

Ref. No. AAVAS/SEC/2023-24/908

Date: February 01, 2024

To, The National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Mumbai – 400051 Scrip Symbol: AAVAS	To, BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Scrip Code: 541988
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Dear Sir/Madam,

Sub: Investor Release on the Financial and Operational Performance of the Company for Quarter and Nine Months Ended December 31, 2023.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Investor Release on the Financial and Operational performance of the Company for the Quarter and Nine Months ended December 31, 2023.

The Investor Release may also be accessed on the website of the company at www.aavas.in.

This is for your information and record.

Date and time of occurrence of event/information: February 01, 2024 and Board Meeting concluded at 04:30 P.M.

Thanking You,

FOR AAVAS FINANCIERS LIMITED

**SHARAD PATHAK
COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER
(FCS-9587)**

Enclosed: a/a

Aavas Financiers Limited

9M FY24 Results

- AUM of Rs. 160,795 Mn; Growth of 23% YoY
- PAT at Rs. 3,480 Mn; Growth of 15% YoY
- Gross Stage 3 at 1.09% (includes 0.13% of upto 90 DPD assets)
- ROA at 3.22% and ROE at 13.45%
- Sufficient Liquidity of Rs. 40,750 Mn
- Positive ALM & Strong Capital Base

Investor Release: 1st February 2024

Aavas Financiers Limited has declared Un-audited Financial Results for the quarter and nine months ended 31st December 2023.

Key Performance Metrics for 9M FY24:

Particulars (Rs. Mn)	9M FY24	9M FY23	Y-o-Y
Assets Under Management (AUM)	160,795	130,887	22.8%
Disbursements	36,891	34,428	7.2%
Net Total Income	8,594	7,281	18.0%
Net Profit	3,480	3,035	14.6%
Gross Stage 3	1.09%	1.13%	Improved by 4 bps
Opex to Total Assets (%)	3.62%	3.75%	Improved by 13 bps
ROA (%)	3.22%	3.43%	Decreased by 21 bps
ROE (%)	13.45%	13.59%	Decreased by 14 bps
Active Loan Accounts (No.)	206,618	175,001	18.1%

Performance Highlights:

- Assets under Management (AUM) of the company grew by 23% YoY to cross Rs 160 Bn mark.
- Disbursement during the quarter grew by 13% YoY to Rs 13.6 Bn.
- Net Profit grew by 15% YoY to Rs 3.48 bn for 9MFY24 led by 18% YoY growth in Net Total Income.
- Spread and NIM during the quarter stood at 5.12% and 7.94% respectively.
- Gross Stage 3 is at 1.09% comprising 0.96% of >90 DPD assets & 0.13% of up to 90 DPD assets (categorized as GNPA/Gross Stage 3 on account of RBI notification) and Net Stage 3 is 0.79%
- In terms of Borrowings mix, 89.9% of our borrowings are from Term Loans, Assignment, and NHB Refinancing. 10.1% of our borrowings are from debt capital market (of which 76.2% is from development finance institutions like IFC, CDC & ADB), with no borrowings through Commercial Papers.
- Net Worth grew by 15% YoY to Rs. 36,314 Mn as on 31st Dec 2023.
- The total number of branches stands at 351 as on 31st Dec 2023.

Commenting on the performance Mr. Sachinder Bhinder, Managing Director & Chief Executive Officer, said:

“Dear All,

India is at the cusp of a decade long growth journey. Amongst all industry sectors, housing will be a bellwether sector given its low mortgage penetration and massive urban housing shortage across geographies and income classes. Moreover, with budgetary announcement reflecting continued government thrust for boosting ‘Housing for all’ addresses both demand and supply. With the plan to build additional 20 mn houses in the next 5 years and to promote buy or build own houses under “Rural Awas Yojana” augurs well with Aavas’s vision and mission.

Given the small space that affordable housing finance players occupy in this market, we see significant headroom to grow. We strongly believe that we can continue our momentum in serving the unserved, underserved, and underbanked customers in Tier 2 to Tier 5 markets, with relentless focus on risk-adjusted returns.

In FY24, we are undergoing major technology transformation to build scalable and sustainable platform. As a result, we have seen some disruption in business momentum initially. However, now we are witnessing month on month improvement in disbursements resulting in 8% QoQ growth in Q3 FY24. We are confident of delivering our guidance of 20-25% YoY AUM growth in this financial year.

In terms of our accelerated Digital transformation journey, with adoption of best-in-class technologies like Salesforce (LOS), Oracle Flexcube (LMS), and Oracle Fusion (ERP). We have successfully processed 1 Lakh+ applications through Salesforce and have reached a 4,500 cr+ value sanctioned milestone. We have recently integrated Account Aggregator enabling real-time bank statement extraction for 23 banks. For enhancing customer experience, we have successfully piloted a ChatGPT powered GenAI chatbot with multi-lingual support in our customer app. Oracle Fusion (ERP-GL) went live from September 2023 and stabilization of this new system is progressing well. The new Loan Management System on Flexcube is currently under testing and migrations.

With the help of scalable infrastructure, omnichannel experience for customers, a modern ecosystem built using Salesforce and Oracle products, Machine Learning models for Analytics; technology is playing a key role in organizational transformation.

Aavas now does business across 351 branches in 13 States. We have added 5 new branches in 9M FY24. We continue to deepen our footprint in the states where we are already present in a contiguous manner.

Our prudent management of cash and strong liability profile enabled us to contain the cost of borrowing and maintain our spreads in line with guidance of around 5%.

The company is well capitalized with CRAR of 45.01% as of Dec-2023 and sufficient balance sheet liquidity of Rs. 40,750 Mn in the form of cash & cash equivalents & unavailed CC limit of Rs 18,510 Mn and documented un-availed sanctions of Rs 22,240 Mn (including Rs 7,000 Mn from National Housing Bank). The incremental borrowing during 9M FY24 stood at Rs. 42,934 Mn borrowed at a rate of 8.14%.

The Company’s focused collections efforts backed by technology, led to an improvement in 1+ days past due from 4.05% in Dec-2022 to 3.75% in Dec-2023. Portfolio health remains strong with Gross Stage 3 at 1.09% in Dec-23.

We continue to maintain razor-sharp focus on Governance, Asset Quality, Profitability, and Growth leveraging technology, and creating superior customer experience. We remain optimistic about the future and are confident that our strategic initiatives will continue to drive sustainable growth and shareholder value.”

About Aavas Financiers Limited

Aavas Financiers Limited (formerly known as Au Housing Finance Limited), incorporated in 2011 in Jaipur is a retail, affordable housing finance company, primarily serving low and middle income self-employed customers in semi-urban and rural areas in India. A majority of our customers have limited access to formal banking credit. The Company's product offering consists of home loans for the purchase or construction of residential properties, and for the extension and repair of existing housing units, Loan against property and MSME loans. The Company has in-house execution model leading to superior business outcomes.

Safe Harbor Statement

This document may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company's management as the date of this press release and the companies do not assume any obligation to update their forward looking statements if those beliefs, opinions, expectations, or other circumstances should change, These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Consequently, readers should not place any undue reliance on such forward-looking statements.

For more Information, please contact:

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Strategic Growth Advisors Pvt. Ltd.

CIN: U74140MH2010PTC204285