

AAVAS FINANCIERS LIMITED
ANNUAL REPORT 2023-24

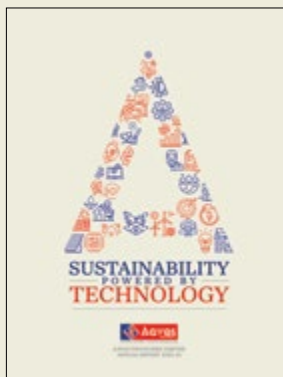
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Forward-looking statement

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 theme of this Annual Report

The theme of this annual report of Aavas Financiers Limited is 'Sustainability Powered by Technology.'

At Aavas, we believe in the power of technology to lead the way towards a sustainable future.

Our dedication to innovation is not just about advancing our business—it is about contributing to a world where economic growth and environmental stewardship go hand in hand.

From green mortgages that encourage eco-friendly housing to rooftop solar system finance solutions, our initiatives are designed to promote a healthier planet.

As we chart our way ahead, we remain focused on the intersection of technology and sustainability.

It is here that we find our purpose in making a lasting and, positive impact on the world.



The best way
to predict
the future is
to create it.



~

Peter Drucker

CORPORATE SNAPSHOT

Aavas Financiers Limited

Not just another affordable housing finance company.

A company that enables the dream of home ownership for the unserved, underserved, and unreached communities.

A company that integrates the underserved sections of society into the financial mainstream.

A company that empowers individuals and uplifts communities.

A company that leverages the power of technology to drive sustainable growth.

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.

OUR MANAGEMENT

The Company is stewarded by an experienced Board of Directors led by Mr. Sandeep Tandon (Chairperson and Independent Director), supported by robust management cadre comprising Mr. Sachinder Bhinder (Managing Director and Chief Executive Officer), Mr. Ghanshyam Rawat (President & Chief Financial Officer), and Mr. Ashutosh Atre (President & Chief Risk Officer), alongside CXOs with rich professional expertise.

TRACK RECORD

The Company has established a rich track record of investment, expansion and performance, increasing Assets under Management (AUM) from less than ₹1,000 crore in 2015 to ₹17,313 crore as of March 31, 2024. The Company's branch network expanded from less than 100 in 2017 to 367 as of March 31, 2024.

OUR TALENT

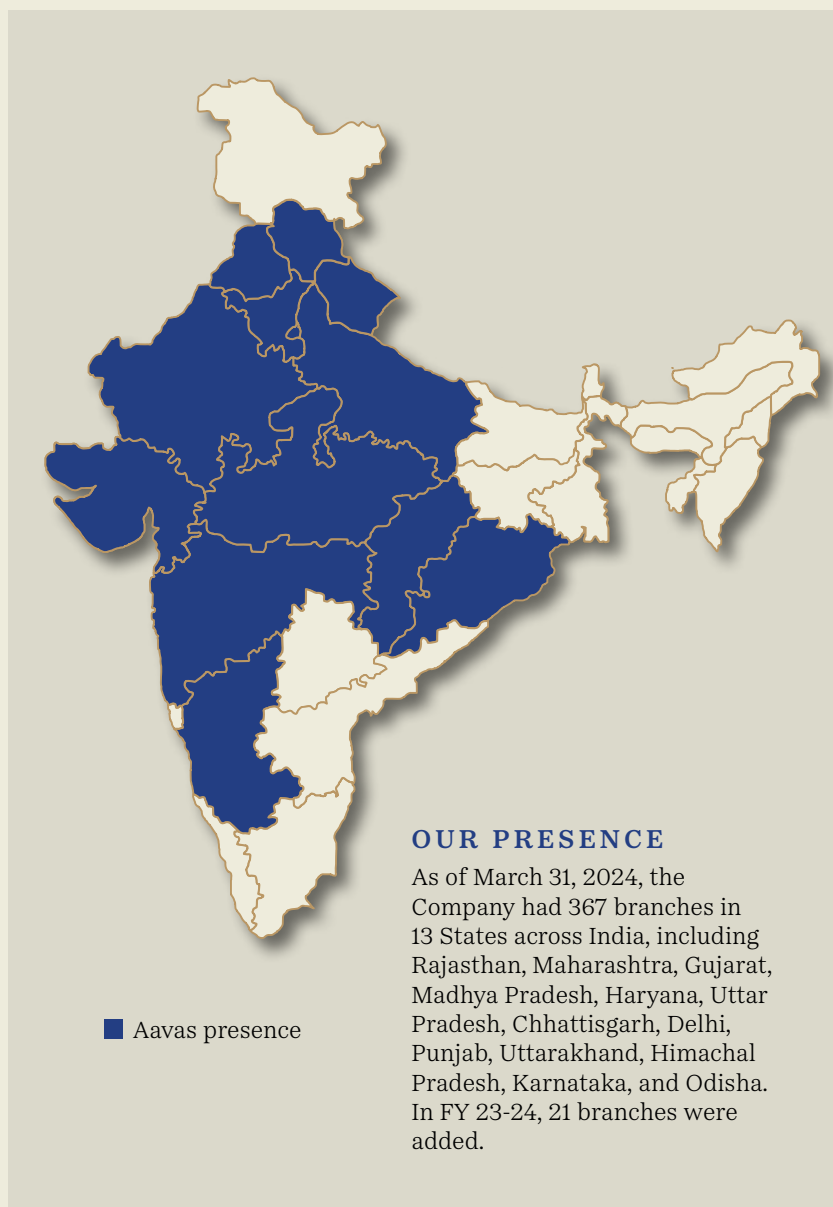
The talent pool at Aavas consists of individuals with diverse expertise across multiple sectors, technological proficiency and domain knowledge. Aavas' team of 6,075 permanent employees as of March 31, 2024 showcases its competitive advantage.

OUR CREDIT RATING

The Company's long-term credit rating of AA/Stable was reaffirmed by ICRA and CARE. Its short-term credit rating was A1+, reaffirmed by ICRA, CARE, and India Ratings.

OUR PERFORMANCE

Aavas reported a noteworthy performance in FY 23-24. Revenues surged 25.47%, which led to a 14.10% increase in PAT before Other Comprehensive Income. As of March 31, 2024, the Company enjoyed a net interest margin of 7.91% and net non-performing assets of 0.67%. The Company enjoyed positive asset liability management and a well-capitalised Balance Sheet with a Capital Adequacy Ratio of 43.98%.



OUR AWARDS AND ACCOLADES

The Company was recognised as one of the best BFSI Brands by ET Edge at The Economic Times Best Brands Conclave for the second year in a row. The Company was awarded by ASSOCHAM for Excellence in Self-built Green Housing Initiative and Silver Award by ICAI for Excellence in BRSR – Mid Cap (Service Sector) at the third ICAI Sustainability Reporting Awards.

Our performance scorecard



ASSETS UNDER MANAGEMENT

17,313

₹ crore, FY 23-24

14,167

₹ crore, FY 22-23

22.2

%, year-on-year growth



DISBURSEMENTS

5,582

₹ crore, FY 23-24

5,025

₹ crore, FY 22-23

11.1

%, year-on-year growth



TOTAL REVENUE

2,020

₹ crore, FY 23-24

1,610

₹ crore, FY 22-23

25.5

%, year-on-year growth



PROFIT AFTER TAX*

491

₹ crore, FY 23-24

430

₹ crore, FY 22-23

14.1

%, year-on-year growth



*PAT before Other Comprehensive Income

NET WORTH

3,773

₹ crore, FY 23-24

3,270

₹ crore, FY 22-23

15.4

%, year-on-year
growth

AVERAGE LOAN TICKET SIZE

9.3

₹ lakh, FY 23-24

8.9

₹ lakh, FY 22-23

4.4

%, year-on-year
growth

AVERAGE TENURE OF OUTSTANDING BORROWINGS

132

Number of months,
FY 23-24

128

Number of months,
FY 22-23

3.1

%, year-on-year
growth

LIVE CUSTOMER COUNT

1.8

lakh, number of
customers, FY 23-24

1.6

lakh, number of
customers, FY 22-23

15.6

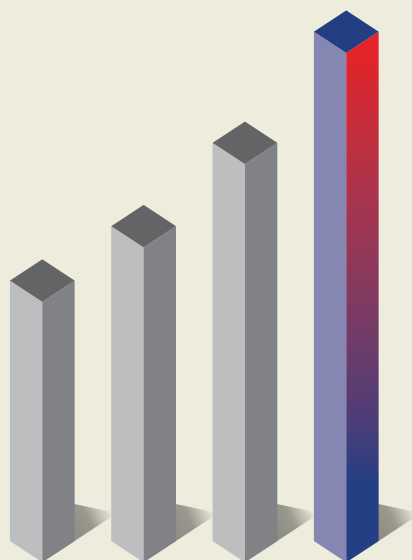
%, year-on-year
growth

Our sustained sectoral outperformance across the past few years



TOTAL REVENUE (₹ crore)

1105.4 1305.6 1610.1 2020.3



FY 21 FY 22 FY 23 FY 24

What it means

Revenue earned by housing finance companies primarily through interest on loans, fees and charges.

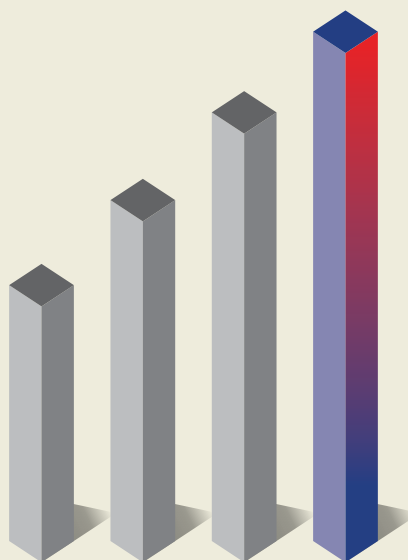
Result

The Company's revenue grew 25.47% to ₹2,020.3 crore in FY 23-24 on the back of a wider customer base across a network of 367 branches and strong customer relationships.

The 3-year CAGR for revenue was 22.3%

NET TOTAL INCOME (₹ crore)

640.9 822.3 1011.5 1184.4



FY 21 FY 22 FY 23 FY 24

What it means

The Net Total Income depicts the surplus of total revenue over finance cost. It ensures that the Company has sufficient funds available to meet operating expenses leading to improved profitability.

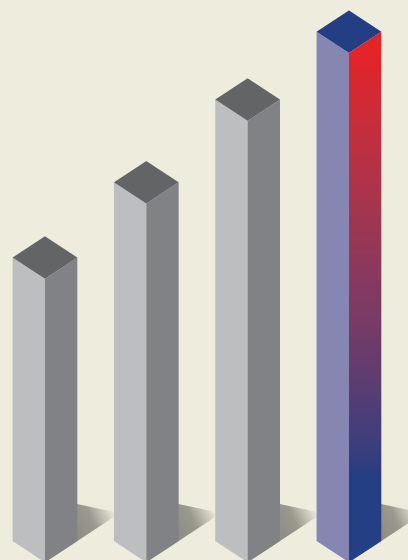
Result

The Company's net total income grew 17.1% in FY 23-24.

The 3-year CAGR for net total income was 22.7%

PROFIT AFTER TAX* (₹ crore)

289.6 356.8 430.1 490.7



FY 21 FY 22 FY 23 FY 24

What it means

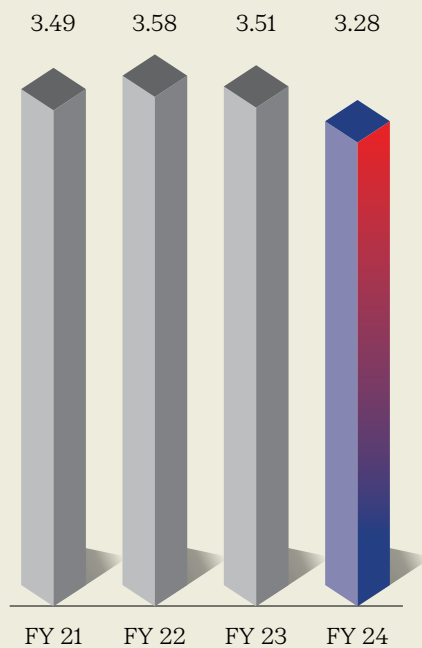
PAT is a financial measure that indicates how well a company performed in its core operations, net of expenses and taxes. It ensures that adequate profit is available for reinvestment and sustaining the growth of the Company.

Result

The Company's net profit grew 14.1% in FY 23-24. The Company has demonstrated a consistent increase in profit after tax.

The 3-year CAGR for PAT was 19.2%*

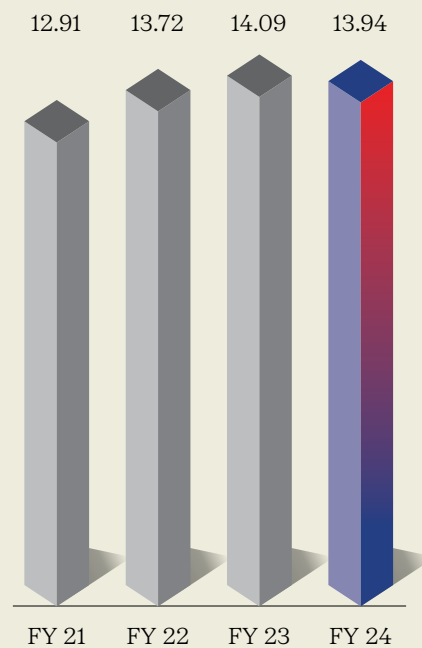
*PAT before Other Comprehensive Income

**RETURN ON ASSETS
(ROA) (%)****What it means**

Return on Assets is a profitability ratio that determines how much profit a company can generate from its assets. A higher RoA is a reflection of rising asset efficiency.

Result

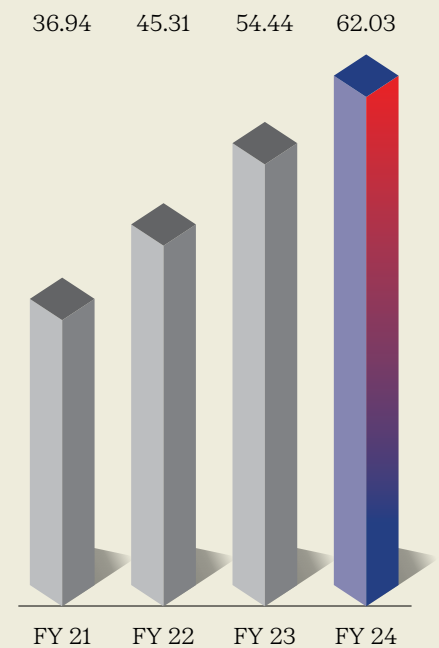
The RoA stood at 3.28% in FY 23-24. The Company successfully maintained its RoA above 3%.

**RETURN ON EQUITY
(ROE) (%)****What it means**

Return on Equity (RoE) is the measure of a company's net profit divided by its shareholders' equity. RoE is a gauge of the Company's profitability and how efficiently it generates these profits. The higher the RoE, the better a company is at converting its equity into profits.

Result

The Company's RoE stood at 13.94% in FY 23-24.

**EARNING PER SHARE
(BASIC) (₹ per share)****What it means**

Earnings Per Share is a financial metric that measures the Company's profitability. The higher a company's EPS, the greater the profit and value perceived by investors.

Result

The Company delivered a 14% growth in EPS in FY 23-24.

Aavas. Ready for the future

Our vision is to emerge as one of the most respected and trusted affordable housing finance companies in the industry

We are deepening our governance-driven approach

We are enhancing our customer experience

We are building a future-ready digital platform

We are strengthening our Balance Sheet around tomorrow's needs

We are building a sustainable franchise and lasting institution

We are deepening our risk mitigation, audit and compliance

We are investing in employee skills and capabilities

We are harnessing the power of technology to drive growth and provide a seamless customer experience

Aavas.

Today

17,313

₹ crore, assets under management as on March 31, 2024

Tomorrow

1,00,000

₹ crore, projected assets under management by FY 32-33

Aavas. Ready for tomorrow, today



TECHNOLOGY PLATFORM

Rearchitecting technology framework to enable the next decades business growth

Focused on enhancing customer experience, turnaround speeds and employee productivity

Transition to a paperless journey

Powered by descriptive, prescriptive and predictive analytics.

Scalable platform; building for the future

Technology-backed platform to leverage operating expenditure



LIQUIDITY

Maintaining a low cost of borrowings

Strong liquidity position

Diversified and differentiated liability management

Strong relationship with large PSUs, private sector banks and multilateral lending institutions

Upgrading Rating with a strong asset-liability management

Lowering Debt Equity Ratio

Increasing Interest Coverage Ratio

Exploring new avenues of funding like co-lending



CUSTOMER INSIGHTS

Deep competence in understanding customers with informal incomes

Devised a robust cashflow-based underwriting model of credit assessment

Risk-based decisions and risk-adjusted pricing

Customer creditworthiness backed by data analytics

Influenced by predictive and application scorecard-based model.



ASSET QUALITY UNDERSTANDING

Invested in technology and data analytics

Strengthened capability in predicting customer behaviour

Focus on predicting probable bouncing and NPAs

Institutionalised knowledge to handle subjectivity and geographical diversity

Adaptive credit assessment methodology for 65+ customer profiles



TALENT

Focus on building capacity, capabilities and nurturing talent to drive growth and sustain value generation

Positioning Aavas as - 'Employer of Choice'

Placing structures and processes for institution building

Strengthening learning and development framework for talent development

Driving a high performance culture based on trust and meritocracy



DISTRIBUTION

Enhanced product and vertical distribution across geographies

Capturing the housing and MSME financing opportunity through a vertical focused approach

Unique business proposition ability to move across the interest rate and product spectrum

Strong branch distribution network through a deeper penetration in core States and contiguous expansion to new States



RISK ARCHITECTURE

Building a resilient portfolio across business and credit cycles.

Cash flow-based underwriting

Backed by a three-layer (credit, legal and technical) risk architecture

Focus on prudent risk-adjusted pricing

Integrate cutting-edge technologies for managing risks

CHAIRPERSON'S REVIEW



**'At Aavas, we
see our role as
a facilitator of
stakeholder
dreams'**

At Aavas, ‘Sapne aapke, saath hamara’ is not merely a tag line framed and displayed on the walls of our office; it is a philosophy that is consistently lived.

At our Company, we believe that all progress comes out of a capacity to envision beyond the immediate and the evident. The achievements of society are nothing but a coming together of the dreams of people. History has taught us that the major advances of humankind have been made by individuals, groups and corporations provoked and inspired by larger visions, not of what was but of what could be. In view of this, dreams are not an aspirational outcome that can be attempted only by the privileged; they are intrinsic to each of us. In view of this, the growth of a society or a nation is nothing but the aggregation of the dreams of its people.

At Aavas, we seeded this large idea into our base line. It describes why we are in business – for embedding the rationale of our existence within the dreams of our stakeholders. The bigger and vivid their dream, the better likelihood of this translating into positive outcomes.

At our Company, we see our role as a facilitator of the dreams of our stakeholders. Our dream is to play a potent role in helping them achieve their dreams. This specialised role

– dream actualizer – within our Company has been driven around a science where every stakeholder’s dream is assessed, analysed and archived. This comprises an understanding of where our stakeholders are, where they need to go and by when they need to achieve their dreams.

What we have brought to this exercise is a combination of art and science that makes it possible to curate a superior value proposition for each stakeholder set, measure our growth by their progress, deepen a recognition that if they succeed we win and if all of them succeed, the more sustainable our journey.

This provides a perspective on how our tag line is not a decorative appendage; it is the secret sauce that makes our journey responsible, profitable and sustainable for each of our stakeholders.



17,313

₹ crore, Assets under management as on March 2024

HELPING STAKEHOLDERS ACHIEVE THEIR DREAMS

At Aavas, our wealth creation engine represents the sum of our endeavours in the area of dream actualisation for all our stakeholders.

Employees: There can be no customer value without employee value. Most employees do not merely look for financial security; they seek corporate, team and personal growth. At Aavas, we have created a governance-driven business model: navigated by our Board of Directors, marked by checks and balances, influenced by a prudent combination of entrepreneurial drive and risk-taking; a vision clarity that spells out today where we are likely to be ten years later.

Besides, we introduced a work-life balance that liberated employees from late hours, pressured deadlines and unrealistic goals, strengthening their pride of association and enhancing precious family time. A number of employees validated this approach with descriptions like ‘Aavas is a humane employer’ and ‘Aavas values people’. By providing our employees with a platform for being the best version of themselves, we believe we have created an army of positive individuals, deepening our collective commitment to fulfil the dreams of millions.

Customers: We recognise that we exist to enhance home ownership across the largest and most underserved customer segment in possibly the most mortgage-under penetrated population cluster in the world. This implies an extension beyond the usual offer of an affordable interest rate. At Aavas, we have reinvented our go-to-market interest rates and repayment tenures; among the first questions that our representatives ask customers is ‘What do you wish to achieve in life for yourself and for your family?’ Our experience is that this has immediately shifted the needle from that of a transaction to a relationship and from someone seeking to close the deal soonest to someone seeking to be positioned as a friend, philosopher and guide. The result is that our customers consider the Aavas representative as someone who can be completely trusted and the first point of reference to transform a dream into reality.

Communities: We believe that community building can be done in two ways – direct spending to plug community gaps that enhance societal value, or through a sustained presence as a mortgage finance-providing partner within a terrain for a collective societal benefit. Over the years, the momentum of our spending under the first head has grown, touching thousands across various interventions (education, livelihoods, women’s empowerment and health care). We will not be arrogant enough to claim that rural poverty has transformed; we will however say that we have delivered credible outcomes in graduating thousands of individuals from complete deprivation to a point where they have begun to dream of better lives. We see in this initiative the building block of a happily fulfilled society where the clusters of our presence grow and our community engagement is broad-based. In this manner, we seek to accelerate and build a happier district, state, country and world.

Environment: The most pressing global challenge of the day is the need for a decarbonised world. The growing dream of everyone everywhere is a world like the one that used to be - clean air, clean land and clean water. Initially there was a question on how we – a mortgage finance company – could play a meaningful role in the world’s decarbonisation considering that we do not manufacture any product in the conventional sense. A couple of years ago, Aavas reinvented its customer proposition – again extending beyond the limited

requirement of lower interest rates and extended repayment tenures. The Company provided ‘green loans’ to customers, incentivizing the construction of homes using environment friendly building materials. This pioneering initiative in India addressed the dream of customers living in structures that would help moderate carbon footprint, enhance ownership pride and benefit through easier financial terms – a win-win proposition.

CONCLUSION

At Aavas, we believe that by helping people fulfil their dreams, we are building a stronger base for our stakeholders. We are helping create an empowered society likely to utilise the foundation of home ownership to widen their mindsets, embrace challenges, capitalise on opportunities and build a stronger India.

Sandeep Tandon

Chairperson and Independent Director



AA/Stable

Long-term credit rating
reaffirmed by ICRA and CARE.





