021 (ESOP 2021)
No. of options approved*	12,87,901		34,45,610	7,19,084	3,00,000	3,00,000	3,00,000
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	23-Feb-17	3-Oct-19	13-Jul-21	18-Aug-21
No. of options granted	9,80,118	4,24,687	34,45,610	7,19,084	3,00,000	3,00,000	3,00,000
Exercise price per option (in ₹)	215.25	328	215.25	215.25	1,580.20	2,887.05	2,477.15
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting year and conditions	A) 50% options to vest as per stipulated vesting schedule ("Fixed Vesting") B) 50% options to vest as per stipulated vesting schedule on fulfillment of stipulated conditions ("Conditional Vesting")						
<b>A) Fixed Vesting year is as follows on following dates :-</b>							
1 <sup>st</sup> vesting "12 months from the date of grant"	98,012	42,469	Refer note A	71,908	30,000	30,000	30,000
2 <sup>nd</sup> vesting "On expiry of four months from the 1 <sup>st</sup> vesting date"	98,012	NA	-	71,908	NA	NA	NA
2 <sup>nd</sup> vesting "On expiry of one year from the 1 <sup>st</sup> vesting date"	NA	42,469	-	NA	30,000	30,000	30,000
3 <sup>rd</sup> vesting "On expiry of one year from the 2 <sup>nd</sup> vesting date"	98,012	42,469	-	Refer note B	30,000	30,000	30,000
4 <sup>th</sup> vesting "On expiry of one year from the 3 <sup>rd</sup> vesting date"	98,012	42,469	-	-	30,000	30,000	30,000
5 <sup>th</sup> vesting "On expiry of one year from the 4 <sup>th</sup> vesting date"	98,011	42,469	-	-	30,000	30,000	30,000
<b>B) Conditional Vesting</b>	Linked with conditions over the next five years as stipulated in respective stock option plan		Refer note A	Linked with conditions over the next five years as stipulated in respective stock option plan (Refer note B)	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan	Linked with conditions over the next five years as stipulated in respective stock option plan
Exercise year	Four years from the date of each vesting						

\*After adjusting subsequent cancellations, if any

#### Note:

- During year ended March 31, 2018, pursuant to the Board approval dated January 25, 2018, all options granted under Management team 2016 (ESOP 2016 II) plan were vested with immediate effect with no further conditions attached to them.
- During Year ended March 31, 2019, pursuant to the Board approval dated June 08, 2018, last three tranches of options related to fixed vesting (2,15,724 options) and 25% of performance options (89,886 options) granted under Directors 2016 (ESOP 2016 III) plan were vested on June 30, 2018 subject to lock in conditions as prescribed in stock plan.
- During Year ended March 31, 2022, pursuant to the Board approval dated July 13, 2021, options granted for employees 2020-ESOP 2020 plan.
- During Year ended March 31, 2022, pursuant to the Board approval dated August 18, 2021, options granted for employees 2021-ESOP 2021 plan.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### II Computation of fair value of options granted during the year ended March 31, 2022

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP 2020	ESOP 2021
Share price on the date of grant	2887.05	2477.15
Exercise price	2887.05	2477.15
Expected volatility (%)	30.39%	28.58%
Life of the options granted (years)		
First Vesting	1 years	1 years
Second Vesting	2 years	2 years
Third Vesting	3 years	3 years
Forth Vesting	4 years	4 years
Fifth Vesting	5 years	5 years
Risk-free interest rate (%)	5.91%	6.28%
Expected dividend rate (%)	0%	0%
Fair value of the option	Tranche 1 - 820.37 Tranche 2 - 978.59 Tranche 3 - 1110.86 Tranche 4 - 1227.46 Tranche 5 - 1345.33	Tranche 1 - 354.82 Tranche 2 - 537.12 Tranche 3 - 686.66 Tranche 4 - 816.37 Tranche 5 - 932.20

### III Reconciliation of options

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021
<b>Year ended March 31, 2022</b>						
Options outstanding at April 1, 2021	1,93,462	2,24,049	2,69,656	3,00,000	-	-
Granted during the year	-	-	-	-	3,00,000	3,00,000
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,38,570	68,617	2,24,713	-	-	-
Expired / lapsed during the year	21,734	29,977	-	-	-	-
Outstanding at March 31, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000
Exercisable at March 31, 2022	33,158	83,970	44,943	1,20,000	-	-
Weighted average remaining contractual life (in years)	0.09	1.45	0.20	4.47	6.29	6.39
Weighted average share price at the time of exercise*	2,451.95	2,466.42	2,409.75	-	-	-

**Notes to the Consolidated Financial Statements** for the year ended March 31, 2022

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021
<b>Year ended March 31, 2021</b>						
Options outstanding at April 1, 2020	3,13,321	2,93,155	2,69,656	3,00,000	-	-
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	1,15,784	66,106	-	-	-	-
Expired / lapsed during the year	4,075	3,000	-	-	-	-
Outstanding at March 31, 2021	1,93,462	2,24,049	2,69,656	3,00,000	-	-
Exercisable at March 31, 2021	48,082	84,471	2,69,656	60,000	-	-
Weighted average remaining contractual life (in years)	0.98	2.84	1.59	5.49	-	-
Weighted average share price at the time of exercise*	2,141.00	1,487.25	-	-	-	-

\*Disclosure of weighted average share price at the time of exercise is applicable only for plans where there has been an exercise of options in current financial year.

**33 Segment information**

The Group has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

**34** The Company has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business as a housing finance Company without accepting public deposits by National Housing Bank on August 04, 2011 and got a revised Certificate of Registration (02.0104.13) after conversion of Company from a private limited Company to a public limited Company on February 08, 2013. Further, the name of our Company was changed to AAVAS FINANCIERS LIMITED, pursuant to a Shareholders resolution passed at the EOGM held on February 23, 2017. A fresh certificate of incorporation consequent to such change of name was issued on March 29, 2017 by the Registrar of companies, Jaipur and subsequently the revised certificate of Registration (No.04.0151.17) was issued on April 19, 2017 by National Housing Bank.

**35 Related party****a. Names of related parties identified in accordance with Ind AS -24 "Related Party Disclosures"****1. Entities where control exists:****Shareholders having Substantial interest**

Lake District Holdings Limited

**2. Directors and Key Management Personnel**

Mr. Sandeep Tandon	Chairperson and Independent Director
Mr. Sushil Kumar Agarwal	Managing Director and Chief Executive Officer
Mrs. Kalpana Iyer	Independent Director
Mrs. Soumya Rajan	Independent Director
Mr. Ramachandra Kasargod Kamath	Non-Executive Nominee Director
Mr. Vivek Vig	Non-Executive Nominee Director
Mr. Nishant Sharma	Non-executive Promoter Nominee Director
Mr. Manas Tandon	Non-executive Promoter Nominee Director
Mr. Kartikeya Dhruv Kaji	Non-executive Promoter Nominee Director
Mr. Ghanshyam Rawat	Chief Financial Officer
Mr. Sharad Pathak	Company Secretary & Compliance Officer



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 3. Post Employment Benefit Plan

Aavas Gratuity Trust

### 4. Enterprises under significant influence of the Key Management Personnel

Aavas foundation

### 5. Relatives of Key Managerial Personnel

None

b. The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

(₹ in lakh)

Name of related party	Nature of transactions	March 31, 2022			March 31, 2021		
		Amount received	Amount paid	Receivable	Amount received	Amount paid	Receivable
Mr. Sandeep Tandon	Sitting fees	-	-	-	-	2.45	-
	Commission	-	-	-	-	16.08	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mr. Sushil Kumar Agarwal	Remuneration	-	309.65	-	-	199.40	-
Mrs. Kalpana Iyer	Sitting fees	-	-	-	-	2.18	-
	Commission	-	-	-	-	16.35	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mrs. Soumya Rajan	Sitting fees	-	-	-	-	1.09	-
	Commission	-	-	-	-	37.06	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mr. Ramachandra Kasargod Kamath	Sitting fees	-	-	-	-	1.09	-
	Commission	-	-	-	-	25.07	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mr. Vivek Vig	Share based Payment	-	2.73	-	-	11.87	-
	Issue of Equity shares	483.69	-	-	-	-	-
	Sitting fees	-	-	-	-	1.09	-
	Commission	-	-	-	-	17.44	-
	Consolidated Remuneration	-	26.16	-	-	-	-
Mr. Ghanshyam Rawat	Share based Payment	-	13.66	-	-	59.37	-
	Remuneration	-	215.84	-	-	147.04	-
Mr. Sharad pathak	Issue of Equity shares	6.60	-	-	8.90	-	-
	Remuneration	-	24.36	-	-	16.77	-
	Share based Payment	-	1.18	-	-	3.19	-
Aavas Foundation	Contribute as a Settler (CSR)	-	351.17	-	-	344.00	-
Aavas Gratuity Trust	Gratuity Contribution	-	63.25	-	-	596.11	-

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Notes:

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

Consolidated Remuneration is paid to Non-Executive Directors as profit linked commission instead of paying Sitting fees and Commission separately.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Group as a whole.