MANAGING DIRECTOR AND CEO'S PERSPECTIVE



'Our company has consistently prioritised the 'How' over the 'What'. Governance, clarity of purpose, and sustainable growth have been our guiding principles.'

Dear Stakeholders,

In the bustling streets of Chikkaballapur, Karnataka, where the old meets the new, a story of transformation unfolds. It is a tale of hope and prosperity, powered by the vision of financial inclusion.

The protagonist of our story is Chetnakumari, a young woman with dreams larger than the small readymade retail garment shop she runs in the heart of the city. Her aspirations are a home of her own and a better future for her children. However, Chetnakumari's reality is one of financial invisibility. Creditworthy, yet without formal documentation, she represents the challenge and the promise of financial inclusion.

The team at Aavas recognised Chetnakumari's determination, simplified the process, and assessed her cash flows with a high-touch credit underwriting model using cutting-edge data analytics and technology.

In just nine days, Chetnakumari received the loan that helped build her dream home. Over the years, Aavas has gained a deep understanding in assessing the income streams of self-employed individuals like Chetnakumari, assessing their true creditworthiness beyond the paperwork. It is a personal approach that the team at Aavas Financiers takes, one that builds trust and relationships, ensuring that every Indian can access opportunities for a prosperous future.

As our story progresses, we witness Chetnakumari's journey from the periphery to the center of economic growth. Aavas enabled her to finally lay the foundation stone of her own home, a symbol of stability and a

testament to the power of financial inclusion.

The story of Chetnakumari is not just one of individual success but a reflection of a larger movement. It is about the transformative role of financial institutions like Aavas in empowering the unserved, underserved, and under-banked segments of society.

As the sun rises over the Chikkaballapur, casting a warm glow on Chetnakumari's new home, we are reminded that financial inclusion is more than a policy initiative; it is a strategic imperative that paves the way for a prosperous future for all of Bharat.

Aavas Financiers, a beacon of change, has embarked on a mission to bridge the economic divide. Our goal is simple yet profound: to integrate the underserved sections of society into the financial mainstream, to empower individuals and uplift communities.

UNLEASHING BHARAT'S POTENTIAL

Within the expansive and sometimes underestimated interior, affectionately known as 'Bharat,' rising retail prosperity coupled with the Indian government's efforts to enhance infrastructure, are leading a sustainable tomorrow. Bharat stands poised on the brink of a transformative era of growth that promises to shape the decades to come. Notably, the Reserve Bank of India revised its real GDP growth forecast for the fiscal year 2024-25 to 7.2%, underscoring Indian economy's resilience and potential. India is on track to become the world's third-largest economy, surpassing economies like Japan and Germany.

THE THREE MEGATRENDS THAT ARE DOMINATING THE INDIA STORY

Megatrends hold the potential to shape our societies, economies, and lifestyles. They present us with some of society's biggest challenges – and opportunities. Here are the three key megatrends dominating the India Story and redefining business models.

#1. Emergence of housing and MSME as pivotal sectors

The first megatrend we are seeing is the emergence of housing as a pivotal sector, fuelled by low mortgage penetration and an immense need across diverse geographies and income segments.

Housing remains the biggest driver of economic growth with strong forward and backward linkages. Increasing the supply and quality of housing has a multiplier effect on the economy by boosting the primary sector (raw materials), manufacturing sector (construction materials) and the service sector (architects and engineers, skilled labours, banking, and finance).

India's mortgage-to-GDP ratio stands at 12.3%. If we exclude Metros and Tier 1 cities, the mortgage to GDP penetration is only ~ 3% highlighting the vast affordable housing finance opportunity in Tier 3, Tier 4, and Tier 5 cities.

The home loan market, as per ICRA, a leading credit rating agency, has burgeoned to ₹33.7 lakh Crores and is expected to double in five years. The RBI estimates that India has a housing shortage of approximately 100 million houses, with 95% of the shortage coming from lower-income

groups and economically weaker sections. This shortage has led to a boom in construction activities and affordable housing loan demand in Tier 3 to 5 Cities.

The Government of India's proactive measures towards achieving 'Housing for All' will provide the necessary momentum to convert the affordable housing dream into a reality. The Government of India's measures to boost affordable housing demand augur well for the vision and mission of Aavas.

Another megatrend in the making is the mega transformation of the critical MSME Sector in India. The micro, small and medium enterprise (MSME) sector forms the backbone of India's economic structure, accounting for 29% of the country's gross domestic product (GDP). In India, 99.7% of the enterprises are in the informal sector. There is a credit gap of ₹25 trillion for the Indian MSME sector, representing a monumental opportunity for growth and development. At Aavas, we recognise the transformative impact of addressing this gap, particularly in the unserved, underserved, and underbanked geographies where access to formal credit is scarce.

#2. Digital revolution

The second megatrend is the fourth industrial revolution known as the Digital Revolution. Digitalisation and digitisation are key drivers in the growth of Micro, Small, and Medium Enterprises (MSMEs) in India, leveraging the robust foundation of the India Stack and the JAM Trinity—Jan Dhan, Aadhar, and Mobile + Internet connectivity.

The advent of transformative initiatives like the creation of the India Stack, Aadhaar, Jan Dhan, UPI,

OCEN and ONDC marks a pivotal moment in our journey in realizing modern economy's three core tenets: identification, financial inclusion, and ubiquitous mobile and internet connectivity.

The JAM trinity provides a direct link between the government and the people, ensuring that financial services are accessible to a larger population, including the unbanked and underbanked sectors.

The OCEN protocol enables customer- and MSME-facing apps to effectively 'plug' lending capabilities into their current products and services.

ONDC democratises e-commerce by pitching unorganised retailers and corner stores online to create a level-playing field.

Aavas stands at the forefront of the digital revolution reshaping India's Affordable Housing and MSME finance landscape.

#3. Green consciousness and sustainability focus

The third megatrend we are seeing is an increasing focus on sustainability that is redesigning industries and consumer behaviour. With the growing awareness of environmental issues like climate change, there has been an increasing demand for eco-friendly products and renewable energy sources. For example, the rise of electric vehicles and solar energy solutions and demand for construction of green homes reflects this trend, as more people strive for a greener, cleaner future.

Our pioneering Affordable Green Housing Finance program integrates environmentally friendly construction practices into India's infrastructure. We enable low and middle-income households to construct energy-efficient,

independent Green Homes, aiming for a reduction in materials, energy consumption, and water usage. This initiative not only lowers the cost of home ownership but also elevates our commitment to environmental responsibility.

BUILDING A LASTING INSTITUTION

In our journey towards Aavas 3.0, a key strategic pillar is institution building, which is intertwined with our process-driven culture. We are dedicated to construct a robust framework that supports our ambitious growth and ensures governance, quality, sustainability, and resilience.

We stand on the brink of one of the largest opportunities of our lifetimes. The large unserved, under-served and underbanked population in India is the biggest of its kind globally. Housing and MSME finance represent the single largest opportunity in India today.

Our company has consistently prioritised the 'How' over the 'What'. Governance, clarity of purpose, and sustainable growth have been our guiding principles. At Aavas, our focus on corporate governance and quality remain paramount. Our unwavering commitment to these principles ensures the highest standards of integrity and transparency, fulfilling stakeholder expectations.

CONCLUSION

As we stand at the brink of a new future, our vision is clear, bold and transformative. We aspire to reach a milestone of INR one lakh crore assets under management by 2033, and broaden our horizons as a pan-India player. This goal transcends financial metrics; it is about igniting a revolution in financial inclusion that



and touch the lives of millions across India. It is about driving the nation forward, one individual at a time, and cementing our role as catalysts in India's development story. Together, we will dream and achieve greatness, for our aspirations are the blueprints of our future successes. Let us embark on this journey with determination and a shared vision, for the impact we make today will be etched in history.

I express my deepest gratitude to all our regulators and stakeholders, whose constant faith and support have been the wind beneath our wings. Together we shall forge a new era in affordable housing and MSME finance, empowering countless lives and reshaping India's socioeconomic landscape.

Best regards,

Sachinder Bhinder

*Managing Director and
Chief Executive Officer*



AAVAS 3.0: The four C's of sustainable growth

CULTURE

By prioritizing a positive employee experience, we at Aavas are fostering a culture of excellence that attracts and nurtures top talent, leading to increased productivity and improved business outcomes.

CUSTOMER CENTRICITY

At the heart of our strategy is a commitment to putting our customers first. Our focus on customer centricity ensures that we build lasting relationships based on trust and satisfaction.

CREDIT QUALITY

To ensure the quality and resilience of our portfolio, we adhere to stringent credit standards and robust risk management practices. Our emphasis on credit quality protects our business from potential downturns.

COST EFFICIENCY

Achieving cost efficiency is essential for maintaining competitiveness and profitability. We continually seek ways to optimise our operations and reduce costs without compromising quality.

PRESIDENT AND CHIEF FINANCIAL OFFICER'S REVIEW



‘We balanced two priorities in FY 23-24: sustaining our performance momentum and investing in the future.’

OVERVIEW

The big message of the year under review is that the investments made in the past ensured that we sustained our performance momentum beyond the glass ceiling of ₹15,000 crore AUM and preserved all the performance parameters that we hold dear. We continue to invest in our business and believe that we now possess the framework that should sustain our business across the decade.

We believe this message to be important considering that most companies in our position would have believed that the ongoing momentum would sustain organically and as a matter of normal response, only to discover at a later stage that the Company was plateauing and unable to extend beyond a specific scale.

At Aavas, we invested decisively during the last financial year, and in doing so, we believe that we have laid the groundwork for profitable and sustainable decadal growth. We believe that we have created a foundation of growth that is perpetual, within the desired range, contained within Balance Sheet integrity, and neither too low nor too rapid, providing our stakeholders with the confidence that the growth is indeed calibrated and controlled.

This balance of what we inherited from the past, how we managed the present and how we invested for the future represents the principal message of this Annual Report. This indicates that we are opportunity-ready across different verticals to capitalize on the Great India Story.

CREDIT RATING

This is the principal measure of our success because it reconciles a range of tangible and intangible competencies, condensed into a rating. At Aavas, our endeavour has been to consistently pitch for a higher credit rating (as appraised by the most demanding agencies). During the last financial year, the Company's credit rating was maintained at 'AA', following an upgrade in the previous year (second

in three years). During the year under review, the Company continued to be one of the select housing finance companies to enjoy a high credit rating. Over the last few years, successive improvements in credit ratings empowered the Company to seek progressively lower borrowing costs from banks and institutional lenders, a hedge in a rising interest rate cycle. During the year under review, the Company's attractive credit rating made it possible to

mobilise ₹1,000 crore. from National Housing Bank (NHB) in single ticket refinancing, a prestigious development.

We continue to reiterate that during the last few years, when interest rates increased and most housing finance companies experienced an increase in resource costs, the relatively lower increase in borrowing costs at Aavas enhanced our competitiveness.

FINANCIALS

The Company continued to report profitable growth during the year under review. Revenues grew 25%, disbursements increased 11%, assets under management rose 22%, and profit after tax strengthened 14%, validating the robustness of our business model.

Revenue growth %

18%

FY 21-22

23%

FY 22-23

25%

FY 23-24

ASSET QUALITY

The effectiveness of the Company's systems and processes was reflected in its asset quality during the year under review. The Company continued to focus on prudent lending and collections; its technology assets sent payment reminders to customers and alerts on prospective defaults. The result

was a tighter collection discipline, which protected the Company's asset quality. For its size of business, the Company finished the year under

review with one of the finest asset portfolios within its sector.

Year	FY 21-22	FY 22-23	FY 23-24
% of one-day past due	4.47	3.30	3.12
% Net Non Performing Asset	0.77	0.68	0.67

BORROWING COST

At Aavas, we capitalised on an improved credit rating to negotiate a progressively declining cost of funds – one of the lowest for housing finance companies of our size in India.

The result is that in a rising interest rate environment, our aggregated cost of borrowings has been lower than the sectoral average and among the best within housing finance companies of our size. This average cost was equivalent to the cost of a ten-year G-Sec bond, indicating that

the Company enjoys near-sovereign risk rating among lenders. The Company reported a core spread of 5.06% and a net interest margin of 7.91% as on March, 2024. To lower our cost of borrowing, we are exploring funding new avenues like co-lending.

LIQUIDITY

At Aavas, we take pride in the fact that even as we seek to maximise growth, we do so around an adequate safety buffer that prevents us from over-reaching or stretching our Balance Sheet.

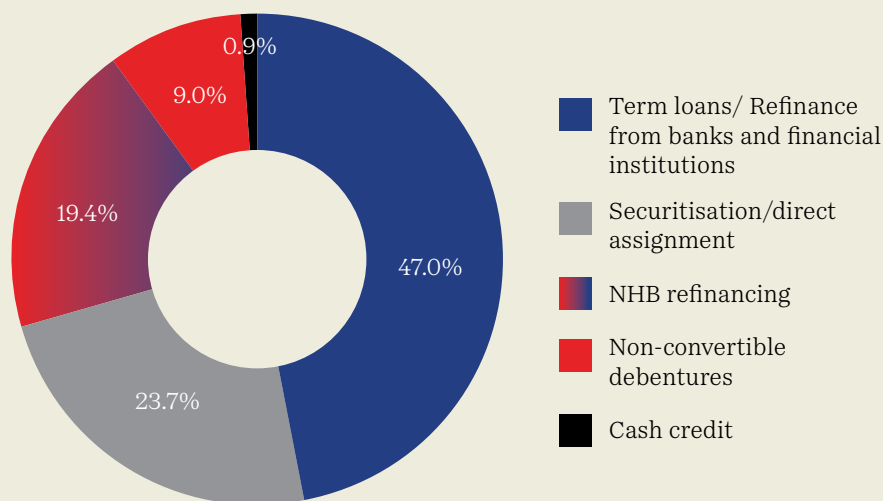
Given a choice between stretching our Balance Sheet in our attempt to report superior numbers and the

option of reporting slightly lower (yet attractive) numbers without stretching our financials, we will always select the latter. This was reflected in our capital adequacy ratio of 43.98% by the end of this financial year, which was consistently more than three times the RBI recommendation. Besides, Aavas had more than ₹1,124 crore in undrawn

funding lines in addition to a fixed deposit corpus of ₹1,782 crore by the close of FY 23-24.

We are proud to announce that Aavas became the first holding finance company recognised by SIDBI for its MSME portfolio, resulting in an aggregate fresh loan sanction amounting to ₹300 crore.

DIVERSIFIED FUNDING MIX AS ON MARCH 31, 2024



Net direct assignment volume

778

₹ crore, FY 21-22

954

₹ crore, FY 22-23

1,243

₹ crore, FY 23-24

ASSET-LIABILITY BALANCING

In the non-banking finance business, there is a premium on the need to balance the tenure of assets with liabilities so that the Company is not exposed to a reality when liabilities have to be repaid earlier than the mobilised tenure of its assets. This is one area where the Company has distinguished itself: even as the

long-term assets mobilised by the Company enjoyed a maturity of 132 months at the close of the year under review.

The Company strengthened its asset-liability profile through funding diversification (term loans, assignment, NHB refinancing and non-convertible debentures), broad-based lender mix and no commercial paper.

The Company did not suffer a negative asset-liability mismatch, protecting it from mobilizing additional prospective borrowings and threatening prospective spreads. The existence of a positive asset-liability mismatch sent out a strong message of structural long-term financing stability, attracting additional stakeholders and enhancing sectoral respect.

OPERATING EXPENDITURE

During the last couple of years, the Company embarked on technology investments that are likely to result in upfront investments but followed thereafter with a low incremental

cost of customer acquisition, customer processing, or customer service. The Company witnessed a decrease in operating expenditure from 3.68% of revenues in FY 22-23 to 3.58% of revenues in FY 23-24.

We believe that we will be able to further moderate our operational expenditure by leveraging technology and improving productivity.

Ghanshyam Rawat

President and Chief Financial Officer



PRESIDENT AND CHIEF RISK OFFICER'S INSIGHTS

**THE BIG PICTURE**

In a rapidly transforming world, there is a premium on the ability to decode the extensive changes transpiring around us, how these will affect our business and respond with risk mitigation initiatives that enhance customer delight, operational profitability, and business sustainability.

OVERVIEW

There is a greater focus on comprehensive risk management in all lending businesses, given the reality that reckless lending may not merely affect a lender's viability but, when aggregated across more such instances, could affect national economic stability and non-banking system confidence.

This risk is more pronounced in the affordable home financing segment where the loan sizes could range from a reasonable to a sizable value and where credit to non-documented customers through the use of homegrown capabilities could mitigate financing errors. In view of this large uncharted customer segment being exposed to formal

'We blended risk management with technology to enhance a real-time risk understanding and responsiveness.'

credit for the first time, there is a growing understanding that risk management needs to be ingrained in every aspect of the business.

The Company's risk management has been comprehensively tested along the last decade across economic cycles, technology shifts, interest rate changes and the pandemic. The fact that the Company grew sustainably through these phases validates its capacity to comprehend and counter the risk. This distinctive capability was established by a commitment to strengthen risk management as an operational discipline as distinct from a sporadic response; this capability was shepherded by the Board of Directors and senior management; this capability was defined by financial markers and benchmarks; this capability was deepened through an aggregation of multi-disciplinary competencies; this capability was measured by customer delight.

The effectiveness of the Company's risk management is derived from a comprehensive risk assessment (credit, operational, financial, strategic, compliance and reputational), monitoring (risk identification, assessment, implementation and follow-up), development, implementation and follow up of risk management initiatives in line with the Company's desired risk appetite.

The result of the Company's risk management discipline is a gross non-performing assets percentage considerably lower than the industry average, declining variation between the gross performing assets percentage between the best and the prevailing average and a standard organisation-wide response to risk management as a way of existence.

OUR RISK MANAGEMENT CHALLENGES

At Aavas, our risk management has comprised the risks of staying in business as an organisation, mobilising affordable financing resources, lending with prudence and recovering timely proceeds.

Organisational

Deepened a culture of regulatory compliance as a license to stay in business

Enhanced regular respect for technology-driven risk-based supervision

Enhanced data integrity as all information is extracted from the system (no downloads)

Extended beyond the invisible non-banking finance company barrier of around ₹15,000 crore assets under management

Invested in next generation leaders who can steward the Company into the next growth phase

Invested proactively and disproportionately in business enablers from a decadal perspective

Protected the Aavas brand attributes of trust, credibility, fairness and customer centricity

Built a process-driven approach, moderating a dependence on individuals and personalities

Deepened the institutional memory and making knowledge a shared resource

Financial

Sustained or enhanced the credit rating with cascading spin-off benefits

Deepened an understanding of the economy – macro to micro - with the objective to be proactively prepared

Invested in real-time financial dashboards that make it possible to ascertain ongoing business health

Monitored simple – yet insightful – financial metrics and enhanced an organisation-wide understanding

Broad-based the lenders consortium to borrow any quantum anytime and at declining costs

Sustained a positive asset-liability mismatch that enhanced lender confidence

Customer experience

Connected to the app; facilitated a self-assisted journey

~100% properties geo-tagged; customers can upload construction pictures

Shorter turnaround time for customer responses

App-based engagement with customers, enhancing access and empowerment

Greater information integrity as the system is manipulation-proof

Immediate information access; enhanced customer convenience

Technology

Blended cutting-edge technologies into active risk management

Cloud-based information access; enhanced business ease

Created a scalable foundation (10x) without proportionate follow-up investments

Revamped our technology platforms (investments in SalesForce, Oracle Flexcube and Oracle Fusion)

Automated routine and manual interventions for enhanced vetting, efficiency, prompts and verification

Enhanced role of strategic decision making over tactical (addressed by technology)

Deepened an understanding of business performance, alignment and deviations

Comprehensive organisational coverage; enhanced sampling effectiveness

Enhanced flexibility in addressing new lines of lending business

Inter-functional communication; integrated decision making

Strengths of our risk management discipline

Systemic responsiveness in real time

Complete compliance with all regulatory requirements

Manipulation-proof; single-entry approach

Technical valuers are civil engineering graduates with 5-years of experience

Strong documentation of financing informal cases – a knowledge repository

Respect-enhancing validation of our governance

Validated control mechanism and underwriting discipline

In-house legal team provide strategic advancement

Exhaustive site visits by underwriters, ably supported by in-house field RCU team for micro-level data access

Robust cyber security; role-based access to information

The effectiveness of our risk management discipline

0.94%

Gross non-performing assets, as on March 31, 2024

0.92%

Gross non-performing assets, as on March 31, 2023

1.14%

1 year lag, Gross non-performing assets, as on March 31, 2024

1.17%

1 year lag, Gross non-performing assets, as on March 31, 2023

Ashutosh Atre

President and Chief Risk Officer

The index of our effective risk management

6.17%

1+DPD, as on March 31, 2021

4.47%

1+DPD, as on March 31, 2022

3.30%

1+DPD, as on March 31, 2023

3.12%

1+DPD, as on March 31, 2024

Prominent risks and mitigation initiatives, FY 23-24

Risk	Potential consequences	External stimulus and our strategic response
Economy risk: The Company's performance could be affected by economic sluggishness	- Regulatory uncertainty - Lower customer accretion, lower revenues and lower branch throughput, weakening cost coverage - Vulnerable credit rating and higher cost of funds	- India's economy grew 7.8% in FY 23-24 14.1% increase in PAT in FY 23-24 - Increasing credit in under-consumed rural and semi-urban India could offset macro-economic sluggishness - The credit rating of the Company was a credible AA Stable (ICRA and CARE), indicating adequate shock absorbers
Customer risk: Unaffordable credit and inadequate service could affect customer engagement	- Customer attrition - Loan foreclosures - Delayed repayments	- The Company strengthened its service (locational presence, recruitment from the customer terrain, advisory role and friendliness) - Technology investment helped reduce the turnaround time in servicing customers, enhancing brand recall
Underwriting risk: An inability to assess customer fundamentals could stretch the Balance Sheet	- Increased gross non-performing assets - Weaker earnings and credit rating - Probable loan repayment delays to banks	- The Company developed a proprietary insight into informal customer assessment with underwriting professionals comprising Chartered Accountants - The Company adopted a three-layered risk framework comprising credit, legal and technical fillers - These professionals engage in multiple site visits for a precise ground level assessments
Employee risk: The Company may lose experienced talent	- Increased training investment - Mismatch in employee skills and business targets - Decline in talent productivity	- The Company's long-term growth-driven business plan provided for extensive career growth opportunity - The Company comprised a majority of young talent with a focus on building capacity, capabilities, and nurturing talent
Reputation risk: The Company's inability to service customers could affect its brand	- Increased customer attrition - Weak market reputation - Lower growth and vice-like spiral	- The Company measured each case of customer service, arresting any delays - The Company's situation analysis, appraised customer claims
Liquidity risk: The Company could delay in obligations to lenders	- Weaker credit rating - Weak performance	- The Company had ₹1,124 crore in undrawn resources; long-term debt-equity ratio was 3.3 as on March 31, 2024; capital adequacy was 43.98% - The Company repaid ₹2,452 crore in long-term loans during FY 23-24
Collection risk: Borrowers could default on their repayment or interest service obligations	- Adverse effect on profitability - Affect morale, valuation, brand and credit rating	- The Company's technology platform made it possible to predict probable customer delays or defaults - The Company strengthened its technology-based screening to onboard the right customers
Regulatory risk: The Company may under-perform in fulfilling regulatory compliances	- This could attract censure - This could impair respect and credit rating, affecting competitiveness	- The Company invested technology-driven compliance monitoring - The Company invested in timely responses to regulatory requirements

Our Integrated Value Enhancement Report

FY 23-24

FINANCIAL CAPITAL



At Aavas, our Financial Capital, comprising shareholders' equity and debt, serves as a vital driver of our business, enabling us to leverage the combined value of other resources. It has been instrumental in catalysing business growth and establishing sectoral leadership.