**36** The Group's pending litigations comprise of claims against the Group primarily by the customers. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on its financial statements as at March 31, 2022.

### 37. Commitments and contingencies

#### a Capital and other commitments:

(₹ in lakh)

Particulars	As at March 31, 2022		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	105.08	61.79	43.29
Other intangible assets	1,196.19	207.29	988.90

(₹ in lakh)

Particulars	As at March 31, 2021		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	62.69	20.88	41.81
Other intangible assets	43.89	37.37	6.52

Refer note 3(iii) for undisbursed commitment relating to loans.

b There are no Contingent Liabilities as on March 31, 2022 and March 31, 2021

### 38. Expenditure in Foreign currency

(₹ in lakh)

Particulars	Year ended	Year ended
	March 31, 2022	March 31, 2021
Interest paid*	1,781.10	1,796.18
Other Expenses**	453.65	33.08

\*Interest expenses does not includes provision for interest on Rupee Denominated Bond (RDB) issued on March 10, 2022 payable to CDC Group amounting to ₹ 185.62 lakh.

\*\*Other expenses does not includes provision for royalty payable to Intralinks Inc. amounting to ₹ 21.64 lakh.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 39. CSR expenses

Operating expenses include ₹ 601.29 lakh for the Year ended March 31, 2022 (P.Y. ₹ 475.80 lakh) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross Amount (including deficit of previous year) required to be spent by the Group during the year is ₹ 601.29 lakh. (P.Y. ₹ 475.51 lakh).

The Board of Directors of the Group has approved an amount of CSR of ₹ 601.29 lakh.

a. The details of amount spent during the respective year towards CSR are as under:

(₹ in lakh)

Particulars	March 31, 2022			March 31, 2021		
	Amount Spent	Yet to be paid	Total	Amount Spent	Yet to be paid	Total
Construction/acquisition of any asset	Nil	Nil	Nil	Nil	Nil	Nil
On purposes other than above	552.86	48.43	601.29	475.80	0.00	475.80

b. Amount of shortfall at the end of year

The Group has an unspent amount of ₹ 48.43 lakh as on March 31, 2022, which has been transferred to CSR unspent bank account within thirty days.

c. Unspent amount as per Section 135 (5) of the Companies Act, 2013

(₹ in lakh)

Particulars	Amount
Opening Balance	-
Amount required to be spent during the year	601.29
Amount spent during the year	552.86
Closing Balance - Unspent amount	48.43

d. Details of ongoing projects for financial year 2021-22

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In CSR Unspent Bank A/C		From Company's Bank A/C	From CSR Unspent Bank A/C	From Company's Bank A/C	From CSR Unspent Bank A/C
-	-	601.29	552.86	-	48.43	-

e. Reason of shortfall at the end of year

During the year under consideration, there was shortfall in CSR spending amounting to ₹ 48.43 lakhs. The shortfall in CSR spending is mainly on account of a) contribution to CM Relief Fund for COVID-19 vaccination, not eligible for CSR expenditure; and b) delay in implementation of Rural woman employable skill project due to COVID-19.

f. Nature of CSR activities are disclosed in CSR Report

g. Details of related party transactions

The Group has paid 351.17 lakh for CSR expenditure to Aavas Foundation, public trust registered under section 12A and 80G of Income Tax Act 1961, established by the Group singly for the purpose of CSR.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 40. Fair value measurement

#### 40 (a) Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

#### 40 (b) Fair Value of financial instruments which are not measured at Fair Value

The carrying amounts and fair value of the Group's financial instruments are reasonable approximations of fair values at financial statement level.

#### Valuation methodologies of financial instruments not measured at fair value

##### Loans

Most of the loans are repriced frequently, with interest rate of loans reflecting current market pricing. Hence carrying value of loans is deemed to be equivalent of fair value.

##### Borrowings

The Group's most of the borrowings are at floating rate which approximates the fair value.

Debt securities and subordinate liabilities are fixed rate borrowings and fair value of these fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans and carrying value approximates the fair value for fixed rate borrowing at financial statement level.

##### Short Term and Other Financial Assets and Liabilities

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

##### Assets held for sale

Real estate properties are valued based on a well progressed sale process with price quotes.

### 41. Transfer of Financial assets

#### Transfers of financial assets that are not derecognised in their entirety

##### Securitisation:

The group uses securitisations as a source of finance. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Securitisation has resulted in the continued recognition of the securitised assets.

The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

(₹ in lakh)

Loans and advances measured at amortised cost	As at March 31, 2022	As at March 31, 2021
Carrying amount of transferred assets measured at amortised cost	7,545.70	9,303.97
Carrying amount of associated liabilities	(7,245.23)	(8,930.71)

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Assignment Deal:

During the year ended March 31, 2022, the Group has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the group's balance sheet.

The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the Group business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition.

(₹ in lakh)

Loans and advances measured at amortised cost	Year ended March 31, 2022	Year ended March 31, 2021
Carrying amount of derecognised financial assets	86,485.66	62,454.90
Gain from derecognition	12,403.56	8,635.53

### 42. Statutory Company information

(₹ in lakh)

Name of the entity in the Group	As at March 31, 2022		For the year ended March 31, 2022					
	Net Assets, i.e., total assets minus total liabilities		Share in profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount
Parent								
Aavas Financiers Limited		2,80,864.34		35,679.92		70.89		35,750.81
Less: Inter Company elimination		(1,500.00)		-		-		-
<b>Net of Elimination</b>	<b>99.54%</b>	<b>2,79,364.34</b>	<b>100.46%</b>	<b>35,679.92</b>	<b>100.00%</b>	<b>70.89</b>	<b>100.45%</b>	<b>35,750.81</b>
Subsidiary								
Indian								
Aavas Finserv Limited	0.46%	1,278.69	-0.46%	(161.86)	0.00%	-	-0.45%	(161.86)
<b>Total</b>	<b>100.00%</b>	<b>2,80,643.03</b>	<b>100.00%</b>	<b>35,518.06</b>	<b>100.00%</b>	<b>70.89</b>	<b>100.00%</b>	<b>35,588.95</b>

Name of the entity in the Group	As at March 31, 2021		For the year ended March 31, 2021					
	Net Assets, i.e., total assets minus total liabilities		Share in profit and Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit & loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total other comprehensive income	Amount
Parent								
Aavas Financiers Limited		2,40,140.48		28,949.52		83.40		29,032.92
Less: Inter Company elimination		(450.00)		-		-		-
<b>Net of Elimination</b>	<b>99.84%</b>	<b>2,39,690.48</b>	<b>100.20%</b>	<b>28,949.52</b>	<b>100.00%</b>	<b>83.40</b>	<b>100.20%</b>	<b>29,032.92</b>
Subsidiary								
Indian								
Aavas Finserv Limited	0.16%	390.55	-0.20%	(57.60)	0.00%	-	-0.20%	(57.60)
<b>Total</b>	<b>100.00%</b>	<b>2,40,081.03</b>	<b>100.00%</b>	<b>28,891.92</b>	<b>100.00%</b>	<b>83.40</b>	<b>100.00%</b>	<b>28,975.32</b>

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 43. Capital management:

For the purpose of the group's capital management, capital includes issued equity capital, Securities premium and all other equity reserves attributable to the equity holders of the group net of intangible assets. The primary objective of the group's capital management is safety and security of share capital and maximize the shareholder value.