Outcomes during FY 23-24

3,773

₹ crore, net worth

43.9%

Capital adequacy ratio

1,772

₹ crore, total liquidity position



MANUFACTURED CAPITAL



Manufactured Capital encompasses the tangible assets, materials, and technological resources at our disposal, contributing to value creation and bolstering our Company's reputation and growth. We are meticulously overseeing our capital investments to build an asset portfolio that adds value for our clients.

Outcomes during FY 23-24

27,964

₹ crore, Cumulative disbursements

17,313

₹ crore, assets under management

54.1%

AUM on account of EWS/LIG customers



HUMAN CAPITAL



Human Capital embodies the collective competencies, knowledge, and experience of our employees. Aavas fosters a creative work culture and maintains a diverse workforce to drive integrated and sustainable growth.

Outcomes during FY 23-24

6,075

Permanent employees

1,18,404

Person-hours spent on training employees

10+

CXOs building organisational structure for scale



INTELLECTUAL CAPITAL



Intellectual Capital encompasses our knowledge, research, brand management, and intellectual property. At Aavas, it includes our brand, professionals, advanced technology and processes.

Outcomes during FY 23-24

4.3

Customer app rating

100%

Technical, legal and risk assessment through digitisation

11

Registered Trademarks



SOCIAL AND RELATIONSHIP CAPITAL



Social and Relationship Capital signifies the value stemming from connections with customers, shareholders, partners, and the community.

Outcomes during FY 23-24

19,500+

Youth engaged in education and holistic development

36,000+

Beneficiaries in road safety program

52,800+

Rural women from 320 villages provided employability and life skill training



NATURAL CAPITAL



Natural Capital refers to the natural resources utilised by the Company to generate stakeholder value, alongside initiatives for natural resource conservation and environmental impact mitigation.

Outcomes during FY 23-24

21,000+

Cumulative trees planted

295 KW

Solar plant installed capacity

26.2

Medium Risk Score, ESG Ratings as per Morningstar Sustainalytics as on March 31, 2024



ENVIRONMENT RESPONSIBILITY

Aavas and the financing of green homes



OVERVIEW

Conventionally, India's housing finance sector financed all kinds of homes. However, with an increasing premium on being environment-friendly across sectors, Aavas embarked on a pioneering initiative: the financing of green self-built homes, 20% more efficient than conventional homes in terms of construction features, water consumption, and energy consumption. This was a first of its kind initiative in the world and intended to extend the concept to the mainstream.

By the close of the year under review, the Company had financed 150 homes certified by EDGE as green homes.

A DIFFERENTIATED STANDARD

The Company's green home financing option represents a refreshingly new dimension of the sector.

Value chain: The Company provides customers with the choice to select green home construction and related financing.

Advisory: The Company provides technical support throughout the construction stage, and assists customers in constructing a green home as per the guidelines.

Appraisal: The Company's ten-point criteria of construction features helps make homes green (no use of red bricks, window shading, reflective

roof, low flow showerheads, high-efficiency ceiling fans are mandatory, coupled with dual flush toilets, low flow taps or rainwater harvesting, for the MIG and HIG solar water heater and solar photovoltaic panel were mandatory).

Certification: The Company collaborated with a UK-based internationally accredited environmental verification agency i.e. Sintali, for green home certification.

Cost: The Company bore the complete certification cost of these green homes and provided an interest rate benefit for such homes.

150

EDGE-certified self-built green homes from Sintali, UK-based certifier

14,500+

Customers engaged in a transition to green homes through environment-friendly construction practices

Sustainable home environments

The Company commissioned a LEED Gold-certified corporate office in Jaipur, the first of its kind in Rajasthan. The Company raised awareness about green homes among employees, customers, and stakeholders through direct communication, workshops, and social media campaigns. It conducted green home training for frontline staff members. Green Samvaad was conducted in Raipur, Bengaluru and Bhopal during the financial year engaging masons, contractors, and builders to promote green housing practices.

Sustainable development goals touched



Impact of the programme

330+

Members of the supplier community engaged through Green Samvaad seminars in two years

3,600+

Employees engaged in green home training sessions using the internal app

73 lakh+

Number of people outreach on social media regarding green homes



Ms. Michelle Farrel, Global Business Development Lead for the EDGE programme, felicitating our green home customer in Bengaluru



Green Samvaad organised with builders, architects, developers, and building consultants for the development of green homes in Bhopal



Launch of Aavas and IFC's 'Market Research Report on Business case for Affordable Green Housing Finance in India' by Ms. Wendy Werner, Country Head-India, IFC, and Mr. S.K. Padhi, General Manager, NHB, in Mumbai

Reimagining ESG: A forward-thinking Aavas approach



ROBUST GOVERNANCE

In view of the importance of ESG, the Company reconstituted its CSR Committee as CSR & ESG Committee. The Company created a management-level ESG Steering Committee that provides

regular oversight and guidance to the three ESG working group and ESG team. The CSR & ESG Committee will play a pivotal role in mitigating risks, identifying value creation opportunities, enhancing

reporting transparency, reinforcing a commitment to sustainable growth and positive societal cum environmental impact.

ESG TARGETS

The Company has set ESG targets in line with the growing importance of the subject. By establishing ESG targets, the Company demonstrated

its commitment to sustainability, risk management, and the creation of long-term value for stakeholders. Through our Comprehensive ESG

Targets, we aspire to become a catalyst for positive change, creating a better world for the current and coming generations.

ESG POLICY

Aavas, a forward-thinking company, has taken the initiative to create a Comprehensive ESG Policy that serves as a guiding light for our environmental, social, and

governance focus areas. This policy is a testament to our unwavering commitment towards promoting sustainability, diversity, inclusion, equity, fairness, and human dignity.

By embracing these core values, we aim to create a positive influence on the world while helping countless households fulfil their long-cherished dream of owning a home.

ESG REPORTING

The Company has taken the lead in reporting BRSR for the past two years. We voluntarily embraced the BRSR Core Assurance and integrated it into our Directors' Report. This

responsible reporting highlights the Company's strong focus on transparency and aligns them with industry best practices.



61 (Strong)
CRISIL ESG Ratings

Constituted Board level and Steering committee

Developed an ESG Policy framework

Set ESG targets

Adopted BRSR-Core Assurance

Our awards and accolades



The Best BFSI Brand 2024 at The Economic Times Best Brands Conclave - ET Edge



Silver Award for Excellence in BRSR Mid Cap Service Sector at the 3rd Sustainability Reporting Awards hosted by ICAI



Assocham Excellence Award for Excellence in Self-Built Green Housing Initiative at 12th Real Estate Summit

CORPORATE SOCIAL RESPONSIBILITY

Aavas and community engagement



OVERVIEW

At Aavas, our community development initiative prioritises rural prosperity, encompassing education, healthcare, women's empowerment, sport, and environmental sustainability. In FY 23-24, the Company spent ₹903.51 lakh towards CSR initiatives and touched more than 9,00,000 lives.

KEY CSR FOCUS AREAS

Community development

The Company identified projects tailored to the specific needs of local communities surrounding Aavas locations, enhancing community infrastructure and services. The initiation of the Gram Siddhi Project underscored our commitment to promote women's empowerment through comprehensive village development programs



Health and well-being

The Company contributed through health initiatives, including food distribution programs at government hospitals in Jaipur. The Company delivered free medical treatment to economically disadvantaged individuals



Education

Holistic development of children remained a priority, reflected in the infrastructure enhancement in government schools, hostels, and care homes. The Company nurtured soft skill development and provided scholarships to underprivileged students.



Promoting equality

The Company's Project Vishwakarma prioritised the safety and social security of construction workers



Environment

The Company took proactive steps to enhance awareness on climate change, promoted plantation drives, advocated the use of renewable energy, and supported the development of green housing initiatives



CASE STUDIES

How we helped transform the lives of our customers



CASE STUDY #1

REKHA PRAJAPAT



Rekha from village Saipura in Jamwaramgarh block was married early and took on several responsibilities. She stitched clothes to support her family, but post-COVID, encountered financial challenges. Rekha was selected for the Gram Siddhi Project, a collaboration of Praveenlata Sansthan Foundation, Aavas, and Aavas Foundation. They provided advanced training in textile and design, empowering her to start an enterprise called Shyam Boutique. Today, Rekha stands tall as an economically independent and successful entrepreneur. She plays a vital role as an earning member and decision maker.

CASE STUDY #2

LAXMI MEENA



Laxmi is a courageous 27-year-old Gram Siddhi from Natata village, exemplifying the evolving face of rural India. She is empowering her household by sponsoring her husband Kaluram's education through her boutique.

After marrying when she was in the 12th grade, Laxmi's father-in-law supported her education; she is paying it forward by supporting Kaluram's dream of becoming a government employee.

Laxmi's involvement in the Gram Siddhi project by Aavas Foundation, a project implemented by Praveenlata Sansthan Foundation, transformed her skills, making her a successful entrepreneur. Her story epitomises companionship and mutual support, showcasing the strength of unity in achieving common dreams.

CASE STUDY #3

SUMAN



Suman is a promising girl who passed her 12th class with 80% marks. Her interest areas comprise painting, singing, art and craft. She was interested to learn the work of a beautician.

Suman received training as a beautician through skill development courses conducted at the Faith Sansthan with the support of Aavas.

Suman is doing a diploma course in Modern Office Management from Government Women Polytechnic Collage, Sangner. She is grateful to Aavas, for helping her in painting, art and craft through a skill development project.

When she completes the final semester's sixth examination of her diploma course, she will assume charge as a receptionist in Saisha Motors Pvt. Ltd.

OUR CSR PROJECTS, FY 23-24

GRAM SIDDHI

The Gram Siddhi Project by the Company is a comprehensive livelihood entrepreneurship and village development initiative. It offers training in stitching, soft skills, beauty culture, organic farming, shopkeeping, nursery and others across multiple villages. Additional training is provided in the areas of health and nutrition, personal hygiene, financial literacy and leadership.

Some 8,800 girls and women were trained in 320 Gram Siddhi centers across 320 villages in Rajasthan, Gujarat and Madhya Pradesh. These women have become role models in their villages by earning an average of ₹7,000 to ₹10,000 per month. They train other women, creating a transformative impact on their lives and local economies and by becoming a resource for improving health and personal hygiene.

Programme impact

52,800+

Total lives
impacted

Sustainable development goals touched



PROJECT VISHWAKARMA

This initiative focused on enhancing safety and social well-being among construction workers. The Company conducted over 240 training sessions and distributed more than 2600+ safety kits in FY 23-24. The Company organised four Shramik Melas and health check camps, attended by more than 800+ workers. These events facilitated immediate connections with government schemes, banks, and other financial service providers, ensuring on-the-spot support for worker needs. The project has covered more than 11,000+ construction workers since inception.

Programme impact

15,600+

Total lives
impacted

Sustainable development goals touched



EDUCATION AND HOLISTIC DEVELOPMENT

Aavas enhanced community infrastructure, comprising new fully equipped classrooms in two government schools in Jaipur and new toilet blocks in 10 Government schools in FY 23-24.

The Company provided scholarships to five students. It provided educational and skill development aid to orphans and other underprivileged children or youth. Projects like Daksh, Kheloday and Aavas Udaan furthered education and sports opportunities.

Programme impact

1,17,000+

Total lives
impacted

Sustainable development goals touched



ENCOURAGING ROAD SAFETY

The Company prioritised road safety initiatives, including the distribution of branded helmets. Aavas conducted road safety workshops and helmet distribution campaigns to promote road safety. These programs, led by road safety experts, raised awareness among over 6000 community members about the importance of wearing helmets and safe riding practices. Over the past four years, more than 18,000+ young individuals participated in road safety workshops and became road safety ambassadors.

Programme impact
36,000+
Total lives impacted

Sustainable development goals touched



OUR OTHER CSR INITIATIVES

Traffic booths

14 traffic police assistance booths were established with creative awareness slogans at different traffic points of Jaipur for enhanced awareness. These police booths were fully equipped to make the youth responsible when using roads.

Green drive

The Company launched a plantation drive comprising 850 saplings in Jaipur and placed 1000 plants with tree guards in government schools near Ahmedabad.

Within the scope of ecosystem conservation, regions suitable for planting endeavors and the establishment of renewable energy facilities are designated according to societal needs. To encourage the adoption of renewable energy sources, the Company actively advocated green home initiatives under the banner of Green India Drives (five drives conducted). The Company installed 295 kW solar panels at different locations in Rajasthan, Gujarat and Madhya Pradesh.

Aavas Aahar programme

Aavas Aahar programme provided free meals to 1000+ patients and families on a daily basis near government hospitals in Jaipur. The project has been running successfully for four years.

Water and sanitation

To provide safe and adequate drinking water at public places, the Company installed 50+ water coolers at different locations like schools, hospitals, public parks etc. across Rajasthan and Gujarat.

Big numbers (Cumulative)

830+

kW, Total solar panels installed

13,00,000+

Individuals provided with food support

11,000+

Construction workers provided with safety kits and training

21,000+

Number of trees planted

14,00,000+

Youth engaged in education and holistic development

47,00,000+

Number of lives touched

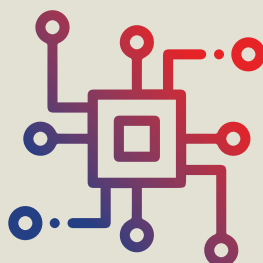
Community engagement by Aavas







EXCELLENCE DRIVER



Aavas and technology innovation

OVERVIEW

At Aavas, technology is at the core of every business process and customer journey. This technology-first positioning represents the Company's brand equity, service standards, talent capital, and market relevance. The Company's commitment has been drawn from a rich technology pedigree. The bottom line is that technology has deepened the Company's first-mover advantage, competitiveness, and business growth.

In partnership with Deloitte, the Company designed a transformation roadmap journey aligned with the Company's long-term business plan. This roadmap facilitated the implementation of digital initiatives spanning onboarding, underwriting, disbursals, collections, and loan services.

Our technology architecture goals



Improve
agility

Achieve
scalability

Superior
customer
experience

Creating an
omni-channel
experience

OUR COMPETITIVE STRENGTHS

Calibrated investments to support sustainable growth:

Aavas prioritises technology advancements to drive efficiency in its operations. This commitment ensures harmonised processes and optimised resource utilisation; these endeavours have led to improved technology expenditures, augmenting the organisation's flexibility and expandability.

Digitally powered customer experience:

By leveraging technology, the Company provides innovative solutions tailored to meet evolving customer needs and preferences. Most of the Company's customers are serviced through digital channels; nearly 60% of our customer services are handled through AI-enabled chatbots and the customer app, more than 70% customers adopted our app, enabling a superior customer experience. During the year under review, we upgraded and transitioned the entire customer service operations to the Salesforce Cloud platform, integrated with multiple systems to facilitate a

faster resolution of customer service requests. To take the customer experience to the next level, the Company enabled the customer app with generative AI capabilities. In addition to customer service, Aavas built a portfolio of digitally-enabled customer acquisition channels that contributed to the overall lead generation capacity.

Integrated and seamless customer onboarding and loan approvals:

During the last financial year, we transitioned our loan origination processes into a single integrated platform, powered by Salesforce Cloud, backed by rich data and analytical capabilities. The new system was adopted and stabilised, marking more than 1.6 lakh loan applications processed through the new system in the first year. The loan origination system was seamlessly connected with multiple internal and external ecosystems through the MuleSoft platform. The Account Aggregator-based bank statement extraction and assessment feature were rolled out in December 2023 and Team Aavas marked a 37% adoption of Account Aggregator for the loans sanctioned within the first quarter of the launch.

The organisation's uptake of the new system is attributed to an agile rollout approach, meticulously planned and executed.

Loan management and GL system upgrades to strengthen the core:

As a part of our technology transformation roadmap, we upgraded and stabilised our general ledger system with the Oracle Fusion ERP Application covering, purchase, invoice processing, bank integrations, account reconciliations, fixed assets,

taxation, planning, budgeting, and reporting. We are in the process of upgrading the loan management system to Oracle Flexcube.

Digital backed collection capabilities enabling pristine asset quality:

We embraced technology to power our end-to-end collection operations, backed by a full stack of digital capabilities including multiple digital payment channels and gateways, rule-based allocations, close monitoring and tracking of field collection activities in real-time.

Technology in employee journeys:

The end-to-end HR operations are performed through a cloud-based application with a mobile interface enabling significant self-service capabilities including e-learning.

Cyber resilience initiatives: Aavas has made significant upgrades in its cyber security capabilities and adopted leading Managed Detection and Response Solutions. The core infrastructure was under 24x7 monitoring through the Security Operations Centre (SOC). The Company implemented a leading Secure Service Edge (SSE) solution to enable secure connectivity to the critical internal applications and systems. The Company rolled out multiple training and awareness campaigns for users to address emerging threats like phishing, malware, ransomware, social engineering, etc. with the objective to prepare them as the first line of defense in the cyber security chain.

Embracing emerging markets:

The Company's forward-thinking approach ensured agility and adaptability in a dynamic business environment.



% or more of our customers who adopted our app, resulting in a superior customer experience

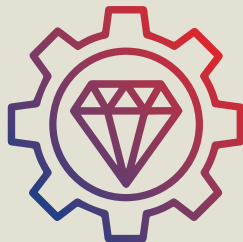


Customer App Rating

TECHNOLOGY EXCELLENCE AWARDS

The Tech Excellence Awards recognises organisations for technology leadership

In 2023, Aavas won the title of the Best Company in Data Security Implementation – Financial Services.


EXCELLENCE DRIVER

Aavas and its robust collections efficiency



OVERVIEW

At Aavas, our collections efficiency helps safeguard the financial health of our business and maintain strong customer relationships. Through the interplay of efficiency, empathy and effectiveness, our collections team combines efficiency, empathy, and effectiveness to optimise returns and reduce delinquency through the use of technology and analytics.

As we continue to evolve, our Company is embracing technology and analytics to enhance our processes and address challenges more effectively.

We are committed to fostering open communication, providing flexible payment options, and offering personalised solutions to assist borrowers in managing their cash flow and avoiding missed payments.

Technology and analytics powered collection capabilities



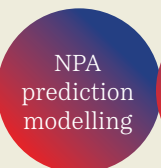
Bounce
prediction



Geo
allocation



Real-
time
field force
tracking



NPA
prediction
modelling



Digital
collection

CHALLENGES AND MITIGATION

Meeting compliance requirement:

When a company deals with delinquent accounts, it encounters the rights of debtors. There is a priority to avoid non-compliant practices at all costs.

Mitigation: The Company imparted periodic training to collection officers on the regulatory code of conduct in debt collection and SARFAESI Act. Collection officers hold certificates from Indian Institute of Banking & Finance on Debt Recovery Agent Training.

Mobility of field officers: Field officers often encounter obstacles to conduct field duties due to mobility challenges like environmental disasters and man-made disruptions.

Mitigation: The Company resolves issues by proactively engaging with customers to understand their requirements, offering personalised assistance, and training on a self-service portal to maintain harmonious relationships.

Economic downturns: Economic downturns and financial instability could result in higher delinquency rates and lower collection efficiency.

Mitigation: Aavas recognise the importance of identifying early signs of delinquency and intervening proactively to prevent accounts from becoming severely overdue;

the Company uses the predictive bouncing model and other analytical tools.

COMPETITIVE STRENGTHS

Compliance: The Company prioritised an adherence to regulatory standards and industry best practices.

Retention: The Company's high talent retention indicates a commitment to foster a supportive and rewarding work environment.

In-house employees: By nurturing in-house talent, the Company cultivates a cohesive team environment where individuals are fully invested in the Company's goals and values.

Touch-free solutions: The Company offers touch-free solutions that enhance convenience, safety, and flexibility for customers, in delivering modern and seamless experiences.

Collection architecture: The Company has a four-tiered collection architecture with a focus on identifying early delinquencies.

Prediction mode: The deployment of AI/ML analytics has led to a bounce prediction model that empowers the Company to make real-time informed decisions.

Digital Collection: With the help of digital collection, the Company reduced field collection from 50% in FY 2022 to 22% in FY 2024

of bounced cases. The Company reached customers in multiple vernacular languages/bot-call which enhanced convenience.

Optimizing workforce efficiency:

Over the past three years, 70% of branches maintained consistent staffing through the effective utilisation of technology and analytics. This enabled the Company to operate efficiently and effectively.

BUSINESS-STRENGTHENING INITIATIVES

- Leveraging geo-location-based effort optimisation.
- Regular customer follow-up helped maintain engagement and satisfaction.
- Efficient repayment ensured timely collection.
- Bounced cheque incidence declined after the introduction of the bouncing prediction model.
- Introduced comprehensive behavioral and functional employee training.

OUTLOOK

The Company's focus will be on increasing training, enhancing workforce efficiency.

It is committed to consistently motivate employees and prepare them to address challenges and capitalise on opportunities.

Big numbers

100%

Real-time tracking of field collection officers through the Aavas App

100%

Digital receipt-generated collection

~100%

Geo-tagged property locations

EXCELLENCE DRIVER



Enhancing the customer experience at Aavas

OVERVIEW

Aavas endeavours to enhance customer experience, validating its significance in a competitive business environment, especially with diverse lines of businesses. Ensuring service delivery has become paramount for sustained growth. Aavas desires to achieve this by seeking customer feedback as well as benchmarking with best-in-class business entities and facilitating the implementation of customer-centric improvements. Aavas adopted a three-step strategy with regard to customer service - Define, Measure and Improve.

Leveraging technology and analytics to enhance customer experience

Lower
turnaround
time

Customised
and pre-
approved offers

Leverage the
digital stack

Automated
fulfilment

CHALLENGES AND MITIGATION

High call volumes: One challenge comprised managing customer service call waiting times, particularly with regard to policy changes and loan-related queries that could lead to anxiety and dissatisfaction among customers, especially when seeking immediate assistance.

Mitigation: The Company introduced self-service options like IVR, chatbot and online portal, which enhanced efficiency in handling customer queries and led to a reduced call waiting time.

Addressing customer complaints:

Dealing with customer complaints, disputes, or dissatisfaction.