The Group manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is total debt divided by net worth. The Group's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 currently permits HFCs to borrow up to 12 times of their net owned funds ("NOF"). The Group includes with in debt, its all interest bearing loans and borrowings.

Debt to net worth ratio

(₹ in lakh)

Particulars	As at March 31, 2022	As at March 31, 2021
Debts	7,98,919.49	6,36,157.24
Net worth	2,80,064.10	2,39,694.92
<b>Debt to Net worth (in times)</b>	<b>2.85</b>	<b>2.65</b>

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

### 44. Financial risk management objectives and policies

The group's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the group's operations. At the other hand group's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, group is exposed to various risks that are related to lending business and operating environment. The Principal Objective in group's risk management processes is to measure and monitor the various risks that group is subject to and to follow policies and procedures to address such risks. group's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. group gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major type of risks Group faces in business are liquidity risk, credit risk and interest rate risk.

#### (A) Liquidity risk

Liquidity Risk refers to the risk that the group can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business resultantly may face an Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Group assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Group manages liquidity risk by maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The group has given cash collateral for the securitisation transactions and do not expect any net cash outflow and hence guarantees given for securitisation transactions have not been shown as part of below table. Further, undisbursed loan amount being cancellable in nature are not disclosed as part of below mentioned maturity profile.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

The table below summarises the maturity profile of the undiscounted cash flows of the group's financial liabilities.

### Maturity profile of Financial liabilities as on March 31, 2022 (₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	1,66,766.63	370.30	12,477.73
Over 1 year to 3 years	3,49,184.60	-	95.52
Over 3 year to 5 years	2,61,885.54	-	-
Over 5 year	2,01,139.29	-	-
<b>Total</b>	<b>9,78,976.06</b>	<b>370.30</b>	<b>12,573.25</b>

### Maturity profile of Financial liabilities as on March 31, 2021 (₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	1,41,269.45	284.31	11,790.45
Over 1 year to 3 years	2,53,845.79	-	81.23
Over 3 year to 5 years	2,26,580.56	-	-
Over 5 year	1,73,405.56	-	-
<b>Total</b>	<b>7,95,101.36</b>	<b>284.31</b>	<b>11,871.68</b>

#### (B) Credit risk

Credit Risk arises from the risk of loss that may occur from the default of group's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher credit impaired assets. group address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. group has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysed at various levels. group has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The group has created more than 60 templates of customer profiles through its experience over the years, with risk assessment measures for each geography in which it operates. The group continuously seek to develop and update such profiles in order to identify and source reliable customers and improve efficiencies. The group also conduct an analysis of the existing cash flow of customer's business to assess their repayment abilities. The group has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a risk containment unit.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was ₹ 9,35,491.68 lakh and ₹ 7,76,503.25 lakh as of March 31, 2022 and March 31, 2021 respectively, being the total of the carrying amount of Loan assets and EIS receivable.

#### (C) Analysis of risk concentration

The group's concentrations of risk are managed based on Loan to value (LTV) segregation as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by range of loan-to-value (LTV) ratio. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Loans to customers:

#### LTV wise bifurcation:

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,11,206.85	6,528.24	2,288.11	2,20,023.20
41%-60%	3,21,668.80	8,721.30	2,984.65	3,33,374.75
61%-80%	2,86,556.40	8,373.58	3,146.86	2,98,076.84
More than 80%	56,278.04	3,404.72	616.33	60,299.09
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

As at March 31, 2021

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	1,83,044.17	4,554.31	1,415.06	1,89,013.54
41%-60%	2,62,339.39	7,166.52	2,189.00	2,71,694.91
61%-80%	2,37,807.21	8,053.61	3,182.19	2,49,043.01
More than 80%	44,610.28	2,319.70	605.11	47,535.09
<b>Total</b>	<b>7,27,801.05</b>	<b>22,094.14</b>	<b>7,391.36</b>	<b>7,57,286.55</b>

#### Customer profile

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	3,09,052.63	4,189.24	1,418.27	3,14,660.14
Self employed	3,66,017.95	14,588.68	5,275.10	3,85,881.73
<b>NON-HOUSING:</b>				
Salaried	60,540.24	1,375.16	342.67	62,258.07
Self employed	1,40,099.27	6,874.76	1,999.91	1,48,973.94
<b>Total</b>	<b>8,75,710.09</b>	<b>27,027.84</b>	<b>9,035.95</b>	<b>9,11,773.88</b>

As at March 31, 2021

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
<b>HOUSING:</b>				
Salaried	2,45,304.46	3,653.91	1,107.99	2,50,066.36
Self employed	3,00,342.82	11,336.11	4,560.28	3,16,239.21
<b>NON-HOUSING:</b>				
Salaried	54,076.65	1,128.74	233.18	55,438.57
Self employed	1,28,077.12	5,975.38	1,489.91	1,35,542.41
<b>Total</b>	<b>7,27,801.05</b>	<b>22,094.14</b>	<b>7,391.36</b>	<b>7,57,286.55</b>



## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### Loan Commitments:

#### LTV wise bifurcation:

As at March 31, 2022

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	10,298.70	31.32	-	10,330.02
41%-60%	18,997.65	47.98	-	19,045.63
61%-80%	8,892.02	32.20	-	8,924.22
More than 80%	1,875.28	26.64	-	1,901.92
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>

As at March 31, 2021

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	8,785.08	35.39	12.99	8,833.46
41%-60%	14,424.72	44.23	64.62	14,533.57
61%-80%	7,269.16	103.11	68.44	7,440.71
More than 80%	1,308.66	59.08	13.72	1,381.46
<b>Total</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>

#### Customer profile

As at March 31, 2022

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	17,839.83	36.49	-	17,876.32
Self employed	22,223.82	101.65	-	22,325.47
<b>Total</b>	<b>40,063.65</b>	<b>138.14</b>	<b>-</b>	<b>40,201.79</b>

As at March 31, 2021

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	13,736.27	52.79	45.10	13,834.16
Self employed	18,051.35	189.02	114.67	18,355.04
<b>Total</b>	<b>31,787.62</b>	<b>241.81</b>	<b>159.77</b>	<b>32,189.20</b>

### (D) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The group's exposure to market risk is primarily on account of interest rate risk.

#### (I) Interest Rate Risk:-

The group is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Group seek to optimize borrowing profile between short-term and long-term loans. The Group adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

Due to the very nature of housing finance, the group is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the group. Interest Rate Risk arises due to:

- i) Changes in Regulatory or Market Conditions affecting the interest rates
- ii) Short term volatility
- iii) Prepayment risk translating into a reinvestment risk
- iv) Real interest rate risk.

In short run, change in interest rate affects Group's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the Group to not only quantify the interest rate risk but also to manage it proactively. The Group mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further Group carries out Earnings at risk analysis and maturity gap analysis at quarterly intervals to quantify the risk.