Mitigation: The Company resolves issues by being proactively engaged with customers for understanding their requirements, offers personalised assistance, and trains on the self-service portal to maintain harmonious relationships.

Geographical barriers and limited digital access:

While serving in underserved and unserved locations, the Company's access can pose challenges for reaching potential customers in remote locations marked by an inadequate transportation network. Many under-banked individuals also often lack reliable Internet access

or the necessary digital literacy to effectively utilise online services.

Mitigation: At Aavas, one of our commitments is to take banking solutions to the remotest areas of the country and promote financial inclusion by enabling under-banked and underprivileged sections to access formal financial channels. We offered communication in vernacular languages, which ensures that our messages are accessible and easily understood by customers, regardless of their location or Internet connectivity. Our extensive physical network and robust digital suite of products and services enables a vast reach across India. About half our branches are in rural and semi-urban areas.

System inefficiencies: Outdated or inefficient customer service systems can slow operations and reduce service quality.

Mitigation: Aavas strives to invest in customer relationship management (CRM) with Salesforce and other technology solutions to improve efficiency. The Company ensures to create a seamless digital and customer experience across touchpoints.

COMPETITIVE STRENGTHS

Expertise and knowledge: The Company's customer service representatives are provided with comprehensive training equipping

them with personal skills to effectively handle complaints and inquiries, enhancing customer satisfaction.

Personalised assistance: The Company provides personalised service around the understanding of customer needs and circumstances.

Accessibility: A multi-channel support approach ensures that customers can reach Aavas through preferred channels (phone, email, chat, Aavas App or in-person branch visits).

Technology integration: The Company is using the best digital platforms across the industry Salesforce-CRM systems, chatbot, Aavas App, IVR and online portals, empowering the delivery of seamless service.

KIOSK 'self-service checkouts': The Company implemented 'self-service checkouts' for customer convenience, enabling them to access self-service options outside of office hours without assistance.

BUSINESS-STRENGTHENING INITIATIVES, FY 23-24

- The Company conducted surveys to gather feedback on service timelines, ensuring that every customer received adequate and timely attention and assistance.
- The Company piloted a GenAI Chatbot in our customer app, offering multilingual support.
- The Company offered affordable interest rates, strengthening its competitiveness.
- Almost 60% of customer service requests were serviced digitally; of that, 99% were self serviced.

OUTLOOK

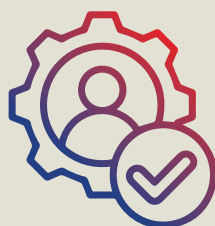
The Company is prioritizing customer onboarding through the mobile app, remaining committed to serving customers in Tier-3 to Tier-5 segments, particularly those that are underserved and unbanked.

CASE STUDY

SUPPORT IN ADVERSITY

Dinesh, a confectioner, faced a life-altering accident when scalding hot oil splashed into his eyes. This unfortunate event left him unable to carry on his usual work; he found himself in dire need of financial assistance to cover his mounting medical bills. He reached out to Aavas, expressing his inability to continue his repayment obligations. Understanding that Dinesh's daughter could potentially contribute to the family's income, Aavas provided necessary financial support and equipment to help initiate her new tailoring business. Through Aavas' intervention, Dinesh and his family were able to overcome their financial struggles and create a brighter future. This heartwarming success story serves as a testament to the power of compassion and support in times of need.

EXCELLENCE DRIVER

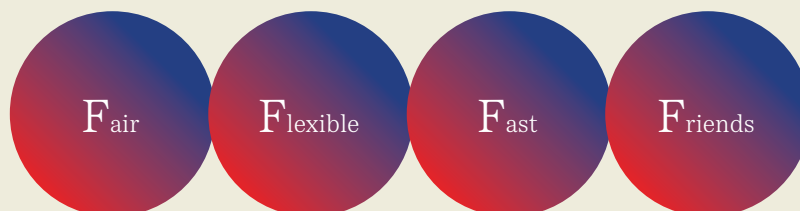


Sales and distribution footprint at Aavas

OVERVIEW

Aavas caters to the unserved, underserved and underbanked customer segment mining the hugely untapped lending opportunity in the Affordable housing and MSME space. Aavas has a distribution framework focused on lending deep in Tier 3, Tier 4 and rural geographies.

The 4 F's of Aavas



Culture

Build a purpose-led culture that instills pride in employees.

Leadership

Create a context of values – stretch, discipline, trust and support.

Alignment

Create conditions where energy is high and people are excited.

Teamwork

Attract and nurture top talent and cultivate a sense of loyalty, commitment and motivation.

UNIQUE BUSINESS MODEL

Aavas has a unique business model with the ability to move across the rate cum product spectrum while focusing on the small-ticket affordable housing segment with an average ticket size of ~₹10 lakh.

FOCUS ON SERVING THE SMALL TICKET HOUSING SEGMENT

Our core focus is on serving the EWS and LIG segments with capabilities to underwrite the entire pyramid covering the MIG & HIG income segments. Some 54.1% of our AUM comprised loans to EWS and LIG customers.

OUR MARKET DEPTH AND PENETRATION

Aavas is a pan-India player with 367 branches covering 13 States and with ~80% of branches in Tier 3 to Tier 6 towns. Aavas is present in 301 districts, covering 342 tehsils. We plan to expand our branch network to 600+ branches by FY 29-30, covering 16 States.

The Company has identified several levers for growth, including the addition of new branches, improvement in productivity, optimizing sourcing channel mix and leveraging technology.

EXPANDING OUR GEOGRAPHICAL FOOTPRINT

The first lever of growth will come from deepening our geographic footprint in existing core States and contiguous expansion to newer States. We will expand our

presence in South India in States like Tamil Nadu, Andhra Pradesh, and Telangana, deploying seasoned employees.

INCREASING EMPLOYEE STRENGTH

The second lever of growth will come from feet-on-street. We increased our total employee strength from 7,065 employees in FY 22-23 to 8,545 employees in FY 23-24, adding 1,480 employees.

ENHANCING EMPLOYEE PRODUCTIVITY

The third lever of growth will come from enhancing Salesforce productivity through a multifaceted approach. Aavas implemented several initiatives to unlock higher Salesforce productivity.

OPTIMISING CHANNEL MIX

The fourth lever of growth will come from optimizing our channel mix. The Company is gradually moving from a dominant in-house direct sourcing model to a more balanced channel mix, which includes digital sourcing channels, Aavas Mitra, connectors and corporate direct sales assistants (DSAs). While it is economically prudent to run a dominant direct + connector mix; certain geographies can benefit from DSA sourcing.

OUTLOOK

We are confident that by improving productivity, increased business through new branches, new business verticals, and leveraging technology, we can drive growth and efficiency.


EXCELLENCE DRIVER

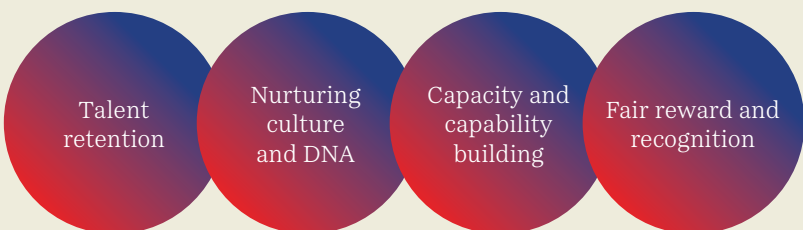
Aavas and its talent capital

OVERVIEW

The Company's human capital strategy hinges around attracting the right talent, employee engagement, capability building, performance, rewards, and employee well-being.

The Company endeavours to deliver a unique employer value proposition, meritocracy, and develop business leaders.

Our focus



Talent
retention

Nurturing
culture
and DNA

Capacity and
capability
building

Fair reward and
recognition

OUR POLICY

Our talent management policy is designed to enhance our competitive edge through investments in the development of internal talent and fostering an engaged and motivated workforce.

OUR INITIATIVES

During the financial year 2023-24, Aavas implemented a series of strategic training interventions for upskilling and reskilling to enhance employee capabilities, drive performance, and support organisational initiatives.

Specialised up-skilling training:

Aavas is dedicated to promoting continuous learning and providing opportunities for employees seeking career advancement. Aavas offers a variety of training programs on subject matters such as legal documentation, Real Estate Regulatory Act, green housing standards, and debt recovery. Our goal is to empower employees with the skills and knowledge needed to succeed in their roles and careers.

Big numbers

1,18,000+

Training hours invested,
FY 23-24

100%

Employees covered by our
employee engagement
activities, FY 23-24

24%

Women at Corporate Office

Level up induction: Aavas introduced an enhanced Level-Up induction program for new joiners. This program was designed to familiarise new employees with the organisation's vision, values, products, policies, and processes.

Basic negotiation skill training:

Recognizing the critical importance of effective negotiations, a negotiation skills training program was crafted after analyzing recorded calls and identifying areas of improvement. Inputs were gathered from senior managers of the retention team, resulting in a focused program.

IIM-Ahmedabad training: Select employees attended a prestigious training program at IIM-Ahmedabad, gaining an exposure to cutting-edge management practices and strategic thinking.

Step up for collection supervisors:

This program was tailored for supervisors in the collection department to build leadership skills and managerial competence.

Training for employees in PIP:

Personalised training interventions were provided for employees in Performance Improvement Plans (PIP), aiming to enhance their performance and talent retention.

Webinars: Various webinars were organised, providing continuous learning opportunities on diverse topics.

These interventions showcase our dedication to ongoing learning and development, ensuring that our workforce remains adaptable, and competent, in meeting challenges.

COMPETITIVE STRENGTHS

Training and development: The Company is committed to continuous employee learning and development through programs, workshops, and mentorship.

Diversity, equity and inclusion: The Company embraces diversity, equity and inclusion, committed to create an inclusive workplace where all employees feel respected, valued, and empowered.

Work-life balance: The Company prioritised work-life balance, flexibility and wellness.

Talent acquisition: The Company invests in the career progression of its employees through internal job postings as a talent acquisition strategy. This process eliminates potential biases, promoting employee morale, engagement, retention, and loyalty.

Wellness initiatives and support programs:

As a forward-thinking organisation, our Company has increased focus on the well-being of our employees. Our Company has implemented initiatives such as health checks, yoga sessions, and health talk shows for employees as their health and happiness are crucial to collective success.

Empowering women in the workplace:

To enhance comfort and convenience, our Company implemented several female-friendly measures to support them. These initiatives included monthly paid wellness leave and installation of biodegradable sanitary napkin dispensing machines in women restrooms for promoting sustainable menstrual hygiene and women's health.

OUTLOOK

The Company is determined to implement a valuable series of strategic upskilling and re-skilling training programs to enhance employee capabilities, drive performance, support talent acquisition, and support organisational initiatives. With the help of integrating technology with people management, the Company will streamline processes, boosting employee productivity.



What employees have to say about working at Aavas



I have been working at Aavas for the past two years and it has been a rewarding experience. The work environment is employee-friendly, with approachable and supportive colleagues. Hard work never goes unnoticed, and deserving employees are consistently rewarded. There is no red tape, making it easy to approach seniors who are willing to help. It is a place where employee voices are heard and valued.

Amitav Das, Sales, Odisha

Working at Aavas has been transformative. The phrase ‘Baat sunte hai’ encapsulates the work culture. It is not just about listening to our feedback; it is also about implementing and making tangible improvements. Employees are rewarded for their excellence, *kisiko kabhi* promotion *maangne ki zaroorat nahi hui* as employee efforts are promptly recognised by the Company.

Sanjay Khodabhai Patel, Sales, Gujarat

The most likeable thing about Aavas is its positive workplace, learning opportunities and decision-making independence. The Company takes quick action for changes in compliance guidelines. Apart from that the Company is engaged in providing safe and equal work opportunities for women employees.

Aishwarya Pande, Compliance, Rajasthan

‘I am Aavas!’

I have been associated with Aavas for eight years. The Company has an employee-supporting culture, marked by a freedom in decision-making. The Company provided us a user-friendly software that gets work done with ease. Being an experienced worker in the accounts domain the organisation has allowed me to become a part of the employee training drive.

Binit Vijay, Accounts, Rajasthan

I joined Aavas and was welcomed by a supportive team, including the Chief Risk Officer and other senior management. Despite being new to the industry, I was entrusted with the responsibility of overseeing four branches, reflecting the trust my seniors placed in me. Aavas provided professional growth and an opportunity to pursue postgraduate studies in data analytics and an MBA in Finance.

Radha Swami, Credit, Madhya Pradesh

मैं आवास हूँ

मैं आवास हूँ

मैं आवास हूँ

I have been with Aavas since operations began in Karnataka in 2021. Starting as an Assistant Branch Sales Manager, I was promoted to Portfolio Manager and then to Branch Head within a year. What I appreciate most about Aavas is its commitment to employee loyalty. It consistently prioritises promoting from within.

Aadarsh K.S., Sales, Karnataka

Aavas' collaborative workplace fosters teamwork, where every employee is encouraged to excel. Aavas stands out with its exceptional work culture, especially when compared to peer companies. The genuine commitment to employee growth and the proactive approach to addressing concerns make it a remarkable place to work in.

Ankush Dhiman, Technical, Himachal Pradesh

Aavas is an employee-friendly workplace with understanding colleagues. I had been working at the Jaipur branch for 6.5 years until I needed to move to Noida after my marriage. Upon my request, the Company transferred me to their Noida branch. My colleagues were welcoming and supportive, making my transition smooth.

Preeti Sharma, Credit, Uttar Pradesh

‘मैं आवास हूँ!’

At Aavas, an open communication channel with the management and Board has helped ideas and contributions being valued. This makes Aavas a differentiated workplace.

Chiranjeev Mundhra, Audit, Rajasthan

What makes Aavas an ideal workplace for an employee is its supportive senior presence, great work environment, freedom in decision making and a work culture where decisions are taken on time. My cherished memory was my first anniversary at the Company when I was rewarded with a gift. If I had to describe Aavas in one word, it would be 'home'.

Mahesh Vasant Ghade, Credit, Maharashtra



PRERNA DEI: Our women's empowerment initiative, FY 23-24



Key focus areas

Women's career development: Empowering women to grow professionally

Promoting inclusion: Rejecting discrimination, bias and stereotypes.

Health and well-being: Prioritising the holistic wellness of our women workforce

Safety and hygiene: Providing a secure and sanitised work environment for all

OVERVIEW

As a leader in the affordable housing finance sector, Aavas has consistently innovated to set new industry benchmarks. This approach has been characterised by strength, passion, and excellence, with significant contributions by women colleagues. To enhance sensitivity, the Company initiated Project PRERNA on International Women's Day in 2023, with the objective to promote gender diversity, equity, and inclusion (DEI).

WOMEN'S CAREER DEVELOPMENT

PRERNA RISE training programme:

Enabled 75+ women through specialised coaching sessions in collaboration with our DEI-focused training partner called Talent Elements.

Leadership programme: Three women leaders participated in a leadership program at IIM Ahmedabad.

PROMOTING INCLUSION

Conducted 'Fostering gender diversity' webinar series: Engaged nearly 3,000+ participants, featuring luminaries like Mrs. Arundhati Bhattacharya, Chairperson & CEO of Salesforce India and Mrs. Kalpana Kaushik Mazumdar (Independent Director) in discussions with MD and CEO, Sachinder Bhinder and Chief Technology Officer, Jijy Oommen.

HEALTH AND WELLBEING

Women wellness policy: Introduced an additional monthly paid leave for women employees.

Perna wellness series: Organised by experts, focusing on the holistic well-being of female employees.

Mental health support: Offered counselling and sessions to promote mental wellness.

Financial wellness programme: Increased financial literacy in order to promote financial empowerment through webinars.

SAFETY AND HYGIENE

POSH enforcement: Conducted POSH training sessions to sensitise employees about their rights to foster a culture of awareness.

Self-defence training: Empowered employees with self-defence skills for personal safety.

Local chapter initiatives: Established Perna chapters in Jaipur, Mumbai and Bangalore for promoting community engagement.

WOMEN'S DAY CELEBRATIONS, 2024

The Company honoured 41 women across categories, celebrating their resilience, agility, service excellence, and innovation. The celebration was enriched with inclusivity and compassion by engaging with women from our CSR Program Gram Siddhi.



Our special moments at Aavas





Profile of Board of Directors

**Mr. Sandeep Tandon***Chairperson and Independent Director*

(DIN 00054553)

Mr. Sandeep Tandon 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. He 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, he is acting as the Executive Director of Syrma Technology Private Limited and serves as a Director in various private companies. He is also the Chairperson of IT Strategy and Stakeholder Relationship Committee.

**Mrs. Kalpana Kaushik Mazumdar***Independent Director*

(DIN 01874130)

Mrs. Kalpana Kaushik Mazumdar is co-founder and MD at Svakarma Finance Private Limited. She holds a Bachelor's Degree in Commerce from the Madurai Kamaraj University. She is a qualified Chartered Accountant. She is a senior banking professional with about 31 years of experience across the Indian financial services sector with a specific focus on building consumer businesses. She 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. She is also the Chairperson of Audit Committee.

**Mrs. Soumya Rajan***Independent Director*

(DIN 03579199)

Mrs. Soumya Rajan is the founder and CEO of Waterfield Advisors, India's largest independent Multi-Family Office and Wealth Advisory company that advises on assets of ~US\$4.3 billions. She was featured in the Forbes India Women Power List 2021 and was awarded Outstanding Private Banker Asia Pacific by Private Banker International in 2021. She is one of India's top 100 women professionals in Finance. She previously worked at Standard Chartered Bank India for 16 years, where she headed their Private Banking division from 2008 to 2010. She presently serves as a Trustee of Peepul, a charity focused on creating a school transformation platform for government schools in India; on the Advisory Council of IIT Gandhinagar's Research Park and Entrepreneurship Centre; as a Board Member of the C-STEP. She also heads Nomination and Remuneration Committee.

**Mr. Sachinderpalsingh Jitendrasingh Bhinder***Managing Director and Chief Executive Officer*

(DIN 08697657)

Mr. Sachinderpalsingh Jitendrasingh Bhinder is a B.E. Chemical, MBA (Marketing & Finance) by qualifications. Mr. Bhinder has extensive work experience of more than 26 years with industry leaders in banking, financial services and insurance in leadership roles managing P&L, sales and distribution, business development, product, policy, process, risk, audit and compliance. Previously, he worked for 16 years with Kotak Mahindra Bank Limited, serving as Executive Vice President, where he built and scaled the mortgage Book up to ~₹40,000 crore AUM across 130 Locations pan-India. He also set up and managed the mortgage and retail asset cross sell business for Kotak Mahindra Bank which included working capital (Micro and MSME), unsecured business loans, personal loans, rural housing, LAS and credit cards. He is the Chairperson of Assets and Liability Committee.

**Mr. Ramchandra Kasargod Kamath***Non-Executive Nominee Director*

(DIN 01715073)

Mr. Ramchandra Kasargod Kamath 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. He 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)

Mr. Vivek Vig 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. He 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. Nishant Sharma is a Promoter Nominee Director appointed on the Board of Aavas by Lake District Holdings Limited and Kedaara Capital. He is the Chief Investment Officer and Managing Partner of Kedaara Capital and co-founded the firm in 2011. He has over 19 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. Prior to GA, he worked as a management consultant with McKinsey & Company, serving clients across IT/BPO, financial services, healthcare and public policy. In addition, he worked at the Bill & Melinda Gates Foundation in setting up the largest HIV/AIDS prevention program in India. He holds the Economic Times 40 under 40 Award given to business leaders in India. He holds an M.B.A. from Harvard Business School and a dual degree (B.Tech. and M.Tech) in Biochemical Engineering and Biotechnology from IIT, Delhi. He is a member of the Mumbai chapter of the Young Presidents' Organisation.

**Mr. Manas Tandon***Non-Executive Promoter Nominee Director*

(DIN 05254602)

Mr. Manas 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 25 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, he 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). He 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 IIT, Kanpur. He holds eight US patents and is a member of the Mumbai chapters of the Young Presidents' Organisation and the Entrepreneurs' Organisation. He is also the Chairperson of Risk Management Committee.

**Mr. Rahul Mehta***Non-Executive Promoter Nominee Director*

(DIN 09485275)

Mr. Rahul Mehta 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 Principal at Kedaara Capital, a leading India focused private equity firm, where he leads the Financial Services investing practice. Mr. Mehta has over ten years of investment banking and private equity experience. Some of the investments Rahul has worked on include Vijaya Diagnostics, Parksons Packaging, Ami Lifesciences, CARE Health, GAVS, GS Lab and Dairy Day. Prior to joining Kedaara Capital, Mr. Mehta worked as an investment banker in the Mumbai office of the Global Advisory of Rothschild & Co, where he focused on cross-border M&A and equity advisory. Prior to that, he worked in the Investment Banking Division of HDFC Bank and the Assurance practice of Ernst & Young India. Mr. Mehta is a Chartered Accountant from The Institute of Chartered Accountants of India. He also holds a Bachelor of Commerce from Mumbai University.

Profile of our key managerial personnel



Mr. Ghanshyam Rawat

President and Chief Financial Officer

Mr. Ghanshyam Rawat is the President and Chief Financial Officer of Aavas. He is associated with the Company since 2013. He presently heads the finance and treasury, accounts, budget and analytics departments of the Company. 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 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. Ashutosh Atre

President and Chief Risk Officer

Mr. Ashutosh Atre is the President and Chief Risk Officer of Aavas. 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 32 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, Chola Mandalam Investment & Finance Company Limited, Apple Industries Limited and Sanghi Brothers (Indore) Limited.



Mr. Sharad Pathak

Company Secretary and Chief Compliance Officer

Mr. Sharad Pathak is the Company Secretary and Chief Compliance Officer of Aavas. He has been associated with the Company since its incorporation, having experience of more than 13 years in corporate sector. He holds a degree of Bachelor's in Commerce & LLB from the Rajasthan University and is a qualified Company Secretary. He was previously associated with Star Agri Warehousing & Collateral Management Limited as its Company Secretary.

Our leadership team



Mr. Selvin Uthaman

Chief Business Officer

Mr. Selvin Uthaman holds B. Com degree from Mumbai University, Chief Executive Officer Certification from IIM Lucknow, General Management Programme from IIM Ahmedabad and intermediate G1 certification from the Indian Institute of Company Secretary. He possesses more than 22 years of experience in Affordable Home Loans, SME Loans, Retail Operations, Business development and Financial product management. He was associated with Axis Bank, IIFL, Kotak Mahindra Bank Ltd., and Dewan Housing Finance.



Mr. Ripudaman Bandral

Chief Credit Officer

Mr. Ripudaman Bandral has done Masters in Finance and Control from Punjab University, Patiala. He possesses around 28 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. Surendra Kumar Sihag

Chief Collections Officer

Mr. Surendra Kumar Sihag holds a degree of Bachelor of Arts & LLB from the University of Rajasthan and Master of Business Administration from the Periyar University. He has an experience of 22 years and was formerly associated with Cholamandalam Investment & Finance Company Limited and Bajaj Finance Limited.



Mrs. Jijy Oommen

Chief Technology Officer

Mrs. Jijy Oommen 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 25 years with Kinara Capital, Wonderla Holidays Limited, Manappuram Finance Limited and Bajaj Capital Limited.

**Mr. Anshul Bhargava***Chief People Officer*

Mr. Anshul Bhargava holds a certification in Business Management from IIM Calcutta. He has diverse experience of about 35 years in multiple leadership positions in the Indian army and financial sector. Mr. Bhargava has hands on experience in managing change, transforming businesses and accelerating business growth. Having contributed to the people agenda, he has been recognised through multiple coveted awards. Prior to joining Aavas, he was Director (Human Resource), Power System Operation Corporation Limited and Chief People Officer, PNB Housing Finance Ltd.

**Mr. Rajaram Balasubramaniam***Chief Strategy Officer and Head of Analytics*

Mr. Rajaram Balasubramaniam is a Chartered Accountant and holds 37th all India rank and also holds Bachelor of Commerce degree. He has over 23 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.

**Mr. Ramachandran Venkatesh***Head of Internal Audit*

Mr. Ramachandran Venkatesh has over 27 years of work experience in the banking and financial services sector of which 16 years have been in governance, risk and control roles, spanning across Standard Chartered Bank, American Express, HDFC Bank, Fullerton, and Aditya Birla Finance Ltd, his last role being Head Internal Audit at Aditya Birla Finance Ltd for six and a half years before joining Aavas. He holds a Master's Degree from Jawaharlal Nehru University, Delhi.

**Mr. Rajeev Sinha***Executive Vice President - Operations*

Mr. Rajeev Sinha has a Degree in Physics and holds a Certificate in Customer Relationship Management from IIM Ahmedabad. Mr. Rajeev Sinha is a Change Management expert with proven track record in the field of banking and financial services industry with over 20 years of hands-on experience. Prior to joining Aavas, he was associated with Cointribe Technologies, Indiabulls Housing Finance, ICICI Bank, HDFC Bank and Stock Holding Corporation of India Limited.

Corporate Information



BOARD OF DIRECTORS

Mr. Sandeep Tandon

DIN: 00054553

Independent Director and Chairperson

Mrs. Kalpana Kaushik Mazumdar

DIN: 01874130

Independent Director

Mrs. Soumya Rajan

DIN: 03579199

Independent Director

Mr. Sachinderpalsingh Jitendrasingh Bhinder

DIN: 08697657

Managing Director and Chief Executive Officer

Mr. Ramchandra Kasargod Kamath

DIN: 01715073

Non-Executive Nominee Director

Mr. Vivek Vig

DIN: 01117418

Non-Executive Nominee Director

Mr. Nishant Sharma

DIN: 03117012

Non-Executive Promoter Nominee Director

Mr. Manas Tandon

DIN: 05254602

Non-Executive Promoter Nominee Director

Mr. Rahul Mehta

DIN 09485275

Non-Executive Promoter Nominee Director

KEY MANAGERIAL PERSONNEL

Mr. Ghanshyam Rawat

President and Chief Financial Officer

Mr. Ashutosh Atre

President and Chief Risk Officer

Mr. Sharad Pathak

Company Secretary and Chief Compliance Officer

INVESTOR RELATIONS

Mr. Rakesh Shinde

E-mail: investorrelations@aavas.in

HEAD OF INTERNAL AUDIT

Mr. Ramachandran Venkatesh

STATUTORY AUDITORS

M/s Walker Chandiok & Co LLP

16th Floor, Tower III, One International Center,
S B Marg, Prabhadevi (W), Mumbai,
Maharashtra 400013, India

Telephone: +91 22 6626 2699

Firm Registration No.: 001076N/N500013

SECRETARIAL AUDITORS

M/s. Chandrasekaran Associates

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

Telephone: 011-22710514

Firm Registration No.: P1988DE002500

REGISTERED & CORPORATE OFFICE

201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur-302020
Rajasthan, India

Telephone: +91 141 661 8800

Website: www.aavas.in

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

Website: www.linkintime.co.in

Financial Institutions and Banks



PRINCIPAL BANKERS

Axis Bank
Bandhan Bank
Bank of Baroda
Bank of India
Canara Bank
Central Bank of India
CSB Bank
DBS Bank
Federal Bank
HDFC Bank
ICICI Bank
IDBI Bank
IDFC First Bank
Indian Bank
Indian Overseas Bank
Indusind Bank
Karnataka Bank
Kotak Mahindra Bank
National Housing Bank
Punjab National Bank
Punjab & Sind Bank
SBM Bank (India)
Shinhan Bank
South Indian Bank
State Bank of India
UCO Bank
Union Bank of India

FINANCIAL INSTITUTIONS / DEBT CAPITAL

Asian Development Bank
British International Investment
ICICI Prudential Mutual Fund
International Finance Corporation
Kotak Mahindra Bank
SBI Life Insurance
Small Industries Development Bank of India (SIDBI)

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
Website: www.idbitrustee.com

Management Discussion and Analysis Report



GLOBAL ECONOMY



Overview

The global growth proved surprisingly resilient despite higher policy rates. Economic activity outpaced expectations in most countries, and employment, in particular, remained robust, even as inflation retreated significantly. The global economy registered a decline in growth from 3.5% in 2022 to an estimated 3.2% in 2023. Asia is expected to contribute significantly to global growth in FY 23-24, despite the weaker-than-expected recovery in China, sustained weakness in USA, rising energy costs in Europe, weak global consumer sentiment due to the Ukraine-Russia war, and the Red Sea crisis resulting in increased logistics costs. A tightening monetary policy translated into increased policy rates and interest rates for new loans.

Inflation is edging down from multi-decade highs, with intermittent upticks. Financial market sentiments have been fluctuating with changing views about an early pivot by central banks in advanced economies (AEs). Growth in advanced economies is estimated to decline from 2.6% in 2022 to 1.5% in 2023 and further, 1.4% in 2024 as policy tightening takes effect.

Emerging markets and developing countries are projected to report a modest decline in economic growth from 4.1% in 2022 to 4.0% in 2023 and 2024. Emerging market economies (EMEs) are facing currency fluctuations amidst volatile capital flows.

The likelihood of lower interest rates has spurred rallies in equity markets, although uncertainty about the timing of interest rate reduction is reflected in bidirectional movements in the US dollar and sovereign bond yields. Global equity markets ended 2024 on a strong note, with major global equity benchmarks achieving double-digit returns. This outperformance was driven by a downturn in global inflation, a slide in the dollar index, declining crude prices, and higher expectations of rate cuts by the US Fed and other central banks.

Global inflation is projected to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024 on account of a tighter monetary policy coupled with relatively lower

international commodity prices. Core inflation is expected to decrease gradually, as inflation is not expected to return to its target until 2025 in most cases. The US Federal Reserve approved a much-anticipated interest rate hike that raised the benchmark borrowing costs to their highest in over 22 years.

Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. The pace of convergence toward higher living standards for middle- and lower-income countries has slowed, implying a persistence in global economic disparities.



Performance of major economies

GDP Growth %	Reported	Projections	
	2023	2024	2025
World output	3.2	3.2	3.2
Advanced economies	1.6	1.7	1.8
United States	2.5	2.7	1.9
United Kingdom	0.1	0.5	1.5
Europe	0.4	0.8	1.5
Japan	1.9	0.9	1.0
Canada	1.1	1.2	2.3
Emerging and developing economies	4.3	4.2	4.2
India*	7.8	8.2 [#]	6.5
China	5.2	4.6	4.1
Russia	3.6	3.2	1.8
Saudi Arabia	-0.8	2.6	6.0

(Source: IMF Report; *RBI Press Release, #Actual)

Outlook

Asia is poised to continue leading global growth in FY 24-25. Inflation is expected to ease gradually as cost pressures decrease; headline inflation in G20 countries is projected to decline. Amid high inflation and monetary tightening, the global economy has shown resilience as the growth is expected to be stabilised at previous levels over the next two years (Source: World Bank).

The baseline forecast is for the world economy to continue growing at 3.2%

during 2024 and 2025, at the same pace as in 2023. A little acceleration in advanced countries—where growth is predicted to climb from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025—will be countered by a modest slowdown in emerging market and developing economies, from 4.3% in 2023 to 4.2% in both 2024 and 2025. The global growth projections for the next five years are at its lowest in decades, at 3.1%. Global inflation is expected to slowly drop, from 6.8% in 2023

to 5.9% in 2024 and 4.5% in 2025, with advanced nations returning to their inflation objectives sooner than emerging market and developing economies.

Core inflation is expected to drop more gradually. Despite large interest rate rises by central banks to preserve price stability, the global economy has remained unexpectedly robust.

INDIAN ECONOMY



Overview

The Indian economy grew at 8.2% in FY 23-24 as against 7.0% in FY 22-23, primarily driven by sharp revival in the secondary sector that grew at 9.7%. Manufacturing and Construction activities were in full swing and lead with a 9.9% expansion during the year. Along with being one of the fastest growing economies in the world, India ranked fifth in the world in terms of nominal GDP for 2023 according to IMF forecasts (World Economic Outlook –April 2024 Update). India overtook the UK to become the fifth-largest economy in the world in 2022 and

has maintained its position since then. In terms of purchasing power parity (“PPP”), India is the third largest economy in the world, only after China and the United States.

The Indian rupee displayed relative resilience compared to the previous year as the rupee depreciated 0.8% from ₹82.66 against the US dollar on the first trading day of 2023 to ₹82.18 on the last trading day of December 2023.

Over the course of FY 23-24, the headline CPI inflation persisted to remain sticky at an average of 5.4% with rural inflation exceeding urban

inflation. Core inflation, on the other hand, averaged at 4.4%, down from 6.2% in FY 23, moderated by softening global commodity prices and pullback in the fuel and light categories. Lower production and erratic weather caused spikes in food inflation especially in cereal, pulses and vegetables undermining the gains made in Core CPI. However, the forecast of an above-normal monsoon by the IMD bodes well for the kharif season, which would bring a respite to food inflation pressures, particularly in cereals and pulses. RBI has forecasted CPI inflation for FY 24-25 is projected at 4.5%.

India's foreign exchange reserves reached a historic peak of \$651.5 billion in May 2024. The credit quality of Indian companies remained robust from October 2023 to March 2024 on account of deleveraged Balance Sheets, sustained domestic demand, and government-led capital expenditure. Rating upgrades continued to surpass rating downgrades in the second half of FY 23-24. UPI transactions in India

witnessed a record 56% growth in volume and 43% growth in value in FY 23-24.

International agencies like S&P Global Ratings revised its outlook on India to positive from stable. Moreover, the International Monetary Fund (IMF), in its April 2024 economic outlook update, revised its India economic growth estimate in real terms for Fiscal 2024 to 7.6% from the previous 6.3%

estimate in October 2023, citing momentum from resilient domestic demand. Further, the growth forecast for Fiscal 2025 also witnessed an increase of 6.5% from the previous 6.3% forecast in October 2023. Taking note of all these factors the RBI revised upward its growth forecast to 7.2% for Fiscal 2025 from 7.0%.

Growth of the Indian economy



	FY 21-22	FY 22-23	FY 23-24	FY 24-25 (E)
Real GDP growth (%)	8.7	7.2	8.2	7.2

E: Estimated

Growth of the Indian economy quarter by quarter, FY 23-24

	Q1 FY 23-24	Q2 FY 23-24	Q3 FY 23-24	Q4 FY 23-24
Real GDP growth (%)	8.2	8.1	8.6	7.8

(Source: MOSPI)

Growth of the Indian economy quarter by quarter, FY 24-25

	Q1 FY 24-25(P)	Q2 FY 24-25(P)	Q3 FY 24-25(P)	Q4 FY 24-25(P)
Real GDP growth (%)	7.3	7.2	7.3	7.2

(Source: RBI projections)

India's monsoon in 2023 hit a five-year low, with August 2023 marking the driest month in a century. Despite receiving only 94% of its long-term average rainfall from June to September, wheat production was estimated at 114 million tonnes in the 2023-24 crop year due to higher coverage. Rice production was anticipated to decrease to reach 106 million metric tons (MMT) in comparison to 132 million metric tonnes in the previous year. Total Kharif pulses produced in 2023-24 stood at an estimated 71.18 lakh metric tonnes, which is lower than FY 22-23 due to climatic conditions. As per the first advance estimates of national income released by the

National Statistical Office (NSO), the manufacturing sector output is projected to have grown 6.5% in FY 23-24 compared to 1.3% in FY 22-23. The Indian mining sector experienced an estimated growth of 8.1% in FY 23-24 compared to 4.1% in FY 22-23. Financial services, real estate, and professional services grew a projected 8.9% in FY 23-24 compared to 7.1% in FY 22-23.

Real GDP or GDP at constant prices increased to ₹173.81 lakh crore in FY 23-24 (provisional GDP estimate released on May 31, 2024) from ₹160.71 lakh crore in FY 22-23. Growth in real GDP during FY 24-25 was estimated at 7.2%. Nominal

GDP or GDP at current prices was at ₹295.35 lakh crore in FY 23-24 as compared to ₹269.49 lakh crore. As per provisional data, the GNPA ratios of Banks and NBFCs stood at 2.8% and 2.5%, respectively, as at end March 2024 improved from 3.9% as of March 2023 indicating a sound and resilient financial system.

India's exports of goods and services were expected to reach \$900 billion in FY 23-24 compared to \$770 billion in the previous year despite global headwinds. Merchandise exports were expected to expand between \$495 billion and \$500 billion, while services exports were expected to touch \$400 billion

during the year. India's net direct tax collection increased 17.7% to ₹19.58 lakh crore in FY 23-24. Gross GST collection amounted to ₹20.2 lakh crore, marking an 11.7% increase, with an average monthly collection of ₹1,68,000 crore, surpassing the previous year's average of ₹1,50,000 crore.

The agriculture sector grew 1.4% in FY 23-24, which is lower than the 4.7% expansion recorded in FY 22-23. Trade, hotel, transport, communication, and services related to the broadcasting segment witnessed a slowdown growing at 6.4% in FY 23-24, against the 12% in FY 22-23. The Indian automobile segment was expected to close FY 23-24 with a growth of 6-9%, despite global supply chain disruptions and rising ownership costs. The construction sector accelerated to 9.9% year-on-year from 9.4% in FY 22-23. Public administration, defense and other services expanded at a moderated pace of 7.8% in FY 23-24 as against 8.9% in FY 22-23. The growth in gross value added (GVA) at basic prices expanded at 7.2%, up from 6.7% in FY 22-23.

India entered a pivotal phase in its S-curve, marked by rapid urbanisation, industrialisation, increase in household incomes, and

rising energy consumption. The country emerged as the fifth largest economy with a GDP of USD 3.6 trillion and a nominal per capita income of ₹1,22,766 in FY 23-24.

In FY 23-24, India's Nifty 50 index experienced a 30% growth, propelling India's stock market to become the fourth largest globally with a market capitalisation of US\$4 trillion. Foreign investment in Indian government bonds saw a significant increase in the final quarter of 2023. India ranked 63rd out of 190 economies in the ease of doing business, according to the latest World Bank annual ratings. Moreover, India's unemployment rate in urban areas declined to 6.7% in Jan-Mar 2024 according to NSSO from 6.8% during the same quarter last year. It was recorded at 6.6% in both the April-June 2023 quarter and July-Sept 2023 quarter, and 6.5% for Oct-Dec 2023 quarter.

Outlook

India successfully tackled its global economic challenges in 2023 and is poised to continue as the world's fastest-growing major economy backed by a boost in the rural consumption and continued urban demand, a favorable monsoon should provide relief from the sticky

inflation. Further, with the financial sector at the peak of health with strong balance sheets, the unwinding of interest rates would be a welcome tailwind for the sector. Additionally, the sustained buoyancy in services activity, government's continued thrust on capex; high capacity utilisation and business optimism augur well for investment activity, which indicate the Indian economy is anticipated to surpass USD 4 trillion in FY 24-25.

Union Budget FY 24-25

The Interim Union Budget 2024-25 continued to prioritise capital expenditure spending, comprising investments in infrastructure, solar energy, tourism, medical ecosystem, and technology. In FY 24-25, the top 13 ministries in terms of allocations accounted for 54% of the estimated total expenditure. Of these, the Ministry of Defence received the highest allocation at ₹6,21,541 crore, constituting 13% of the total budgeted expenditure of the central government. Other ministries with high allocation included Road transport and highways (5.8%), Railways (5.4%), and Consumer Affairs, food, and public distribution (4.5%).

(Source: Times News Network, Economic Times, Business Standard, Times of India)

HOUSING FINANCE SECTOR REVIEW

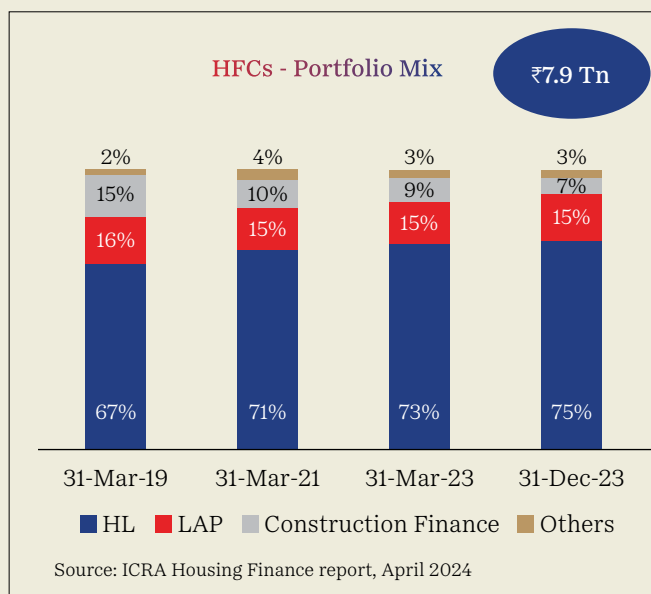
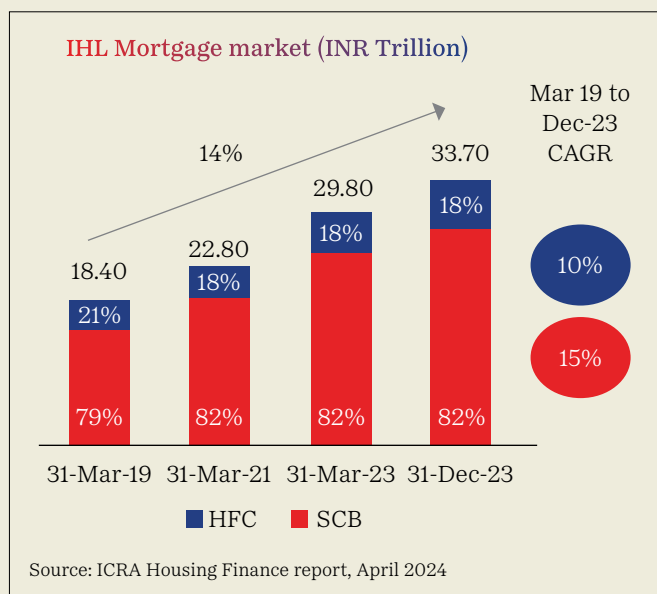
The housing finance sector stands as a beacon of growth, powered by a robust 15-year CAGR of 17%, reaching a market size of 33.7 lakh crore. The sector's expansion is tightly interwoven with GDP per capita, showcasing a strong historical correlation with home loans outstanding. With a projected 10% nominal GDP growth over the next two decades, the mortgage industry

is poised to flourish at a 13-14% CAGR.

Key drivers fuelling this growth include the aspirational demand for homes and an environment of improving affordability, supported by healthy household balance sheets. While the South and West markets have traditionally led the industry, the North and Central regions, home to approximately 40% of

the population, present untapped potential for higher growth rates.

Recent trends indicate a surge in demand from tier-2 and tier-3 districts outpacing tier-1 districts in growth rates. This optimistic outlook positions the housing finance sector as a cornerstone of sustainable economic development, promising a future where aspirations and affordability converge to drive progress.



Retail asset under management of housing financiers, comprising home loans and loan against property is expected to grow at a relatively moderate 12-14% in FY 23-24 on the back of growing competition from banks. The total asset under management of the sector comprising retail and other wholesale loans is estimated to grow 13-15% in FY 23-24 on account of the expected growth rate of 10-12% in infrastructure and other wholesale loans of non-bank lenders and housing financiers.

Digitalisation and cross-selling have emerged as the two driving factors behind high growth in unsecured loans. NBFCs and housing finance

companies are either driving the digitalisation of credit on their own or partnering with financial technology or small peers, especially for new-to-credit borrowers. The jump in unsecured credit could also be partly attributed to the borrower-focused approach in the past.

In overall, NBFCs and housing finance companies were expected to have incremental funding of ₹4.7-5 trillion in FY 23-24 to manage 13-15% AUM growth. Expansion in the overall bank credit, healthy market issuances and strong securitisation demand should ensure adequate fund availability for the sector. However, the weighted average cost of funds

was expected to increase by 60-80 basis points in FY 23-24.

The trajectory of home loan trends in India for FY 23-24 lies on the Reserve Bank of India's interest rate fluctuations, intertwined with economic factors like GDP growth and employment rates. Government policies on affordable housing and tax regulations wield influence, while technological strides in banking digitisation impact loan accessibility. Demographic shifts, urbanisation and evolving homebuyer preferences further shape housing demand, reflecting transformative effects on home loan trends.

(Source: Informist Media, Business Standard, Business World.in, ICRA)

AFFORDABLE HOUSING FINANCE SECTOR REVIEW



After the pandemic, affordable housing has taken center stage in India's real estate market. This sector's growth is ignited by several factors, including the entrance of numerous real estate developers, the availability of financing alternatives for potential home buyers, rapid urbanisation, the increasing trend towards nuclear families, and higher income levels. The affordable housing sector in India has become an attractive avenue for real estate

developers, attracted by the potential for significant returns on investment while simultaneously fulfilling a crucial social need.

The Affordable Housing Finance Companies (AHFCs) witnessed a resurgence in their growth in FY 22-23 and are expected to have continued their growth trajectory with 29% in FY 23-24. Furthermore, the market is expected to further boom in FY 24-25, continuing the

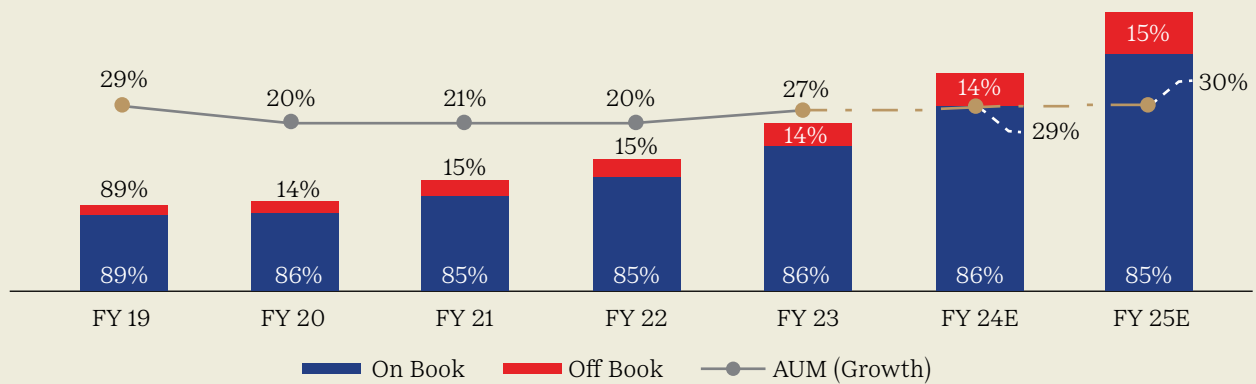
upward trend in the upcoming financial year.