### Interest Rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the group's statement of profit and loss:

(₹ in lakh)		
Particulars	Basis Points	Effect on Profit before tax
<b>Loans</b>		
Increase in basis points	50	2,577.66
Decrease in basis points	-50	(2,578.60)
<b>Borrowings</b>		
Increase in basis points	50	2,073.70
Decrease in basis points	-50	(2,073.70)

### (II) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from bank.

### (E) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The group recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

### 45 Impact of COVID-19

The extent to which COVID-19 pandemic will continue to impact the Group's operations and financial metrics will depend on future developments, which are uncertain. The Group has used the principles of prudence to provide for the impact of pandemic on the financial statements specifically while assessing the expected credit loss on financial assets by applying management overlays, which was ₹ 2,636.52 lakh as on March 31, 2022 (P.Y. ₹ 1,902.62 lakh) as approved by its Board of Directors. The Group will closely monitor any material changes to future economic conditions and resultant impact, if any on the expected credit loss provision on Loan assets.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

In accordance with the COVID-19 Regulatory Packages announced by RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Group has offered moratorium on the payment of all installments and/or interest, as applicable, falling due between March 01, 2020 and August 31, 2020 to all eligible borrowers. During the year RBI issued resolution framework 2.0 on May 05, 2021 accordance with that Group has offered moratorium on payment of all installment and/or interest as applicable to all eligible borrowers. For all such accounts that were granted moratorium, the prudential assets classification remained standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

### 46 Additional Regulatory Information

46.1 There is no such immovable property whose title deeds are not held in the name of the Group.

46.2 There are no investment property as on March 31, 2022.

46.3 The Group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

46.4 The Group has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017

46.5 The Group has not granted Loans or Advances to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

46.6 No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

46.7 The Group has not taken borrowings from banks or financial institutions on the basis of security of current assets.

46.8 The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.

46.9 Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

#### As on March 31, 2022

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Fulkrum Financial Services Private Limited	Shares held by struck off company	172	Shareholder
Safeguard Packaging Systems (P)Limited	Shares held by struck off company	88	Shareholder

#### As on March 31, 2021

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
Fulkrum Financial Services Private Limited	Shares held by struck off company	211	Shareholder
Safeguard Packaging Systems (P)Limited	Shares held by struck off company	88	Shareholder
Nsil Exports Limited	Shares held by struck off company	107	Shareholder

46.10 No charges or satisfaction yet to be registered with ROC beyond the statutory period.

46.11 The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017

46.12 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

## Notes to the Consolidated Financial Statements for the year ended March 31, 2022

### 46.13 Utilisation of Borrowed funds and share premium

- (a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall :-
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**46.14** There are no such transaction or undisclosed income that need to be disclosed in accordance with the provision of Companies Act, 2013.

**46.15** The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**47** Previous year figures have been regrouped/ reclassified wherever applicable.

### For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm Registration No. 001076N/N500013

### Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: May 05, 2022

### For and on behalf of the Board of Directors of AAVAS FINANCIERS LIMITED

### Manas Tandon

(Non-executive Promoter Nominee Director)

Place: Zug, Switzerland

### Ghanshyam Rawat

(Chief Financial Officer)

Place: Jaipur

### Sushil Kumar Agarwal

(Managing Director and CEO)

Place: Jaipur

### Sharad Pathak

(Company Secretary &

Compliance Officer)

Place: Jaipur



## AAVAS FINANCIERS LIMITED

CIN: L65922RJ2011PLC034297

Registered and Corporate Office: 201-202, 2<sup>nd</sup> Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India  
Tel: +91 141-4659239 Fax: +91 14 1661 8861  
E-mail: investorrelations@aavas.in | Website: www.aavas.in

### Notice to Members,

**NOTICE** is hereby given that the **12<sup>th</sup> Annual General Meeting** of the Members of Aavas Financiers Limited will be held on Thursday, July 21, 2022 at 3:30 P.M., Indian Standard Time ("IST") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility to transact the following businesses:

### ORDINARY BUSINESSSES:

#### 1. To consider and adopt:

- (a) the audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the reports of the Board of Directors and Auditors thereon; and
- (b) the audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the report of the Auditors thereon.
2. To appoint a Director in place of Mr. Ramchandra Kasargod Kamath (DIN: 01715073), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manas Tandon (DIN: 05254602), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and approve Remuneration of Statutory Auditors of the Company for the Financial Year 2022-23.

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOVLED THAT** in accordance with the provisions of Section 142 of the Companies Act, 2013 and the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including Housing Finance Companies) dated April 27, 2021 issued by the Reserve Bank of India ("RBI") (including any statutory modification(s) or re-enactment thereof for the time being in force) and with reference to resolution passed by the Members via Postal Ballot for appointment of Statutory Auditors and fixing their remuneration thereon dated December 02, 2021 and as recommended by the Audit Committee & Board of Directors

of the Company, M/s Walker Chandiook & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013), who were appointed as Statutory Auditor of the Company for a period of three consecutive years (until the conclusion of the 14<sup>th</sup> AGM of the Company to be held in the calendar year 2024) be paid the remuneration of ₹ 63,00,000/- (Rupees Sixty Three lakh only) for conducting statutory audit, limited review and consolidation of accounts for the Financial Years 2022-23 payable in one or more instalments and for their remaining tenure thereafter till the same is revised."

### SPECIAL BUSINESSSES:

#### 5. To reappoint Mr. Sandeep Tandon (DIN: 00054553) as an Independent Director of the Company.

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOVLED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'SEBI LODR Regulations') and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions") (including any statutory modification(s) or re-enactment thereof for the time being in force) and as per the provisions of Articles of Association of the Company, Mr. Sandeep Tandon (DIN: 00054553) who was appointed as an Independent Director on July 27, 2017 and who has submitted declaration that he meets the criteria of independence as mentioned in section 149(6) of the Companies Act, 2013, and Regulation 16(1) (b) & 25 (8) of the SEBI LODR Regulations and is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority, who holds office upto July 26, 2022 and being eligible, be and is hereby re-appointed as an Independent Director (Non-Executive) not liable to retire by rotation, on the Board of the Company for a second term of 5 (five) consecutive years effective from July 27, 2022 till

July 26, 2027 as recommended by the Board of Directors in their Meeting held on May 05, 2022.

**RESOLVED FURTHER THAT** pursuant to the provisions of sections 149, 197 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sandeep Tandon be paid such fees as the Board may approve from time to time and subject to such limits as approved by the Members of the Company on August 01, 2019 or within such other limit as may be approved by the Members of the Company from time to time.

**RESOLVED FURTHER THAT** the Board of Directors and/ or the Company Secretary, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution".

**6. To approve increase in the borrowing powers in excess of Paid-up Share Capital, Free Reserves and Securities Premium of the Company under Section 180(1)(c) of the Companies Act, 2013.**

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of all the earlier resolution(s) passed in this regard and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the applicable directions/ guidelines issued by the Reserve Bank of India ("RBI") or National Housing Bank ("NHB") and the relevant provisions of the Articles of Association of the Company and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "the Board" which term shall be deemed to include any Committee of the Board constituted / to be constituted / reconstituted by the Board to exercise its powers including the powers conferred by this resolution) for borrowing from time to time as they may think fit, any sum or sums of money not exceeding ₹ 17,000 crore (Rupees Seventeen thousand crore only) (including the money already borrowed by the Company) in Indian Rupees or in any equivalent foreign currency(ies) on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of charge by way of mortgage or hypothecation, pledge or otherwise in any way

whatsoever, on, over or in any respect of all, or any of the Company's assets and effects or properties including stock in trade (receivables), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, and securities premium provided that the total borrowing limit shall be within the limits prescribed under the RBI Master Directions.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money not exceeding ₹ 17,000 crore (Rupees Seventeen thousand crore only) in Indian Rupees or equivalent thereof in any foreign currency(ies) in aggregate (including the monies already borrowed by the Company) on such terms and conditions as the Board may deem fit, by way of loans, or in any other form whatsoever, or issue of Bonds and/ or Non-Convertible Debentures or other Securities or Term Loans, Cash Credit facilities or other facilities in form of debt in the nature of Debentures, Commercial Papers and the like to Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether Securities holder of the Company or not.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorized to arrange or finalise the terms and conditions of all such borrowings, from time to time, viz. terms as to interest, repayment, security or otherwise as it may deem fit and to sign and execute all such documents, agreements and writings and do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper or desirable to give effect to this resolution."

**7. To approve creation of charges on assets of the Company under Section 180(1)(a) of the Companies Act, 2013 to secure borrowings made/to be made under section 180(1)(c) of the Companies Act, 2013.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of all the earlier resolution(s) passed in this regard and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the directions/ guidelines issued by the Reserve Bank of India ("RBI") or National Housing Bank ("NHB") and relevant provisions of the Articles of Association of the Company, and all other applicable rules, laws and acts (if any) and subject

to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any), the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "the Board" which term shall be deemed to include any Committee of the Board, constituted / to be constituted / reconstituted to exercise its powers including the powers conferred by this resolution) to create charge by way of mortgage (s) and / or hypothecate and / or lien or otherwise on any of movable and / or immovable properties / assets of the Company including receivables in the form of book debts, wherever situated both present and future or on whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s), on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit, to or in favor of any bank(s) or Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or body(ies) corporate or person(s), whether Securities holders of the Company or not, to secure the borrowing facility together with interest, cost, charges and expenses thereon for amount not exceeding ₹ 17,000 crore (Rupees Seventeen thousand crore only) at any point of time (including the money already borrowed by the Company and in excess of the aggregate of the paid up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, and securities premium).

**RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank exclusive/prior/pari-passu/subsequent with/to the hypothecation/mortgages/lien and/or charges already created or to be created by the Company as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** the Board of Directors and/or the Company Secretary, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution".

**8. To approve issuance of Non-Convertible Debentures, in one or more tranches / issuances on Private Placement Basis.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 71 and all other applicable provisions, if any, of

the Companies Act, 2013 ("the Act") and Rules made thereunder, Guidelines on Private Placement of Non-Convertible Debentures (NCDs) prescribed under the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions"), Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI circular dated November 26, 2018 on Fund raising by issuance of Debt securities by large entities and other applicable RBI and SEBI Regulations and guidelines (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the provisions of Articles of Association of the Company and subject to applicable laws, rules and regulations and guidelines, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "the Board" which term shall be deemed to include any Committee of the Board, constituted / to be constituted / reconstituted including the powers conferred by this resolution) for making offers and / or invitations and / or issue, in one or more tranches, Non-convertible Debentures (NCDs), whether secured or unsecured and / or listed or unlisted including but not limited to subordinate debentures, bonds, and/or other debt securities as per section 2(30) of the Act on private placement basis, during the period of 1 (one) year from the date of passing of the Special Resolution by the Members in this Annual General Meeting, for amount not exceeding ₹ 6,000 crore (Rupees Six thousand crore only) on such terms and conditions and at such times at par or at such premium, as may be decided by the Board to such person(s), including to one or more Company(ies), bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/provident funds and individuals, as the case may be or such other person(s) as the Board may decide so for onward lending business of the Company and general corporate purposes and on the following terms:

- (i) The Board shall have the sole discretion to deal with the unsubscribed portion of the Debenture Issue on such terms and conditions as it may deem fit.
- (ii) The Company shall issue the NCDs for deployment of funds for creation of its own assets and not to facilitate the resource requests of or utilisation by group entities/parent Company/ associates of the Company.

**RESOLVED FURTHER THAT** the aggregate amount of funds to be raised by issue of NCDs, subordinate debentures, bonds, and/or other debt securities etc. shall not exceed the

overall borrowing limits of the Company, as approved or may be approved by the Members of Company from time to time.

**RESOLVED FURTHER THAT** the Board of Directors and/ or the Company Secretary, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution".

**9. To approve "Equity Stock Option Plan For Employees 2022" ("ESOP-2022") of Aavas Financiers Limited.**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to provisions of Section 62(1) (b) and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder, provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as per the provisions of Memorandum of Association and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, the consent of the Members of the Company be and is hereby accorded to approve, adopt and implement "Equity Stock Option Plan for Employees 2022" (hereinafter referred to as "ESOP-2022") of Aavas Financiers Limited for formulation and implementation, and the Board of Directors of the Company (hereinafter referred to as "the Board" which terms shall be deemed to include the Nomination & Remuneration Committee of the Board) be and is hereby authorized to create, grant, offer, issue and allot, at any time, to the benefit of such eligible person(s), who are permanent employees of the Company (present or future), options exercisable into not more than 8,50,000 (Eight lakh Fifty Thousand only) Equity Shares of ₹ 10/- each of the Company under the ESOP-2022, on such terms and conditions as detailed in explanatory statement and as may be fixed by the Board in accordance with applicable laws.

**RESOLVED FURTHER THAT** each option would be exercised for one Equity Share of the face value of ₹ 10/- each fully paid-up on payment of the requisite exercise price

to the Company, provided that in case the Equity Shares are either sub-divided or consolidated or any other corporate actions done in the Company, then the number of shares to be allotted under the Scheme shall automatically be adjusted to ensure there is no change in the economic value for the option holder, without affecting any other rights or obligations of the said allottees.

**RESOLVED FURTHER THAT** the number of Equity shares to be allotted under the ESOP-2022 shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- per Equity Share bears to the revised face value of the Equity Shares consequent to any corporate action(s) such as Right Issue/ Bonus Issue/ Merger/ De-Merger/ Sub-Division/ Splitting etc. of Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot Equity Shares upon exercise of options from time to time in accordance with the ESOP-2022 and such Equity Shares shall rank pari- passu with all the existing Equity Shares of the Company.

**RESOLVED FURTHER THAT** the Board of Directors and/ or the Company Secretary, be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution".

**By order of the Board of Directors  
For Aavas Financiers Limited**

**Sharad Pathak**

*Company Secretary and Compliance Officer*  
Membership No.: FCS- 9587

Date: June 20, 2022

Place: Jaipur

**Registered and Corporate Office:**

201-202, 2<sup>nd</sup> Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India  
CIN: L65922RJ2011PLC0D34297  
Tel: +91 141-4659239 Fax: +91 14 1661 8861  
E-mail: investorrelations@aavas.in | Website: www.aavas.in



**NOTES:**

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts concerning the ordinary business under Item Nos. 4 and the special businesses under Item Nos. 5 to 9 of the accompanying Notice, is annexed hereto. The Board of Directors have considered that the special businesses under Item Nos. 5 to 9, being considered unavoidable, be transacted at the 12<sup>th</sup> AGM of the Company.
2. In view of General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 20/2021 21/2021 and 02/2022 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, December 08, 2021, December 14, 2021 and May 05, 2022 respectively ("Collectively referred as **MCA Circulars**"), issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 ("Collectively referred as **SEBI Circulars**") issued by the Securities and Exchange Board of India (SEBI) (MCA Circulars and SEBI Circulars are hereinafter collectively referred to as "**the Circulars**") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**"), the 12<sup>th</sup> AGM of the Company is being conducted through VC/OAVM Facility, which does not require physical presence of Members at a common venue. The deemed venue for the 12<sup>th</sup> AGM shall be the Registered Office of the Company. Since the AGM will be held through VC/OAVM Facility, the Route Map, proxy form and attendance slip are not annexed to this Notice.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. This is to inform that as physical presence of Members has been dispensed with for attending the Meeting through VC/OAVM Facility, therefore there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 12<sup>th</sup> AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the 12<sup>th</sup> AGM through VC/OAVM Facility and participate there at and cast their votes through e-voting.
5. Attendance of the Members participating in the 12<sup>th</sup> AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In compliance with the Circulars, the Annual Report 2021-22, the Notice of the 12<sup>th</sup> AGM, and instructions for e-voting are being sent through electronic mode to those Members whose e-mail addresses are registered with the Company / depository participant(s).
7. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI LODR Regulations and the circulars, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the 12<sup>th</sup> AGM. For this purpose, the Company has entered into an arrangement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-voting system as well as voting on the date of the 12<sup>th</sup> AGM will be provided by NSDL.
8. The manner of voting remotely by Members including the Members who have not registered their e-mail addresses is provided in the instructions for e-voting section which forms the part of this Notice.
9. Members may please note that the Notice and Annual Report of the 12<sup>th</sup> AGM will also be available on the website of the Company at [www.aavas.in](http://www.aavas.in), websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and also on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and the certificate from Secretarial Auditors of the Company pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 will be available electronically for inspection by the Members during the 12<sup>th</sup> AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members during the AGM. Members seeking to inspect such documents can send an e-mail to [investorrelations@aavas.in](mailto:investorrelations@aavas.in).
11. The Board of Directors of the Company ("the Board") has appointed Mr. Shashikant Tiwari (Membership No. ACS 28994, COP No. 13050), failing him, Mr. Rupesh Agarwal (Membership No. ACS A16302, COP No. 5673), Practicing

Company Secretaries and Partners of M/s Chandrasekaran Associates, as the Scrutinizer ("Scrutinizer"), for conducting the voting process in a fair & transparent manner.