This optimistic outlook for the housing finance companies is backed by several factors including a relatively smaller base compared to traditional banking institutions and prime housing finance entities, their capacity to penetrate unorganised market segments, and their adept appraisal skills. These competencies have enabled the AHFCs to

effectively serve customers who may not meet the prime credit criteria.

The priority sector share of lending-compliant home loans within the overall banking sector portfolio has been on the decline over the past two

years. This has created opportunities for AHFCs to expand their portfolios through co-lending or direct assignment transactions.



The RBI's decision to maintain the repo rate at 6.5% for the fifth time in a row, coupled with favorable inflation expectations, mirrors a strategic stance fostering economic stability. The robust demand in India's real estate sector along with enhanced buyer confidence and an inviting investment environment is anticipated to boost growth and prosperity in the housing market in 2024.

With the cost of funds witnessing an increase in FY 23-24, net interest

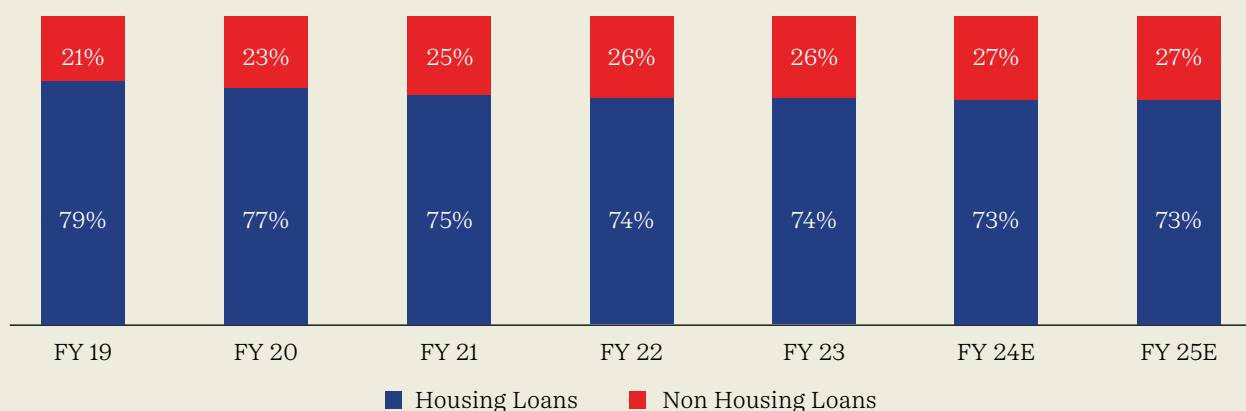
margins (NIM) are anticipated to face pressure in FY 23-24 and FY 24-25, coupled with an increase in operating expenses due to the expansion phases of AHFCs. As a result, the Return on Total Assets (RoTA) is projected to moderate to 3.23% in FY 23-24 and further to 3.04% in FY 24-25, down from 3.8% in FY 22-23.

Non-housing portfolio

The share of the non-housing portfolio among AHFCs has risen

from 17% as of March 31, 2019, to 26% as of March 31, 2023. This trend is expected to continue, with the non-housing portfolio proportion projected to have reached 27% by March 31, 2024, and further with another 27% in FY 24-25. This comes on account of rising competition and the imperative to maintain margins. For a few affordable housing finance companies, where the non-housing portfolio is near the threshold, the regulation may pose as a constraining factor for short-term growth.

Rising Share of Non-Housing Loan Portfolio



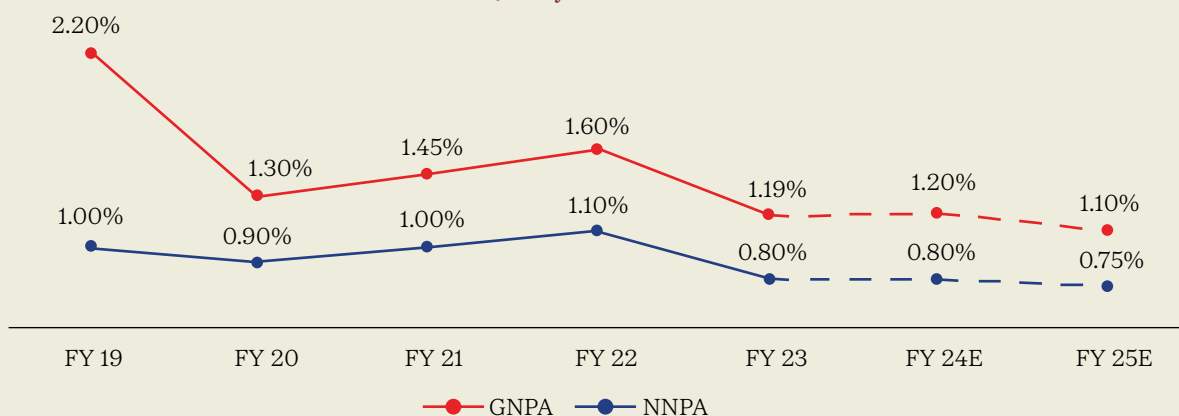
Improving asset quality

The improvement in collection efficiency and strategic write-offs have led to a better asset quality metrics in FY 22-23. These metrics

are anticipated to remain strong in FY 23-24, with the Gross Non-Performing Assets (GNPA) ratio expected to be around 1.2% as of March 31, 2024.

AHFCs primarily cater to self-employed individuals, who may experience more fluctuations in income due to economic downturn, thus presenting a higher credit risk.

Asset Quality Trend of HFCs



(Source: CareEdge Ratings)

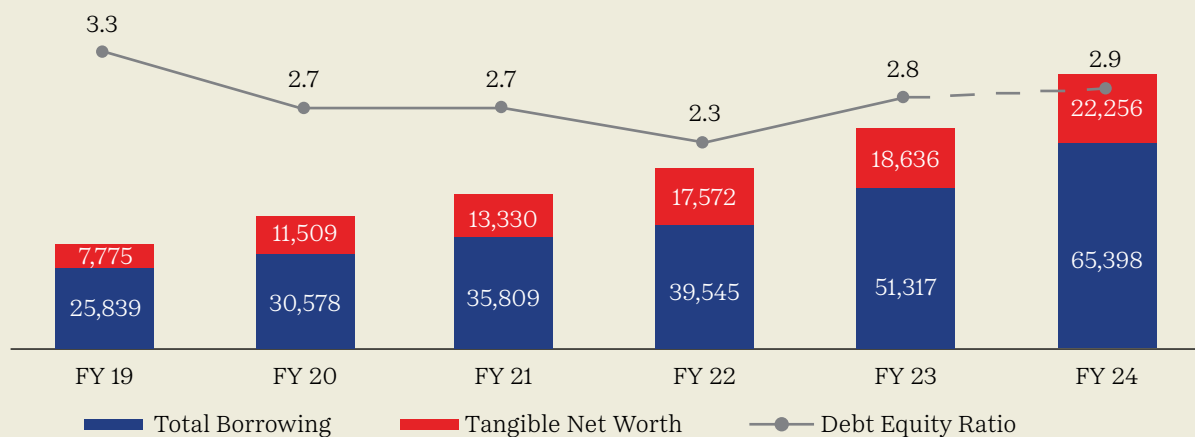
Capital structure

The sector's capital structure is expected to remain strong, supported

by healthy internal accruals, with a projected gearing ratio of nearly 2.9x by March 31, 2024. Banks are

expected to continue as the main source of funding for AHFCs.

Gearing Profile of HFCs



(Source: Financial Express, Reserve Bank of India, Business Standard, Economic Times, CARE Ratings)

Quarterly scenario

The all-India House Price Index (HPI) registered a robust 5.1% growth rate in Q1 FY 23-24, a notable increase from 3.4% in Q1 FY 22-23. On a sequential quarter-on-quarter basis, the index witnessed a notable 2.6% rise in the first quarter of the year under review. Out of the ten major cities, eight recorded an upturn in the housing registration prices in the quarter.

However, this growth moderated to 3.4% in the July-September quarter of FY 23-24 from 4.5% in the year-ago

period. On a sequential (quarter-on-quarter) basis, the all-India housing price index contracted by 1.2% in the second quarter of FY 23-24; seven of the 10 cities witnessed price increases in housing registration during the Q2 FY 23-24.

Coming to the third quarter, the all-India House Price Index (HPI) increased by 3.8% year-on-year compared to a 2.8% growth in Q3 FY 23-24 and 3.4% in the previous quarter (Q2 FY 23-24). Furthermore, on a sequential quarter-on-quarter basis, the index saw an increase of

1.6% in Q3 FY 23-24. Among the top ten cities, six registered an increase in house prices.

In Q4 FY 23-24, the all-India House Price Index (HPI) increased by 4.1% year-on-year compared to a 4.6% growth in Q4 FY 23-24 and 3.8% in the previous quarter (Q3 FY 23-24). Besides, on a sequential quarter-on-quarter basis, the index witnessed rise of 0.9% in Q4 FY 23-24. Among the top ten cities, eight registered an increase in house prices.

GROWTH DRIVERS

Population: India is the most populous country with an estimated 1.44 billion people as of 2024. Increased population helped in household demand growth creating a growing lending opportunity. The share of India's working age population to the total population will reach its highest level at 68.9% by 2030.

Growing middle-class population:

The size of India's middle class is expected to double to 61% of its total population by 2047 from 31% in 2020-21 leading to the growing demand in the housing market.

Health awareness: The COVID-19 pandemic has resulted in increased awareness towards safe and healthy housing leading to an increased emphasis on affordable housing projects.

Growing nuclear families: Nuclear families comprised half of Indian households in 2022 compared to 34%

in 2008. Increased nuclearisation is expected to catalyze the demand for affordable housing.

Housing shortage: India's housing shortage is expected to widen to an estimated 38 million homes by 2030 largely due to the rising population and increased urbanisation. This is expected to increase housing demand in India.

Mortgage penetration: India's mortgage penetration remains low at an estimated 13% of the GDP as against over 60% in the US and mid-30% for China in FY 22-23. This leaves a headroom of growth for the housing finance companies.

Government support: In June 2024 during its cabinet meeting, the government decided to further expand PMAY and provide assistance to additional 30 million rural+urban households. Under PMAY, 41 million houses (29 million rural + 12 million urban) were sanctioned to eligible

families in the last 10 years. CLSS, one of the verticals of PMAY-U where home loan interest subsidy was provided, had 2.5 million beneficiaries (20%/6% of PMAY-U/PMAY beneficiaries).

As per the latest data, PMAY-G accounts for two-third of the total allocation of ₹80,671 crore for FY 24-25 under PMAY, announced in the interim Budget 2024 in February.

From HFCs perspective, PMAY expansion scheme would boost the supply of affordable housing, and extension of CLSS subsidy will also be critical to improve financing demand visibility.

Increased urbanisation: Half of India's population is expected to live in urban cities in a few decades. This is expected to increase the housing and housing demand offtake.

(Source: Business Standard, Economic Times, Financial Express)



COMPANY OVERVIEW

Aavas is a housing finance company headquartered in Jaipur, Rajasthan, with its corporate and registered offices located there. The Company's

primary focus lies in offering housing loans in the underdeveloped rural and semi-urban markets across 13 states of India. As of March 31,

2024, the Company possesses a branch network of 367 locations and manages assets worth ₹17,313 crore.

SUSTAINED OUTPERFORMANCE

Growth in assets under management (%)

(Source: CareEdge Ratings)

9.8

% AUM growth, average of Indian housing finance companies, March 2022

8.9

% AUM growth, average of Indian housing finance companies, March 2023

12.3

% AUM growth, average of Indian housing finance companies, March 2024E

20.1

% AUM growth, Aavas, March 2022

24.8

% AUM growth, Aavas, March 2023

22.2

% AUM growth, Aavas, March 2024

Asset quality (Gross NPA)

(Source: CareEdge Ratings)

4.1

%, Total Gross NPA, average of Indian housing finance companies, March 2022

3.3

%, Total Gross NPA, average of Indian housing finance companies, March 2023

2.9

%, Total Gross NPA, average of Indian housing finance companies, March 2024E

0.99

%, Total Gross NPA, Aavas, March 2022

0.92

%, Total Gross NPA, Aavas, March 2023

0.94

%, Total Gross NPA, Aavas, March 2024

Asset quality (Net NPA)

(Source: CareEdge Ratings)

2.5

%, Total Net NPA, Average of Indian housing finance companies, March 2022

2.0

%, Total Net NPA, Average of Indian housing finance companies, March 2023

1.7

%, Total Net NPA, Average of Indian housing finance companies, March 2024E

0.77

%, Total Net NPA, Aavas, March 2022

0.68

%, Total Net NPA, Aavas, March 2023

0.67

%, Total Net NPA, Aavas, March 2024

SCOT analysis of Aavas

Strengths

- Core competencies being in-house sourcing and execution, resulting in superior asset quality
- Strong technology framework and data analytics
- Positive asset-liability mismatch across all time buckets with no short-term borrowings
- Higher Capital Adequacy Ratio (CRAR)
- Strong management bandwidth backed by robust middle-layer management
- Deep Pan India distribution network focused on semi urban and rural geographies

Challenges

- Managing growth with profitability
- Challenging interest rate environment would adversely impact cost of funds
- Opex-intensive nature of operations
- Higher prepayment rates

Opportunities

- Low mortgage penetration
- Government's thrust on promoting affordable housing segment via 'housing for all'
- Increased urbanisation
- Growing aspirations coupled with increased early age home ownership in rural and semi-urban areas
- Leveraging technology and artificial intelligence for spurring productivity, efficiency and transforming customer experience.

Threats

- Challenging macroeconomic situation affecting portfolio quality
- Increased market player and growing competition due to competitor strategies

PERFORMANCE REVIEW, FY 23-24**Financial performance****Income and profits**

Total income of the Company for the year ended March 31, 2024 was ₹2,020 crore compared to ₹1,610 crore in the previous year, growing 25%.

Statement of Profit and Loss

Key highlights of the Statement of Profit and Loss for the year ended March 31, 2024, were:

- Net interest income stood at ₹1,036 crore, growth of 15%.
- The spread and net interest margin for the year stood at 5% and 7.9% respectively.

- Total expenses increased 19% during the year under review.
- The Company's Operating Expenses Ratio (to average total assets) stood at 3.58% for the year ended March 31, 2024.
- Profit before Tax stood at ₹624 crore, a growth of 14% over ₹549 crore in the previous year.
- Total Profit after tax increased by 14% to ₹491 crore in the current year from ₹430 crore in the previous year.
- The Earnings per Share (basic) stood at ₹61.9 compared to ₹54.3 in the previous year.

- The Company's Return on Average Total Assets stood at 3.28% for the year ended March 31, 2024.

- Return on average Net Worth was 13.9% compared to 14.1% in the previous year.

- Debt-equity ratio stood at 3.27 times compared to 3.01 times in the previous year.

Operational performance

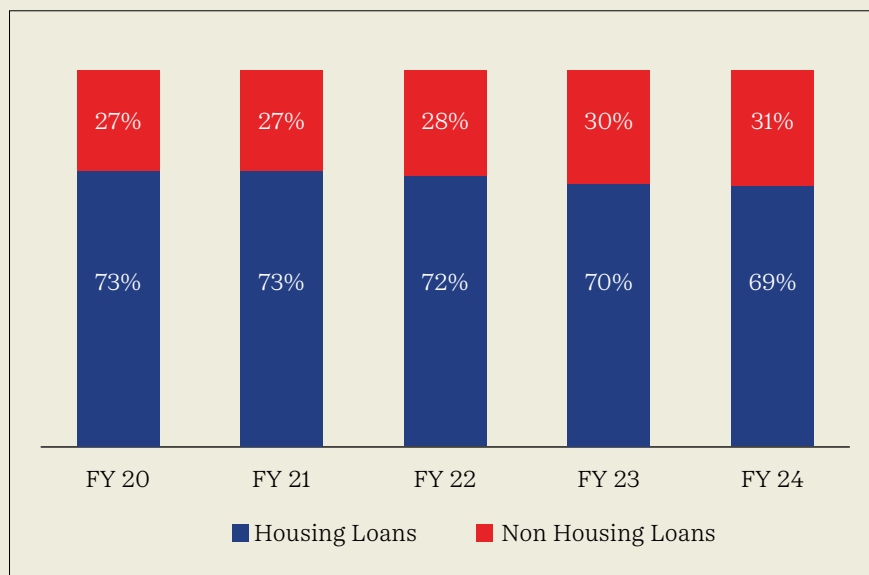
Aavas is a retail affordable housing finance company servicing the low and middle-income self-employed customers in India's semi-urban and rural areas. The Company

offers its customers home loans for the purchase or construction of residential properties and the extension and repair of existing housing units.

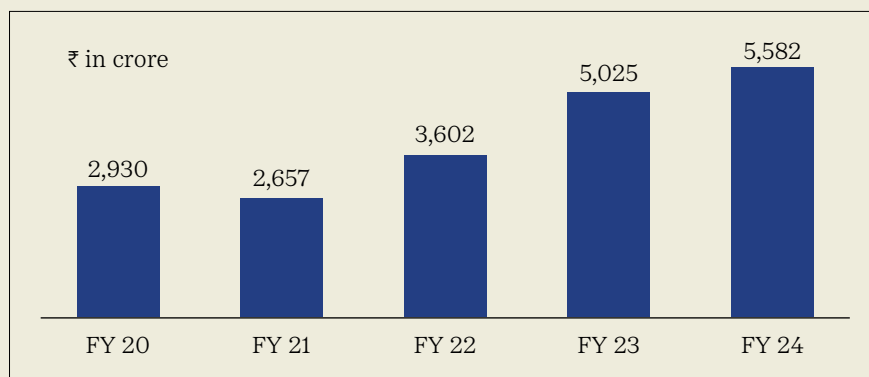
As of March 31, 2024, majority of the home loans disbursed by the Company were for single-unit properties, out of which, almost all of them were to be occupied by the

borrowers. Most of the Company's customers have limited access to formal banking credit for a mortgage loan.

Loan products: The Company offers customers home loans for the purchase or construction of residential properties and for the extension and repair of existing housing units. Besides home loans, the Company offered other mortgage-backed loans, comprising loans against property and mortgage backed MSME loan which accounted for 30.7% of total loan asset as of March 31, 2024. As of March 31, 2024, 54.1% 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. EWS and LIG segment contributed 19% and 36% respectively of the AUM as of March 31, 2024.

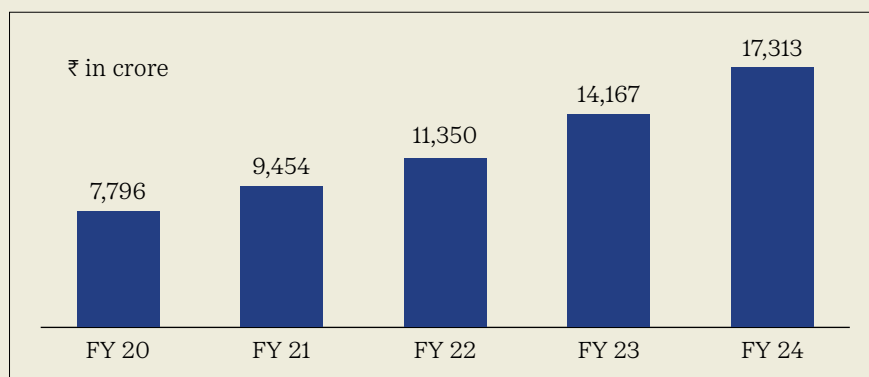


Disbursements: The Company disbursed ₹5,582 crore of mortgage loans during the year compared to ₹5,025 crore in the previous year, a growth of 11.1%. The cumulative loan disbursement since inception stood at ₹27,964 crore by the end of the year.

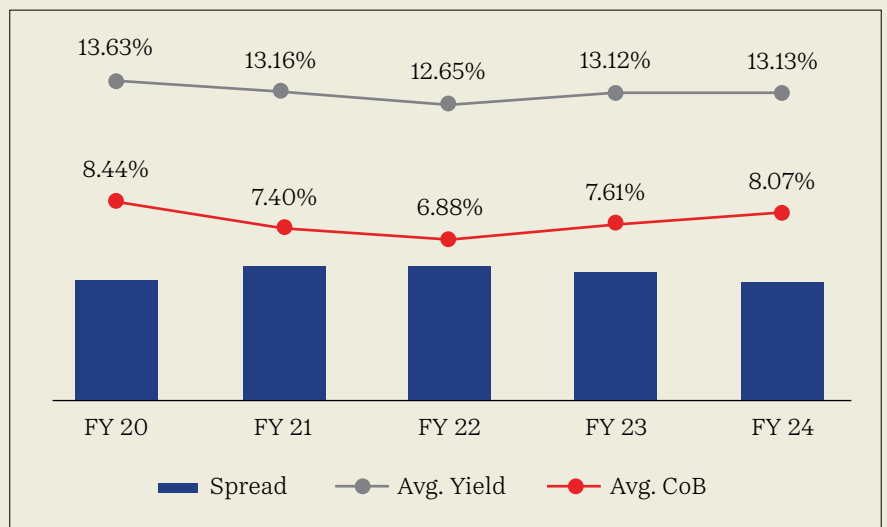


Assets under Management (AUM):

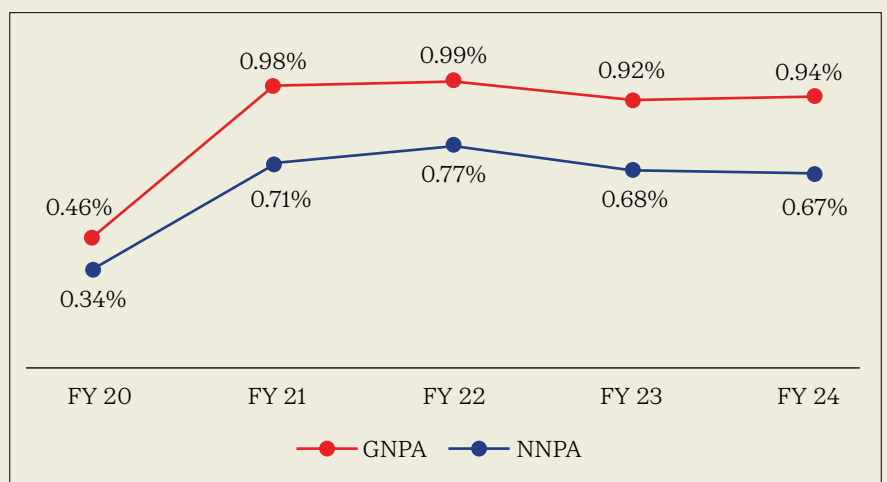
The AUM of the Company stood at ₹17,313 crore (Including pool buyout of ₹3,723 crore) as of March 31, 2024, compared to ₹14,167 crore in the previous financial year, a growth of 22%. As of March 31, 2024, the average loan sanctioned was ₹9.3 lakh.