12. The Scrutinizer shall after the conclusion of e-voting at the 12<sup>th</sup> AGM shall make a scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairperson or a person authorized by him, within 2 working days or 3 days, whichever is earlier, from the conclusion of the 12<sup>th</sup> AGM, who shall then countersign and declare the result of the voting forthwith.
13. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.aavas.in and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of Results by the Chairperson or a person authorized by him. The results shall also be displayed on the notice board at the registered office of the Company and shall be immediately forwarded to the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited.
14. Details as required in sub-regulation (3) of Regulation 36 of the SEBI LODR Regulations and Secretarial Standard on General Meeting ("SS-2") of ICSI, in respect of the Directors seeking appointment/ re-appointment at the 12<sup>th</sup> AGM, forms integral part of the Notice of the 12<sup>th</sup> AGM as Annexure. Requisite declarations have been received from the Directors for seeking appointment/ re-appointment.
15. As an eco-friendly measure intending to benefit the society at large, we request you to be part of the e-initiative and register your e-mail address to receive all communication and documents including Annual Reports from time to time in electronic form to the e-mail address provided by you. Members may send such communication to their respective Depository Participants (DPs) as per the procedure given later in the Notes.
16. Members can avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail this facility may contact their respective DPs for recording their Nomination.
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are, therefore, requested to submit their PAN details to their DPs with whom they are maintaining their demat accounts.
18. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs.
19. Members desirous of obtaining any information / clarification relating to the accounts are requested to submit their query in writing to the Company well in advance so as to enable the Management to keep the information ready.
20. Members who would like to express their views/ask questions as a speaker during the Meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, e-mail ID, mobile number at investorrelations@aavas.in till July 15, 2022. Only those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.
- 21. Instructions for Members for Remote e-Voting and joining the 12<sup>th</sup> AGM are as under:-**
  - a. The remote e-voting period will commence on Saturday, July 16, 2022 (9:00 a.m. IST) and end on Wednesday, July 20, 2022 (5:00 p.m. IST). During this period, Members of the Company, holding shares as on the cut-off date i.e. as on Thursday, July 14, 2022, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date.
  - b. A person who is not a Member as on the cut-off date should treat this Notice of 12<sup>th</sup> AGM for information purpose only.
  - c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 12<sup>th</sup> AGM by e-mail and holds shares as on the cut-off date i.e. on Thursday, July 14, 2022, may obtain the User ID and password by sending a request to e-mail address evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing user ID and password for casting his/her vote. In the case of forgot password, the same can be reset by using "Forgot User Details/Password?" or "Physical User Reset Password" option available on www.evoting.nsdl.com.
  - d. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

- e. Institutional (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through its registered e-mail address to shashikant@cacsindia.com/rupesh@cacsindia.com with a copy marked to evoting@nsdl.co.in.
- f. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
- g. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 and 1800-224-430 or send a request at evoting@nsdl.co.in or contact Mr. Amit Vishal, Senior Manager or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4<sup>th</sup> Floor,

Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated e-mail IDs: evoting@nsdl.co.in or AmitV@nsdl.co.in or pallavid@nsdl.co.in or at telephone nos. +91-22-24994360 or +91-99202 64780 or +91-22-24994545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's e-mail address investorrelations@aavas.in.

- h. The details of the process and manner for remote e-voting are explained herein:

**Step 1:** Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

**Step 2:** Cast your vote electronically on NSDL e-Voting system.





**Details on Step 1 are mentioned below:**

#### A. How to Log-in to NSDL e-Voting website?

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual Shareholders holding securities in demat mode is given below:

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>

Type of Shareholders	Login Method
	<p>4. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</p> <p>NSDL Mobile App is available on</p> <p>   </p> <p>   </p>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to shashikant@cacsindia.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "**Upload Board Resolution / Authority Letter**" displayed under "**e-Voting**" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal at evoting@nsdl.co.in

### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email id for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@aavas.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investorrelations@aavas.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained **at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

## 22. The instructions for Members for e-voting on the day of the 12<sup>th</sup> AGM are as under:-

- a. The procedure for e-voting on the day of the 12<sup>th</sup> AGM is same as the instructions mentioned above for remote e-voting.
- b. Only those Members/ Shareholders, who will be present in the AGM through VC/OAVM Facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- c. Members who have voted through Remote e-voting will be eligible to attend the 12<sup>th</sup> AGM. However, they will not be eligible to vote at the AGM again.
- d. The details of the person who may be contacted for any grievances connected with the facility for e-voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

## EXPLANATORY STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI REGULATIONS

The following statements sets out all material facts relating to the Special Business mentioned under Resolution Nos. 5 to 9 of this Notice. Explanation to ordinary business mentioned under Resolution Nos. 4 has been provided on a voluntary basis.

### ITEM NO. 4

The Members of the Company vide resolution passed by way of postal ballot dated December 02, 2021 approved the appointment of M/s Walker Chandiook & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013), as Statutory Auditors of the Company for a period of 3 (three) consecutive years to hold office until the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company (to be held in the calendar year 2024), subject to them continuing to fulfill the applicable eligibility norms. The Members had approved payment of fees amounting to ₹ 53,00,000 (Fifty-three lakh only) towards statutory audit, limited review and consolidation of accounts for the Financial Year 2021-22 excluding certification fees, applicable taxes, reimbursements and other outlays.

It is now proposed to fix the remuneration payable to the Statutory Auditors of the Company amounting to ₹ 63,00,000 (Sixty-three lakh only) towards statutory audit, limited review and consolidation of accounts excluding certification fees, applicable taxes, reimbursements and other outlays for the Financial Year 2022-23 and for their remaining tenure thereafter till the same is revised.

The Audit Committee and the Board of Directors of the Company unanimously recommend the payment of remuneration to M/s Walker Chandiook & Co LLP being the Statutory Auditors of the Company as set out at Item No. 4 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 4 of the accompanying Notice.

### ITEM NO. 5

Pursuant to the provisions of Section 149(10) of the Companies Act 2013 ("Act"), an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for re-appointment for another term up to five years on passing of a Special Resolution by the Members and disclosure of such appointment be made in the Board's report. Further, in terms of the provisions of the Act read with the SEBI Listing Regulations, an Independent Director shall hold office maximum for two consecutive terms of five years, however such Independent Director shall be eligible for appointment after the expiration of three years of ceasing the office of Independent Director in the Company.

The Members of the Company had appointed Mr. Sandeep Tandon as an Independent Director of the Company for a period of 5 (five) years with effect from July 27, 2017. He is the Chairperson of Board and Stakeholders Relationship Committee and also a Member of Audit Committee and Nomination & Remuneration Committee of the Company.

The Board of Directors of the Company at their meeting held on May 05, 2022, based on the outcome of performance evaluation, recommendations of the Nomination and Remuneration Committee, and experience and significant contributions made by Mr. Sandeep Tandon, has recommended his re-appointment as an Independent Director, for a second term of 5 (five) consecutive years with effect from July 27, 2022 to July 26, 2027.

His brief profile and other details as required under SEBI Listing Regulations and Secretarial Standards of ICSI is given as an “Annexure” to this Notice.

Mr. Sandeep Tandon is not disqualified from being appointed as an Independent Director under provisions of Section 164 of the Act, nor debarred from holding the office of Director by virtue of any SEBI order, NHB/RBI or any other such authority and has given his declaration of independence, declaration of fit and proper criteria as prescribed under RBI Master Directions and consent to act as a Director of the Company.

The Company has received candidature letter under section 160 of the Act, proposing their appointment for the office of Independent Director.

The Company has also received declarations from Mr. Sandeep Tandon that he meets the criteria of independence as prescribed under Section 149 of the Act and Regulation 16 of the SEBI Listing Regulations. In the opinion of the Board, Mr. Sandeep Tandon fulfil the conditions for re-appointment as Independent Director as specified in the Act and Listing Regulations and is independent of the management.

The Board considers that his continued association would be an immense benefit to the Company and it is desirable to continue to avail his services as an Independent Director.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, approval of Members with special resolution is required for the re-appointment of Independent Directors. Accordingly, the Board of Directors recommends the resolution set out at item no. 5 for the approval of Members as a Special Resolution.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Sandeep Tandon and his relatives, are concerned or interested, financially or otherwise in this Resolution, except to the extent of their shareholding in the Company, if any.

#### ITEM NO. 6 & 7

The Board of Directors of the Company (“Board”) envisages requirements of funds in future. As per the provisions of Section 180(1)(c) of the Companies Act, 2013 (“Act”), the Board can borrow money subject to the condition that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company’s bankers in the ordinary course of business) shall not exceed the aggregate, for the time being, of the paid-up share capital and free reserves, that is to say, reserves not set apart for any specific purpose and securities premium unless the Members have authorized the Board to borrow the monies up to some higher limits.

Further as per Paragraph 27.2 of RBI Master Directions, No housing finance company can have its total Borrowing limit in aggregate, in excess of twelve times of its Net Owned Fund (NOF).

Hence, it is proposed to empower and authorize the Board to borrow money from any Bank(s), Financial Institutions (FIs), Mutual Funds(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FII’s) or any other person/s or entity/ies etc., in excess of paid up share capital and free reserves and securities premium of the Company from the existing limit of ₹ 14,000 crore to an amount not exceeding ₹ 17,000 crore (Rupees Seventeen thousand crore only) (including the money already borrowed by the Company) for the lending business purpose and general corporate purpose, provided that the total borrowing limit shall always be within the limits as prescribed under the RBI Master Directions.

The resolution as set out at item no. 6 of the Notice is placed for your approval by way of Special Resolution of the aforesaid limits of borrowing by the Board up to an amount not exceeding ₹ 17,000 crore (Rupees Seventeen thousand crore only) or equivalent thereof in any foreign currency (ies) (including the money already borrowed by the Company).

With a view to meet fund requirements for the aforesaid purpose, the Company would be required to borrow funds from time to time by way of loans or in any other form whatsoever including but not limited to issue of bonds, debentures or other securities as detailed in the resolution as set out at item no. 6.

The said borrowings by way of loan or issue of securities may be required to be secured by way of charge through lien / hypothecation / mortgage over all or any part of the movable and / or immovable properties of the Company and as per the provisions of Section 180 (1) (a) of the Act, the mortgage or charge on all or any part of the movable and /or immovable properties of the Company, may be deemed as disposal of the whole, or substantially the whole, of the undertaking of the Company and hence the approval of the Members of the Company is required by way of an Special Resolution as set out at Item No. 7 of the Notice.

As per Section 180(1)(a) and 180(1)(c) and other applicable provisions of the Act, approval of the Members is being sought by way of passing Special Resolution. Hence, the Board recommends passing of the enabling Special Resolutions set out at item No. 6 and 7 of the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 6 and 7 of the accompanying Notice.

#### ITEM NO. 8

Your Company has been issuing debentures, which may be referred to as one of the option for raising money from time to time, for onward lending business of the Company and general corporate purposes, on terms and conditions as are appropriate and in the best interest of the Company and in due compliance with the applicable provisions of the Companies Act, 2013 (“the



Act”), SEBI (Issue and Listing of Non-Convertible Securities) Regulation 2021, Debt Listing Agreement and Guidelines as issued by Reserve Bank of India, National Housing Bank etc. Accordingly, the Company, subject to the approval of Members, proposes to issue Non-convertible Debentures (including bonds, and/or other debt securities as per Section 2(30) of the Act to various person(s) on private placement basis, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any and as may be finalized by the Board and/or Committee of Board. The amount to be raised by way of issue of listed or unlisted, secured/unsecured redeemable Non-convertible Debentures on a private placement basis however shall not exceed ₹ 6,000 crore (Rupees Six thousand crore only) in aggregate, in one or more series/tranches on private placement basis. The aforesaid borrowings are within overall borrowing limits authorized by Members, from time to time. It may be noted that as per Rule 14 of Companies (Prospectus and Allotment of Securities) Second amendment Rules, 2018 read with Section 42 of the Act, allows a Company to pass a Special Resolution once in a year for all the offer or invitation for Non-Convertible Debentures to be made during the year through a private placement basis in one or more tranches.

Therefore, consent of the Members is accordingly sought in connection with the aforesaid issue of debentures/bonds from time to time and they are requested to enable and authorize the Board (including any Committee of the Board) to issue Non-convertible Debentures on private placement basis of ₹ 6,000 crore (Rupees Six thousand crore only) as stipulated above, in one or more tranches, during the period of 1 (one) year from the date of passing of the Resolution set out at Item No. 8 of this Notice, within the overall borrowing limits of the Company, as approved by the Members from time to time.

The Board accordingly recommends the Special Resolution as set out at Item No. 8 of the Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 8 of the accompanying Notice.

#### ITEM NO.9

The Company intends to formulate and implement Equity Stock Option Plan for Employees 2022 (“ESOP-2022”) of Aavas Financiers Limited.

The principle object of ESOP-2022 is to promote the culture of employee ownership and to attract, retain, motivate senior management as well as critical talent of the Company and to give them opportunity to participate and gain from the Company’s performance, thereby, acting as a retention tool as well as to align the efforts of such talent towards long term value creation in the organization. Under the ESOP-2022, options are proposed to be issued to employees fulfilling the criteria; each stock option

would give right to the option holder to subscribe one Equity Share.

The Members are informed that the Company intends to offer not more than 8,50,000 (Eight lakh and fifty thousand only) Equity Shares of face value ₹ 10 each of the Company under the ESOP-2022 by way of grant of Options which will be granted directly by the Company. The Plan will be administered by the Nomination & Remuneration Committee of Board of Directors (“Board”).

ESOP-2022 has been prepared and formulated in compliance with provisions of the Companies Act, 2013 (“the Act”) and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Particulars of disclosures as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and circulars issued by SEBI are given below:

#### a) Total number of Options to be granted

1. A total of 8,50,000 (Eight lakh fifty thousand only) options would be available for grant to the eligible employees of the Company under the ESOP-2022.
2. Each option when exercised would give the option holder a right to get one fully paid Equity Share of the Company.
3. In cases where options, whether vested or unvested, lapse or expire or are forfeited for any reason under the applicable laws, the Nomination & Remuneration Committee may re-issue the options to other eligible employees. The options so issued shall be subject to the terms and conditions of the ESOP-2022.

#### b) Identification of Classes of employees entitled to participate in the ESOP-2022

For the purpose of the ESOP-2022, the eligible employees shall be amongst from the following persons:

1. A permanent employee of the Company working in India or outside India; or
2. A Director of the Company, whether a whole time director or not but excluding an Independent Director; or

Further, the following persons are not eligible to be categorized as eligible employees under the ESOP-2022:

1. An employee who is a promoter of the Company or belongs to the promoter group; or
2. A Director of the Company, who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company.

Following the above conditions, the eligibility to participate in the Plan is further subject to such criteria as may be decided by the Nomination & Remuneration Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Nomination & Remuneration Committee determines.

**c) Requirements of Vesting and period of Vesting (not less than 1 year)**

The options granted shall vest so long as the employee continues to be in the employment of the Company.

The vesting period shall not be less than 1 year from date of grant of options. The vesting may happen in one or more tranches. The detailed terms and conditions of vesting are mentioned in the ESOP-2022.

The Nomination & Remuneration Committee may, at its sole & absolute discretion, lay down performance metrics which shall inter-alia include business performance and achievement of set business targets on the achievement of which such options would vest, the detailed terms and conditions relating to such performance-based vesting and the proportion in which options granted would vest.

**d) Maximum Period within which the options shall be vested**

Under the "ESOP-2022", the vesting will occur in not more than 5 years from the date of grant of option.

**e) Conditions under which Vested Options may lapse**

In case of termination of employment of the employee 'for cause', the vested options may lapse. The events included under 'for cause' are specifically mentioned in the ESOP-2022.

**f) Exercise Price or pricing formula**

The Exercise Price means Market Price of the shares as on the Grant Date.

**g) Exercise Period and process of exercise**

The vested options shall be eligible for exercise on and from the date of vesting. The exercise period shall be four (4) years from the date of each vesting of options except in case of termination without cause and resignation by the employee.

The employee can exercise stock options at any time after the vesting date either in full or in tranches by making full payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the Nomination & Remuneration Committee, from time to time. The options shall lapse if not exercised within the specified exercise period.