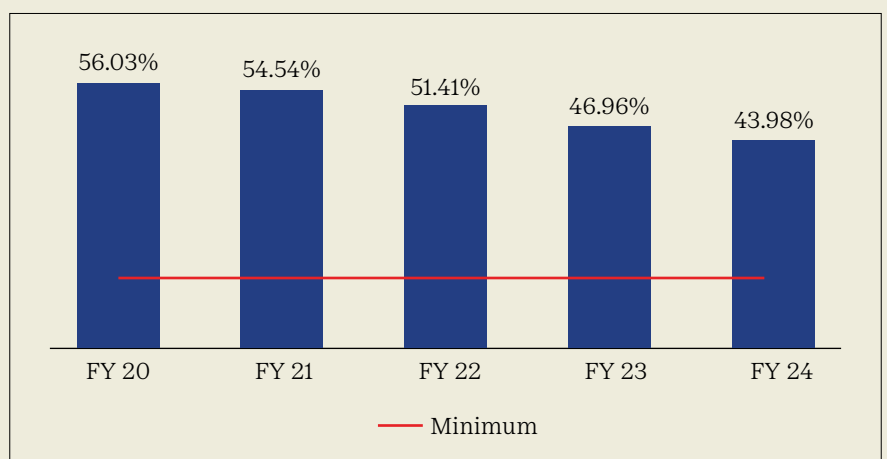
Spread on loans: The average yield on loan assets as on March 31, 2024, stood at 13.13% per annum. The cost of funds stood at 8.07% per annum as on March 31, 2024, as against 7.61% as on March 31, 2023. The spread on loans was 5.06% as on March 31, 2024.



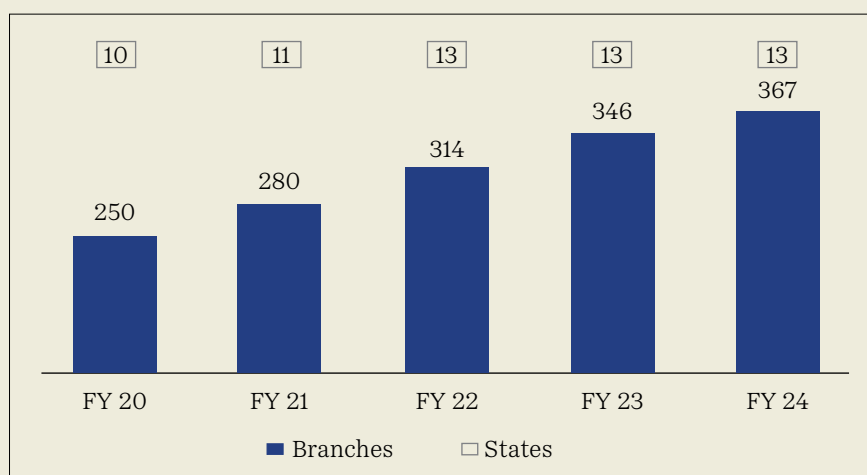
Non-performing assets: The Company maintained its gross NPAs at ₹132 crore (0.94% of the loan assets) as on March 31, 2024. The Company reviewed its delinquency and loan portfolio on a regular basis. The Company followed a defined policy with procedures to address delinquencies and collections. As a result, Gross NPA and Net NPA as of March 31, 2024, were 0.94% and 0.67% respectively (compared to 0.92% and 0.68% respectively as of March 31, 2023).



Capital adequacy ratio: The Company is required to maintain a capital adequacy ratio of 15% on a standalone basis from March 31, 2024. The Company's Capital Adequacy Ratio as of March 31, 2024, stood at 43.98%, which was far above the minimum required level of 15%.



Branch network: Aavas engaged in contiguous on-ground expansion across regions. As of March 31, 2024, the Company conducted operations through 367 branches covering 13 States, of which it accounted for a significant presence in four States (Rajasthan, Gujarat, Maharashtra, and Madhya Pradesh). The Company has its registered office in Jaipur, Rajasthan. The Company added 21 branches in FY 23-24.



ENVIRONMENT-SOCIAL-GOVERNANCE (ESG)

As global priorities shift towards sustainable growth and collective well-being, there is an increasing focus on Environmental, Social, and Governance (ESG) practices in corporate governance. Aavas is at the forefront of embracing ESG principles, emphasizing transparency, governance, and sustainability.

The Company diligently integrates national and international ESG best practices across operations. Aavas partnered Churchgate Partners to conduct real-time mapping and independent reviews of its ESG initiatives, aligning them with international standards such as CDP, EU Taxonomy, GRI, IFRS, SASB, TCFD, UNGC, UN SDG, WEF etc.

Aavas demonstrated its commitment to transparency and compliance by providing comprehensive ESG disclosures on its website, ensuring full adherence to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR). In accordance with Regulation 34(2)(f) of the SEBI LODR Regulations, Aavas includes the Business Responsibility and Sustainability Report (BRSR) in its Annual Report for the past two years.

The Company was rated as 'Strong' on ESG Risk parameters by CRISIL with a score of 61 and by SES at

medium with a score of 77.8 as on March 31, 2024, one of the best among its peers in the BFSI sector.

Robust governance: The Company reconstituted its CSR Committee as a CSR & ESG Committee, wherein a management-level ESG Steering Committee was setup to provide ongoing supervision and direction to the three ESG working groups and ESG team. The Company has developed an ESG Policy and set ESG targets to align with the growing importance of ESG, showcasing its dedication to sustainability, risk management and long-term value creation for stakeholders. The Company adopted the BRSR Core Assurance on a voluntary basis.

In its dedication to accuracy and transparency in reporting environmental impact, Aavas conducted an independent GHG Assurance of its GHG Statement and obtained an Independent Auditor's Certificate for disclosures under the GRI Reporting Standards.

Diversity, equity and inclusion:

Aavas fostered a diverse and inclusive workplace through programs like the 'Udaan' Leadership Development Program in collaboration with IIM Ahmedabad. Aavas trained and coached talented women employees through the Prerna Rise program. Under the

Wellness Leave policy, the Company provides a monthly menstrual leave, which comprises 12 paid leaves per financial year and also installed bio-degradable dispensing sanitary napkin machines in the corporate office for the well-being of women employees. The Company trained its female employees by providing financial well-being sessions and self-defence training.

Sustainability: The Company partnered International Financial Corporation (IFC), a member of the World Bank Group, for a green housing program to promote self-built green homes. Aavas is a pioneer in self-built green housing program and has 150 EDGE-certified Green Homes by Sintali, UK-based certifier. The Company was awarded by ASSOCHAM for 'Excellence in self-built Green Housing initiative'.

Digital transformation: Project Gati is a landmark in Aavas's digital transformation journey, minimising the need of physical documentation, streamlining loan process and enhancing customer service. Through these concerted efforts, Aavas not only demonstrated exemplary corporate citizenship but also cultivated a culture for resilience and climate-conscious growth.

HUMAN RESOURCES

Aavas values its people as its competitive edge. With diverse expertise and domain knowledge, its workforce drives innovation. The

Company's HR culture challenges traditional norms to boost competitiveness, aligning decisions with employees' professional and

personal goals for a balanced work-life dynamic. As of March 31, 2024, Aavas had 6,075 permanent employees.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal financial control over financial reporting is a structured process aimed at ensuring the reliability of financial reporting and the preparation of financial statements for external use in compliance with generally accepted accounting principles. This control framework encompasses policies and procedures meticulously designed to provide reasonable assurance.

(1) The Company ensures accurate and fair maintenance of records that detail transactions and asset dispositions.

(2) It provides reasonable assurance that transactions are recorded appropriately for the preparation of financial statements, and that expenditures align with authorised management and director directives.

(3) Provides a 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.

The Company operates a robust internal audit program, led by an independent assurance function supported by specialist firms as needed. This internal audit conducts risk-based assessments, testing adherence to policies, and suggests process improvements. Audit activities are conducted according to a plan approved by the Audit Committee, with observations and recommendations reported to the committee for ongoing monitoring and remediation as necessary.

CAUTIONARY STATEMENT

This section contains forward-looking statements regarding the Company's objectives, projections, expectations, and estimates. These statements are based on certain

assumptions and expectations about future events, but the Company cannot guarantee their accuracy or realisation. Actual results may differ due to external factors beyond the

Company's control. The Company assumes no responsibility to publicly update or revise any forward-looking statements based on subsequent developments.





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Statutory Reports



DIRECTORS' REPORT

To,
The Shareholders,
Aavas Financiers Limited

The Board of Directors of your Company ("The Board") takes great pleasure in presenting before you the 14th Annual Report on the Operational and Financial performance of Aavas Financiers Limited ("the Company" or "Aavas") along with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2024.

BACKGROUND

As a prominent affordable Housing Finance Company in India, your Company serves the requirements of customers within the low and middle-income segments, particularly in semi-urban and rural areas, focusing on underserved and unreach markets.

Aavas primarily offers Home Loans, Home Construction Loans, Loan against Property, Home Improvement Loans and MSME Business Loans. Pursuant to Scale Based Regulation issued by Reserve Bank of India ("RBI"), vide circular dated October 22, 2021 as amended from time to time, your Company falls under the category of Middle Layer Non-Banking Financial Company ("NBFC-ML").

FINANCIAL PERFORMANCE

During the Financial Year under review, your Company has demonstrated substantial growth and maintained consistent performance.

The Standalone financial performance for the Financial Year ended March 31, 2024 and a comparison with the previous year is summarized below:

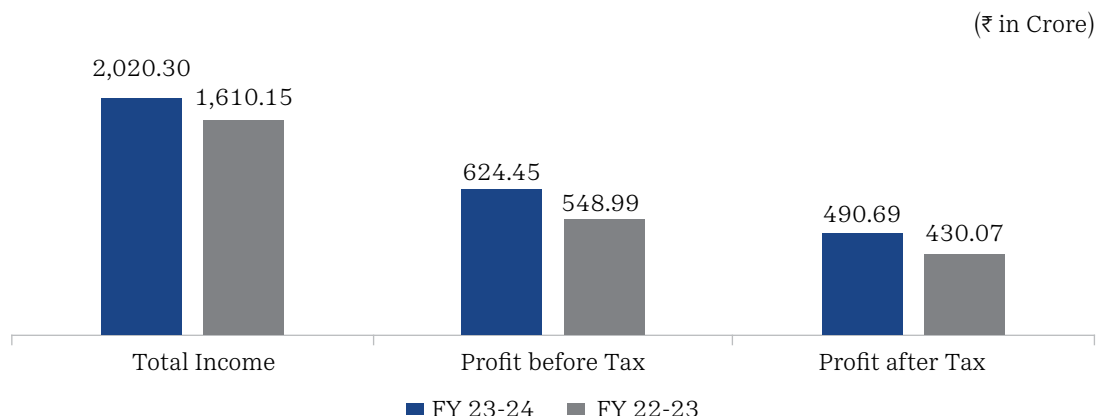
(₹ in crore)

Particulars		For the Year ended March 31, 2024	For the Year ended March 31, 2023
A	Total Income	2,020.30	1,610.15
	Less:		
	Total Expenditure before Depreciation & Amortization and provision	(1,338.71)	(1,020.01)
	Impairment on financial instruments	(24.47)	(12.42)
	Depreciation & Amortization	(32.66)	(28.72)
B	Total Expenses	(1,395.85)	(1,061.15)
C	Profit Before Tax (A-B)	624.45	548.99
D	Less: Provision for Taxations (Net of Deferred Tax)	(133.76)	(118.92)
E	Profit After Tax (C-D)	490.69	430.07
F	Add: Other Comprehensive Income (Net of Tax)	0.15	(1.79)
G	Total Comprehensive Income (E+F)	490.85	428.28
	Transfer to Statutory Reserve	98.17	85.66

The Standalone and the Consolidated Financial Statements for the Financial Year ended March 31, 2024, forming part of this Annual Report, have been prepared in accordance with Ind AS notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act.

The key financial performance indicators for the Financial Year under review are as follows:

- Total Income, Profit Before Tax, Profit After Tax of your Company:



- Total income for the Financial Year 2023-24 increased to ₹2,020.30 crore as compared to ₹1,610.15 crore in the previous year.
- During the year, the Company has earned a Profit Before Tax of ₹624.45 crore as compared to ₹548.99 crore in the previous year and the Profit After Tax during the year was ₹490.69 crore as compared to ₹430.07 crore in the previous year, recording an increase of 14%.
- The Assets under Management (AUM) of your Company stood at ₹17,312.65 crore (including assignment of ₹3,722.72 crore) as at March 31, 2024 as against ₹14,166.66 crore (including assignment of ₹2,757.23 crore) in the previous Financial Year, with a growth of 22%.

Furthermore, during Financial Year under review, there was no alterations/changes in the core operations or activities or nature of business of the Company.

DIVIDEND

The Board, recognizing the capital-intensive nature of the Company, has deemed it prudent to retain earnings for the Financial Year under review to reinvest in the business. This strategic decision is anticipated to drive further growth and enhance shareholders value. Consequently, no dividend has been recommended for the Financial Year ended March 31, 2024.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations, 2015") and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve

Bank) Directions, 2021 ('RBI Master Directions') the Board of Directors of the Company formulated and adopted the Dividend Distribution Policy. The Policy is available on the website of the Company at link <https://www.aavas.in/img/pdf/dividend-distribution-policy.pdf>. and forms part of this Report as '**Annexure-5**'.

SHARE CAPITAL/ CAPITAL STRUCTURE AND DEBENTURES

Authorized Capital

There was no change in the Authorized Capital of the Company during the Financial 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, 2024 stood at ₹79,13,97,050 (Rupees seventy nine crore thirteen lakh ninety seven thousand and fifty only) consisting of 7,91,39,705 (Seven crore ninety one lakh thirty nine thousand seven hundred and five) Equity Shares of ₹10/- (Rupees ten only) each. During the Financial Year under review, the paid-up Equity Share Capital of the Company has increased on account of allotment of 82,831 Equity Shares of ₹10/- (Rupees ten only) each pursuant to the exercise of equity stock options by the eligible employees of the Company under Employee Stock Option Plans (ESOPs) of the Company.

The shares of the Company are actively traded on NSE and BSE and have not been suspended from trading.

Details of Secured Debt Securities as on March 31, 2024:

(₹ in crore)

Sr. No	ISIN	Date of allotment	Outstanding amount	Listed/Unlisted	Stock Exchange
1	INE216P07167	16-09-2019	345.00	Unlisted	-
2	INE216P07175	30-03-2020	273.48	Unlisted	-
3	INE216P07209	31-12-2020	35.00	Listed	BSE Limited
4	INE216P07217	26-11-2021	99.00		
5	INE216P07225	25-03-2022	60.00		
6	INE216P07233	20-07-2023	135.00		

TRANSFER TO SPECIAL RESERVE (UNDER SECTION 29C OF THE NATIONAL HOUSING BANK (“NHB”) ACT, 1987)

Your Company has transferred ₹98.17 crore, i.e., 20% of the net profits to Statutory Reserves during the Financial Year under review as required under the provisions of Section 29C of the NHB Act, 1987.

REVIEW OF OPERATIONS

In the domain of housing finance activities within the vibrant landscape of India, your esteemed Company stands stable, its mission is to be deeply entrenched in meeting the rapidly growing demands for housing loans. With unwavering dedication, we have charted a path of continuous expansion, covering diverse regions with strategic foresight. As of March 31, 2024, our footprint extended gracefully across 13 states, embracing 367 branches that serve as beacons of financial empowerment.

In contrast to many others in our industry who focus on big cities, we have chosen a different route with a meaningful goal. We serve in the sub-urban and rural areas of India, where people with lower to middle incomes aspire to own homes the most. In these areas, surrounded by green fields and growing communities, we feel a strong sense of purpose to help people improve their lives by owning homes.

Our mission is simple: 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.

The details with respect to operating and financial performance of your Company has been covered in the

Management Discussion and Analysis Report (MDAR), which forms part of this Annual Report.

Through out the Financial Year under review, your Company demonstrated a strong and resilient performance, as evidenced by the following financial summary:

Income & Profits

Total Income grew by 25% to ₹2020.30 crore for the Financial Year ended March 31, 2024 as compared to ₹1,610.15 crore for the previous Financial Year. Profit Before Tax (PBT) was 14% higher at ₹624.45 crore as compared to ₹548.99 crore for the previous Financial Year.

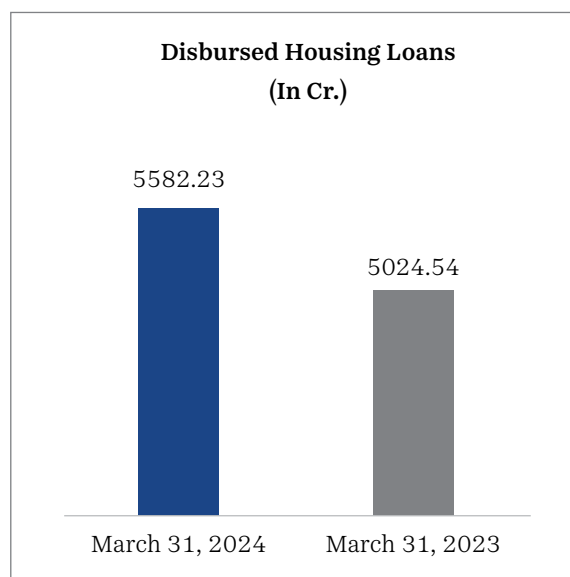
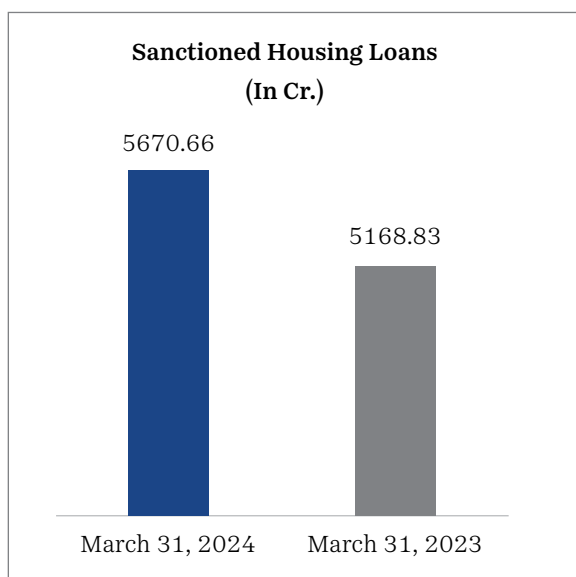
Profit after Tax (PAT) was 14% higher at ₹490.69 crore as compared to ₹430.07 crore for the previous Financial Year.

Sanctions

During the Financial Year under review, your Company has sanctioned housing loans for ₹5,670.66 crore as compared to ₹5,168.83 crore in the previous Financial Year, with an annual growth of 10%. The cumulative loan sanctions since the inception of your Company stood at ₹29,060.72 crore as at March 31, 2024. Your Company has not granted any loan against the collateral of Gold Jewellery and loan against Shares.

Disbursements

During the Financial Year under review, your Company disbursed housing loans for ₹5,582.23 crore as compared to ₹5,024.54 crore in the previous Financial Year registering an annual growth of 11%. The cumulative loan disbursement since inception as at March 31, 2024 was ₹27,963.78 crore.



Assets under Management (AUM)

The AUM of your Company stood at ₹17,312.65 crore (including assignment of ₹3,722.72 crore) as at March 31, 2024 as against ₹14,166.66 crore (including assignment of ₹2,757.23 crore) in the previous Financial Year, with a growth of 22%. As of March 31, 2024, the average size of loan sanctioned was ₹9.3 lakh and average tenure was 198.1 months in the AUM (on origination basis).

Strong Capital and Liquidity Position

The Company's total Capital Adequacy stood at 43.98% (previous Financial Year 46.96%) which is far above the minimum required level of 15% as per the provisions of the RBI Master Directions showing strong position of the Company.

The Company's Liquidity Coverage Ratio (LCR) stood comfortably at 106.14% as of March 31, 2024, against a regulatory requirement of 70%.

Non-Performing Assets (NPA)

Your Company is in adherence to the provisions of Indian Accounting Standards ("Ind AS") with respect to the 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. Using a pro-active collection and recovery management system powered by analytics and technology, the GNPA and NNPA as of March 31, 2024 stood at 0.94% and 0.67% respectively (against 0.92% and 0.68% respectively in the previous Financial Year).

CREDIT RATING

During the Financial Year under review, the Company has sustained the long-term bank facility credit ratings of AA; Stable, which has been reaffirmed by both CARE Ratings and ICRA Limited. Outlook on both ratings is Stable. The Company's short term bank and Commercial Paper facility rated as A1+ has been reaffirmed, by CRISIL.

For more details on credit ratings, kindly refer Corporate Governance Report forming part of this report or visit to website of the Company at link <https://www.aavas.in/investor-relations/credit-rating>.

REGULATORY & STATUTORY COMPLIANCES

The Company has complied with all the guidelines, circulars, notifications and directions issued by our Regulators which includes but not limited to RBI, NHB, MCA, SEBI, IRDAI, BSE and NSE 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 also complies with the provisions of the Companies Act, 2013, Secretarial Standards issued by Institute of Company Secretaries of India ("ICSI") and as notified by Ministry of Corporate Affairs, Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Master Directions'), SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR Regulations, 2015"), SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Income Tax Act 1961 and all other applicable statutory requirements.

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

The Reserve Bank of India in 2021 issued Scale Based Regulation (SBR) a revised regulatory framework for NBFC's which is applicable to your Company being a NBFC HFC-category falling under middle layer.

With respect to above, the RBI has issued various circulars/guidelines which were required to be implemented in the Financial Year 2023-24 i.e. Guidelines for appointment of Chief Compliance Officer, Guidelines on Compensation of Key Managerial Personnel and Senior Management, which were duly implemented by the Company including formation of policies, implementing procedures and to review their outcome on periodic basis.

Further, the RBI had issued Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023 effective from April 01, 2024. The Company has duly implemented and adopted the directions ensuring its compliance.

DEPOSITS

As a Non-deposit taking (NBFC-HFC) Housing Finance Company, your Company has not solicited, accepted or renewed any fixed deposits from the public, as defined in Chapter V of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. Therefore, the disclosure in terms of RBI Master Directions is not required.