**h) Exercise Period for Vested Options in Case of Termination of or Resignation from Employment**

The exercise period for vested options in case of termination of employment 'without cause' or resignation from employment is 90 (ninety) days from the date of termination or resignation as the case may be.

**i) Appraisal process for determining the eligibility of the Eligible Employees**

The process for determining the eligibility of the Eligible Employees will be specified by the Nomination & Remuneration Committee and will be based on designation; period of service, loyalty, value addition, present & past contribution, band, performance linked parameters such as work performance and such other criteria as may be determined by the Nomination & Remuneration Committee at its sole discretion, from time to time.

**j) Maximum number of options to be granted per Eligible Employee and in aggregate**

Maximum number of options to be granted to an Eligible Employees will be determined by the Nomination & Remuneration Committee on a case to case basis and shall not exceed one per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of option.

**k) Maximum quantum of benefits to be provided per Employee**

The maximum quantum of benefits underlying the options issued to an employee shall be equal to the difference between the option exercise price and the market price of the shares on the exercise date.

**l) Lock in Period**

The Equity Shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise unless the Nomination & Remuneration Committee decides otherwise.

**m) Implementation and Administration of ESOP-2022**

ESOP-2022 shall be implemented directly by the Company through the Nomination & Remuneration Committee of the Board. Further, all acts, deeds, things and matters in connection to ESOP-2022 shall be administered by the Nomination & Remuneration Committee of the Board.

**n) Source of acquisition of shares under the ESOP-2022 i.e. new issue of shares by the Company or secondary acquisition by the trust or both;**

Equity Shares shall be allotted to the eligible employees exercising their Options by way of a primary issuance.

**o) Amount of loan to be provided for implementation of the Scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc.**

Not applicable

**p) Maximum percentage of secondary acquisition**

Not applicable

**q) Compliance with Accounting Policies**

The Company shall comply with the disclosures, the accounting policies and other requirements as may be prescribed under the applicable laws from time to time.

**r) Method of valuation of options**

The Company shall adopt the fair value Method by using Black- Scholes Option Pricing Formula for determining the value of an option granted under the ESOP-2022.

As the ESOP-2022 would require issue of further Equity Shares, in terms of Sections 62(1)(b) and rules made thereunder and all other applicable provisions, if any, of the Act, as amended and the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021, consent of the Members of the Company is required by passing a Special Resolution in a General Meeting.

A draft copy of the ESOP-2022 is available for inspection as per details mentioned in note no.10 to the accompanying Notice of the Annual General Meeting.

The Board of Directors recommends resolution set out at Item No. 09 for your consideration and approval by way of Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) of the Company and their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 09 of the accompanying Notice, except to the extent of the stock options that may be granted to them under ESOP-2022.

**By order of the Board of Directors  
For Aavas Financiers Limited**

**Sharad Pathak**

*Company Secretary and Compliance Officer*  
Membership No.: FCS- 9587

Date: June 20, 2022

Place: Jaipur

**Registered and Corporate Office:**

201-202, 2<sup>nd</sup> Floor, Southend Square,  
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India  
CIN: L65922RJ2011PLC0D34297  
Tel: +91 141-4659239 Fax: +91 141-6618861  
E-mail: investorrelations@aavas.in | Website: www.aavas.in

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## Annexure

Details of Directors seeking appointment/re-appointment vide this Notice, pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Secretarial Standards on General Meetings issued by Institute of Company Secretaries of India (ICSI):

Name of Director	Mr. Ramchandra Kasargod Kamath	Mr. Manas Tandon	Mr. Sandeep Tandon
Date of Birth	19.11.1955	07.05.1977	17.05.1969
DIN	01715073	05254602	00054553
Age (in years)	66	45	53
Qualification	Bachelor's degree in Commerce from the University of Mysore. He is an honorary Fellow of Indian Institute of Banking and Finance. Further, Mr. Kamath is a certified associate of the Indian Institute of Bankers.	MBA in Finance from The Wharton School of the University of Pennsylvania and Bachelor's Degree in Electrical Engineering from the Indian Institute of Technology, Kanpur.	Bachelor's degree in Science (Electrical Engineering) from the University of Southern California.
Brief Resume and Experience	Mr. Ramchandra Kasargod Kamath is a Non-executive Nominee Director appointed on the Board of Company by Lake District Holdings Limited and Kedaara AIF-1. He has more than 44 years of experience in the field of Banking and Finance. He was previously associated with Corporation Bank as its General Manager and with Punjab National Bank as its Chairman and Managing Director. He has also served as the Chairman and Managing Director of Allahabad Bank and as an Executive Director of Bank of India.	Mr. Manas Tandon is a Promoter Nominee Director appointed on the Board of Company by Promoter Group ESCL Limited and Partners Group Private Equity (Master Fund), Llc. He is Head of Partners Group's Mumbai office and Co-Head of the Private Equity Goods and Products business unit. He is a member of the Global Investment Committee and the Private Equity Direct Leads Investment Committee and Chairman of the Private Equity Direct Co-Investments in Goods and Products Investment Committee. He has 23 years of industry experience, also serving on the Board of Directors of the firm's portfolio companies Ecom Express, Vishal Mega Mart. Prior to joining Partners Group, he was responsible for TPG's growth investments in India, having started his investing career with Matrix Partners, where he was responsible for investments in mobility and financial services. Before that, he was engaged in designing and selling cutting-edge telecom solutions for start-ups such as Max Comm Technologies (acquired by Cisco Systems) and Camiant Inc (now part of Oracle).	Mr. Sandeep Tandon is an Independent Director of Aavas. He holds a Bachelor's degree in Science (Electrical Engineering) from the University of Southern California. He previously served as the Managing Director of Tandon Advance Device Private Limited and as a Director on the Board of Accelyst Solutions Private Limited. At present, Mr. Tandon is acting as the Executive Director of Syrma SGS Technology Limited and serves as a Director in various private companies.
Nature of expertise in specific functional areas	Banking, Finance, Risk Management and Corporate Governance.	Finance and Risk Management.	Information Technology and Digital, Product and Sales Management, Strategic Development and Execution and Corporate Governance.
Relationships with Directors, Manager and other Key Managerial Personnel inter-se	None	None	None

Name of Director	Mr. Ramchandra Kasargod Kamath	Mr. Manas Tandon	Mr. Sandeep Tandon
Directorships held in other public limited Companies and Listed Companies	a. Manipal Technologies Limited b. Spandana Sphoorty Financial Limited c. Centrum Capital Limited	a. Aavas Finserv Limited b. Ecom Express Limited	a. Syrma SGS Technology Limited
Membership / Chairmanship of Statutory Committees of Board other Companies excluding Directorship in Private and Section 8 Companies	I. Manipal Technologies Limited <ul style="list-style-type: none"> <li>Chairman, Nomination and Remuneration Committee</li> <li>Member, Audit Committee</li> <li>Member, CSR Committee</li> </ul> II. Spandana Sphoorty Financial Limited <ul style="list-style-type: none"> <li>Chairman, CSR Committee</li> <li>Chairman, Risk Management Committee</li> <li>Member, Stakeholders Relationship Committee</li> </ul>	Nil	I. Syrma SGS Technology Limited <ul style="list-style-type: none"> <li>Member, CSR Committee</li> </ul>
Equity listed Companies from which he/she resigned in the past three years	None	None	None
No. of Equity shares held in the Company (As on March 31, 2022)	68,497	-	-
Key terms and conditions of appointment/re-appointment	Re-appointment as Non-Executive Nominee Director liable to retire by rotation.	Re-appointment as Nominee Director liable to retire by rotation.	Re-appointment as Independent Director not liable to retire by rotation.
Remuneration proposed to be paid	Profit linked commission as approved by the Members from time to time.	Nil	Profit linked commission as approved by the Members from time to time.
Date of first appointment on Board.	July 14, 2016	June 23, 2016	July 27, 2017

For details related to, number of meetings of the Board attended during the year, expertise in specific functional/skill areas and remuneration drawn in respect of the above directors please refer Annexure-2 i.e. Corporate Governance Report.











## AAVAS FINANCIERS LIMITED

CIN No. L65922RJ2011PLC034297

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