AWARDS AND RECOGNITION

- Recognized as the Best BFSI Brand 2024 at The Economic Times Best Brands Conclave - ET Edge.
- Silver Award for Excellence in BRSR - MID Cap (Service Sector) at 3rd ICAI Sustainability Reporting Awards 2022-23.

- ASSOCHAM-"Excellence in Self-built Green Housing Initiative" Award.

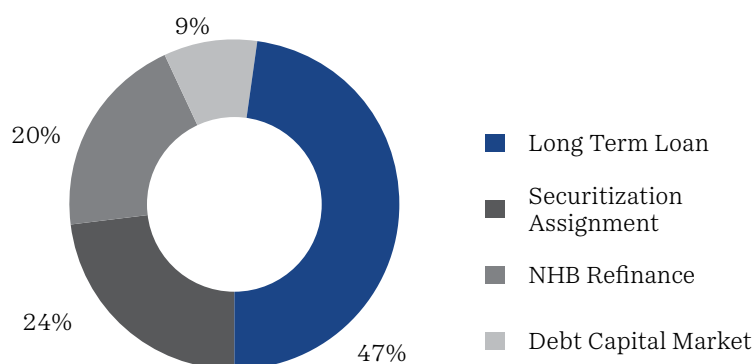
RESOURCE MOBILIZATION

Your Company has in place a borrowing policy framework to cater its borrowings needs. The objective of the policy is to diversify the liability portfolio of the Company and to reduce risk of overdependence on any particular lender and instrument. The Company has diverse set of lenders/investors that includes Public Sector Bank, Private Sector Bank, National Housing Bank, recognized Multilateral Institution and other financial institutions.

Your Company has vide Special Resolution passed on July 19, 2023, under Section 180 (1) (c) of the Companies Act, 2013, 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 ₹23,000 crore (Rupees twenty three thousand crore only) and the total amount so borrowed shall remain within the limits as prescribed by RBI.

The Weighted Average Borrowing Cost as at March 31, 2024 was 8.07% (including Securitization/Assignment) as against 7.61% as at the end of the previous Financial Year. As at March 31, 2024, your Company's sources of funding were primarily in the form of Long Term Loans from Banks and Financial Institutions (47%), followed by Securitization/Direct assignment (24%), NHB Refinance (20%), Debt capital market (9%).

Your Company has a comfortable liquidity position as on March 31, 2024 with ₹1,797.82 crore (including FD's). Further, the Liquidity Coverage Ratio ('LCR') for the Financial Year ended March 31, 2024 was 106.14% as against the regulatory requirement of 70%.



Sources of Funding as on March 31, 2024

Term Loans from Banks and Financial Institutions

The Company, during the Financial Year, received aggregate fresh loan sanctions amounting to ₹2,825 crore and has availed loans aggregating to ₹3,275.49 crore. The outstanding term loan from Banks and Financial Institutions as at March 31, 2024 were ₹7,317.01 crore (excluding PTC & CC) with an average tenure of 9.65 years.

Securitization/Assignment of Loan Portfolio

Your Company has actively tapped Securitization/Direct Assignment market, which has enabled it to create liquidity, diversify liability profile and minimizing asset liability mismatches.

During the year under review, your Company received purchase consideration of ₹1,242.96 crore from assets assigned under transfer of loan portfolio transactions and raised ₹390.16 crore through Securitization of loan receivables.

The transfer of loan portfolio transactions were carried out in line with RBI guidelines and these assets were de-recognized in the books of the Company.

Refinance from National Housing Bank (NHB)

Your Company has received fresh sanction of refinance assistance of ₹1,000 crore under the NHB refinance scheme. Your Company availed funds of ₹1,032 crore under various Refinance Schemes such as for Affordable Housing Fund, Regular Refinance Scheme and Special Refinance Facility.

Total outstanding refinance as at March 31, 2024 stood at ₹3,041.58 crore.

Refinance from SIDBI

During the year under review, your Company received aggregate fresh loan sanction amounting to ₹300 crore and has availed loans aggregating to ₹50 crore. The outstanding refinance from SIDBI as on March 31, 2024 stood at ₹49.9 crore with an average tenure of 7 years.

Non-Convertible Debentures (NCDs)

Your Company has raised long term funding through issuance of debt securities not only to the domestic Financial institution (FI) but also to Multilateral/Development Financial Institutions (DFI) and Scheduled Commercial Bank (SCB) in India. During the year under review, your Company has raised ₹150 crore through issuance of debt securities and as on March 31, 2024, the Company's outstanding NCDs stood at ₹945 crore [FI - 10 % ; DFI - 66 % and SCB- 24 %] as compared to ₹1,017 crore [FI - 12 % ; DFI - 67 % and SCB- 21 %] as on March 31, 2023.

Your Company has not issued any Commercial Paper & Short Term Instrument during the Financial Year 2023-24 and as on March 31, 2024, the Company's Commercial Paper outstanding is NIL.

Rupee Denominated External Commercial Borrowing

As on March 31, 2024, the outstanding balance of Rupee Denominated External Commercial Bond stood at ₹458.19 crore (including outstanding balance of social masala bond of ₹358.38 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 Financial 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.

One time explanation for fund raising by Large Corporate

The Company lends loans with average tenure of 15 years at origination and after considering prepayment average tenure of loans comes to around 8 years. Given the rating of the Company at AA/Stable, majority of investor in Debt Capital Markets are willing to invest only up to 3 years only. Since other source of funding are comparatively larger tenure with competitive price which helped us in managing our ALM, the 25% requirement of borrowing through debt securities could not be achieved. However, Company is keen to raise long term funds through Debt Securities.

Further, in compliance with SEBI circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023, in the event if the Company is identified as a Large Corporate for Financial Year 2025, the requirement of mandatory qualified borrowing will be endeavor to be met in a contiguous block of three years that is FY 2025, FY 2026 and FY 2027.

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

Further, the Company has in place policy for claiming unclaimed interest, dividend and redemption amount on NCS pursuant to SEBI circular dated November 08, 2023 and is available on the website of the Company at <https://www.aavas.in/codes-and-policies>.

TRUSTEE TO SECURITIES HOLDERS

In compliance to the requirements of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation 2021, the Company has appointed IDBI Trusteeship Services Limited as Debenture Trustee to protect the interest of the debenture holders of the Company.

The details of Debenture Trustee are available on the Company's website at <https://www.aavas.in/details-of-debenture-trustee-rta-and-grievance>. Further the details of Debenture Trustee is also provided at corporate information of this Annual Report.

BRANCH BUILD-UP

A branch is a regional component of a broader Company, each branch is working towards unified goal of ensuring business thrives. The Company by expansion of new branches increase profits and reach new customers, which enhances Company's operating domain across India. As on March 31, 2024, Company is operating in 13 states, with a network of 367 branches, consisting of Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Haryana, Uttar Pradesh, Chhattisgarh, Delhi, Punjab, Uttarakhand, Himachal Pradesh, Karnataka and Odisha. The Company added 21 new branches during the FY 2023-24.

Your Company has its Registered Office in Jaipur, Rajasthan and its branch network as on March 31, 2024 vis-à-vis the previous Financial Year is detailed hereunder:

State	Branches (As on March 31, 2024)	Branches (As on March 31, 2023)
Rajasthan	108	102
Madhya Pradesh	51	49
Maharashtra	49	48
Gujarat	45	44
Uttar Pradesh	32	27
Karnataka	26	24
Haryana	18	17
Uttarakhand	9	9
Chhattisgarh	9	9
Odisha	6	6
Delhi	5	4
Himachal Pradesh	4	4
Punjab	5	3
Total number of branches	367	346

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Company's Board of Directors has put integrity at the forefront of all the decisions, which is the foundation of our governance.

The Board of Directors of the Company is a panel of Members having diverse set of abilities, demonstrated experience, personal integrity ethics and Governance

expertise. In addition to skills, directors possess certain qualities that make them effective leaders and stewards of the organization.

In accordance with Section 149 of the Companies Act, 2013, Regulation 17 of SEBI LODR Regulations, 2015 and Scale Based Regulation issued by RBI as amended from time to time, your Company has optimum mix of Executive, Non-Executive and Independent Directors.

The Board of Directors of the Company 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 Members of the Company's Board of Directors are eminent persons of proven competence and integrity. Non-Executive Directors, including Independent Directors, play a critical role in imparting value to the Board processes by bringing an independent judgment in the areas of strategy, performance, resource management, financial reporting and the overall standard of Company's conducts etc.

The Board of Directors have identified Technical skills, Industry experience, competencies, special knowledge and practical experience, as required in the context of the NBFCs and Housing Finance Company's to function effectively and efficiently e.g. Accounting & Finance, Legal & Compliance, Strategic Development & Execution and Governance Board Role.

The Board of the Company comprises of 9 (Nine) Directors, comprising 3 (Three) Independent Directors (including 2 (Two) Women Directors), 5 (Five) Non-Executive Nominee Directors and 1 (One) Executive Director-Managing Director & Chief Executive Officer as on March 31, 2024, who build strong foundation in business principles and leadership.

The Composition of Board of Directors of the Company is as follows:

Name of the Director	Designation	DIN
Mr. Sandeep Tandon	Chairperson and Independent Director	00054553
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director and Chief Executive Officer	08697657
Mrs. Kalpana Kaushik Mazumdar	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
Mr. Rahul Mehta**	Promoter Nominee Director	09485275

*Mr. Kartikeya Dhruv Kaji resigned from the Board of the Company w.e.f May 21, 2024.

**Mr. Rahul Mehta was appointed as a Non-Executive, Additional Director (Promoter Nominee Director on behalf of Lake District Holdings Limited) by the Board w.e.f May 21, 2024.

Pursuant to the provisions of Section 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time the following are the Key Managerial Personnel of the Company:

Name	Designation
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director and Chief Executive Officer
Mr. Ghanshyam Rawat	President and Chief Financial Officer
Mr. Ashutosh Atre	President and Chief Risk Officer*
Mr. Sharad Pathak	Company Secretary and Chief Compliance Officer**

*re-appointed as Chief Risk Officer for a period of 5 years w.e.f. August 01, 2023.

**appointed as Chief Compliance Officer for a period of 3 years w.e.f. October 01, 2023 pursuant to RBI Notification No. DoS.CO.PPG. SEC.01/11.01.005/2022-23 dated April 11, 2022 on Compliance Function and Role of Chief Compliance Officer (CCO).

APPOINTMENT & RESIGNATION OF DIRECTORS AND KMP

During the year under review and upto the date of this report, the following changes took place in the composition of the Board:

Appointment/ Reappointments	Appointment:
	During the Financial Year under review, the shareholders at its 13 th AGM held on July 19, 2023, approved the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Director and as Managing Director and CEO of the Company with effect from May 03, 2023.

	Proposed Appointment: - The Board of Directors in its meeting held on April 25, 2024 on the Recommendation of NRC Committee has proposed to the Shareholders for Re-appointment of Mrs. Soumya Rajan (DIN: 03579199) as an Independent Director of the Company for a second term of 5 years w.e.f. August 29, 2024. - The Board of Directors on the basis of recommendation of the NRC Committee through its resolution passed by way of circulation on May 21, 2024 has appointed Mr. Rahul Mehta (DIN: 09485275) as a Non-Executive Additional Director (Promoter Nominee Director on behalf of Lake District Holdings Limited) of the Company. Appropriate resolutions seeking Shareholders approval for above appointments forms part of the Notice convening the 14th Annual General Meeting of your Company.
Resignation or Retirement	- Mr. Sushil Kumar Agarwal resigned from the post of Managing Director of the Company w.e.f. May 03, 2023. - Mr. Kartikeya Dhruv Kaji resigned from the post of Promoter Nominee Director of the Company w.e.f. May 21, 2024.
Directors Retiring by Rotation	Pursuant to the provisions of Section 152 of the Act, Mr. Kartikeya Dhruv Kaji, Promoter Nominee Director and Mr. Vivek Vig, Non Executive Nominee Director of the Company, retired and being eligible, were re-appointed with the approval of Members at the 13th AGM held on July 19, 2023. Further, in accordance with the provisions of the Act, Mr. Manas Tandon, Promoter Nominee Director and Mr. Nishant Sharma, Promoter Nominee Director of the Company are liable to retire by rotation at the ensuing 14th AGM of the Company. They are eligible and have offered themselves for re-appointment. Appropriate resolutions seeking Shareholders approval for above appointments forms part of the Notice convening the 14th Annual General Meeting of your Company.
Appointments/ Resignations of the Key Managerial Personnel (KMP)	During the year under review, no KMP were appointed or resigned except MD whose details are covered above.

DECLARATION BY INDEPENDENT DIRECTOR

Independent Directors are expected to play a significant role at the Board level and are the change agents of corporate governance. In accordance with the provisions of the Section 149(6) of the Act and Regulation 16(1)(b) & 25 of SEBI LODR Regulations, 2015, the Independent Directors have confirmed that they satisfy the criteria prescribed for Independent Directors.

In the opinion of the Board the Independent Directors fulfill the aforesaid criteria and possess requisite integrity, qualifications, proficiency, experience, expertise and are independent of the management.

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"). 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.

CERTIFICATE OF NON- DISQUALIFICATION OF DIRECTORS

All the Directors 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. None of the Directors of the Company are related to each other.

Your Company has 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 Securities Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA") or any such statutory authority. The same forms part of this Annual Report as 'Annexure-1'.

DISCLOSURE UNDER SECTION 197(14) OF THE COMPANIES ACT, 2013

The Managing Director and CEO of the Company has not received any commission from its subsidiary Company.

BOARD MEETINGS

The Company holds at least four Board Meetings in a year, one in each quarter and the dates of the Board Meetings are finalized well in advance after seeking concurrence of all the Directors. All the decisions and urgent matters approved by way of circular resolutions are placed and noted at the subsequent Board Meeting.

During the Financial Year under review, 5 (five) Board Meetings were conveyed and held. All other details of the meetings attended by each Director are detailed in Corporate Governance Report and hence, not repeated here to avoid duplication in the report.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Board Evaluation is a key means by which board can recognize and correct corporate governance problems and add real value to their organizations. A properly conducted Board Evaluation can contribute significantly to performance improvements on organizational board and individual member level.

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 (LODR) Regulations, 2015 and as per the criteria defined in the said act and regulations.

Pursuant to applicable provisions of the Act and the SEBI (LODR) Regulations, 2015, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors. The framework is monitored,

reviewed and updated by the Board, in consultation with the Nomination and Remuneration Committee, based on need and new compliance requirements.

The evaluation process is carried out through a platform called "Goveva" which is a web based platform, to ease the process of Board Evaluation, to increase the efficiency and to automate report generation.

The details of evaluation process of the Board, its Committees and individual Directors, including Independent Directors have been provided under the Corporate Governance Report, which forms part of this Report.

SEPARATE INDEPENDENT DIRECTORS' MEETINGS

During the Financial Year under review, a separate meeting of Independent Directors was held on March 26, 2024 without the attendance of Non-Independent Directors and the Management of the Company. The Independent Directors inter alia overlooks and discuss the issues arising out of the Committee Meetings and Board discussion including the quality, quantity and timely flow of information between the Company Management and the Board that is necessary for the Board to efficiently perform its obligations.

FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Familiarization Programme has been designed considering the specific needs of contemporary Corporate Governance and the expected obligations of Independent Directors in view of the onerous responsibility as prescribed under the Regulation 25(7) of the SEBI LODR Regulations, 2015.

The Program also aims to offer a conceptual framework based upon current expectations, which require the Independent Directors to adhere to a code and standard of ethics and integrity for fulfillment of their responsibilities in a professional and faithful manner to promote confidence of the investment community. Purpose of this program is to enlighten the Independent Directors with their Rights and Obligations and aware them about the regulatory environment and the business model in which Company is running its operations.

The Board is also periodically updated on the various changes, if any, in the regulations governing the conduct of Non-Executive Directors including Independent Directors.

The details of the Familiarization Programme has been hosted on the website of the Company and can be accessed through following link: <https://www.aavas.in/img/pdf/details-of-familiarization-programme-imparted-to-independent-directors.pdf>.

POLICY ON DIRECTOR'S APPOINTMENT, REMUNERATION & OTHER DETAILS

With an ambition to become one of the preferred financiers and to outperform its competitors and to remain in front in delivering best financial solutions, the Company has in place Policy on Nominations and Remuneration for Directors, Key Managerial Personnel and Senior Management Personnel to align the aspirations of human resources consistent with the goals of the Company.

The Policy on Nominations and Remuneration for Directors, Key Managerial Personnel and Senior Management Personnel of the Company is in line with the Section 178 of the Act, provisions of Regulation 19 of SEBI (LODR) Regulations, 2015 and Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs issued by Reserve Bank of India (RBI) vide circular dated RBI/2022-23/36 DOR.GOV.REC.No.29/18.10.002/2022-23 on April 29, 2022 ("RBI Guidelines"), as amended from time to time.

The Policy is available on the website of the Company and can be accessed at <https://www.aavas.in/codes-and-policies> and all the details of remuneration paid to the Directors is mentioned in Annual Return in form MGT-7, available on Company's website and can be accessed at <https://www.aavas.in/investor-relations/annual-reports>.

BOARD COMMITTEES

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

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

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 Annual Report as 'Annexure-2'.

EMPLOYEE STOCK OPTION PLAN (ESOP)

Employee Stock Options act as a tool for attracting and retaining high-quality employees. Although motivation, employee retention and awarding hard work are the key benefits, which ESOP brings to Company, there are several other significant advantages too. It also provides employees with a sense of belonging because it gives them a real stake in their firm's growth trajectory.

ESOP 2016

Pursuant to the approval accorded by the Shareholders on February 23, 2017 the Company has approved and adopted Employee Stock Option Plan for Employees-2016 ("ESOP-2016-I").

During the Financial Year under review, the Company made grant aggregating to 4,500 options on February 01, 2024 under ESOP-2016-I (d).

Performance Stock Option Plan (PSOP-2023)

The Company believes that equity based compensation schemes/plans are an effective tool to reward the talent working with the Company for delivering long-term sustainable performance and creation of stakeholder value. With a view to drive long term performance, retain talent and attract new talent, the Company formulated and implemented 'Aavas Financiers Limited - Performance Stock Option Plan- 2023' ("**PSOP-2023**") as a key component in its reward structure to the eligible employees of the Company. The PSOP-2023 was approved by the Shareholders through postal ballot on November 06, 2023.

During the Financial Year under review, the Company made grant aggregating to 71,044 options on December 12, 2023 under the PSOP-2023.

Following are the existing ESOP plans of the Company:

Sr. No.	Particulars	ESOP 2016 I	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	PSOP-2023
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.	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on August 10, 2021.	The Plan was approved by the Shareholders of the Company by a Special Resolution passed on July 21, 2022.	The plan was approved by the Shareholders of the Company by a Special Resolution passed on November 06, 2023.
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.					

It is confirmed that all the ESOP Schemes/plan of the Company are in compliance with the provisions of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI SBEB and Sweat Equity Regulations') as amended from time to time.

The Nomination & Remuneration Committee administers and monitors the ESOP Schemes/plan in compliance with the Act, SEBI SBEB and Sweat Equity Regulations and SEBI (LODR) Regulations, 2015.

The Secretarial Auditors of the Company has given a Certificate, confirming that the above ESOP Schemes/plan have been implemented in accordance with the SEBI SBEB and Sweat Equity Regulations as amended from time to time and will be available for the inspection of the Members of the Company.

The applicable disclosures as stipulated under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 with regard to Employees Stock Option Plan of the Company are available on the website of the Company at <https://www.aavas.in/investor-relations/annual-reports>.

AUDIT & AUDITORS

Statutory Auditors and Auditors' Report

In terms of provisions of Section 139 of the Companies Act 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s Walker Chandiok & Co LLP, Chartered Accountants (Firm's Registration No. 001076N/N500013) were appointed as Statutory Auditors of the Company for a period of 3 (three) consecutive years and their existing term

shall come to an end till the conclusion of the ensuing 14th Annual General Meeting (AGM) of the Company. The Audit Committee and the Board of Directors of the Company placed on record its appreciation for the services rendered by M/s Walker Chandiok & Co LLP, Chartered Accountants as the Statutory Auditors.

The Audit Report given by the Statutory Auditors on the financial statements of the Company is part of this Integrated Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Further, during the year under review, the Auditors have not reported any fraud under Section 143(12) of the Companies Act, 2013.

Pursuant to the Reserve Bank of India Circular RBI/2021-22/25Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs), ("RBI Guidelines") the Company having assets size of ₹15,000 Crore and above, as at the end of previous year the statutory audit should be conducted under joint audit of a minimum of two audit firms.

With respect to above, as the Company have crossed the threshold of ₹15,000 Crore asset size as at March 31, 2024, accordingly the Statutory Audit of the Company shall be conducted under joint audit of a minimum of two audit firms.

Pursuant to section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, RBI Guidelines for appointment of Statutory Auditor(s), the Board of Directors

based on the recommendation of Audit Committee, has recommended, the appointment of M/s. M S K A & Associates Chartered Accountants (FRN: 105047W) and M/s. Borkar & Muzumdar, Chartered Accountants (FRN: 101569W) as the Joint Statutory Auditors of the Company for a period of 3 (three) years effective from the conclusion of 14th AGM until the conclusion of 17th AGM subject to approval of the Shareholders of the Company at the ensuing AGM.

The Company has received consent and eligibility certificates from the above audit firms under applicable rules and laws that they are not disqualified and are eligible to hold the office as Auditors of the Company, if appointed.

Secretarial Auditors and Secretarial Audit Report

M/s. Chandrasekaran Associates, Practicing Company Secretaries (Firm Registration No. P1988DE002500), have carried out Secretarial Audit of the Company for the Financial Year 2023-24.

The Secretarial Audit Report forms part of this Integrated Annual Report attached as 'Annexure-3' and the remarks therein were noted by the Board and do not call for any further comments.

Furthermore, M/s. Chandrasekaran Associates, Practicing Company Secretaries has issued an Annual Secretarial Compliance Report for the Financial Year 2023-2024 in Compliance with Regulation 24A of SEBI (LODR) Regulation, 2015 which forms part of this report as 'Annexure-4' and is also submitted to Stock Exchanges.

In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit Committee recommended and the Board has re-appointed M/s Chandrasekaran Associates, Practicing Company Secretaries as the Secretarial Auditors of the Company to conduct Secretarial Audit for the Financial Year 2024-25.

INFORMATION SYSTEM AUDIT (IS AUDIT)

The landscape around information systems has been changing, therefore an IS audit focus on the governance and management aspects of technology and cybersecurity as much as it does on specific focus areas of the audit.

The Company has in place an Information Systems Audit Policy which is cognizant of business imperatives and align with the aspirations of the organization, including being agile and innovative and adopting technologies at a rapid pace. Our Head of Internal Audit (HIA) is accountable to the Audit Committee and Management in providing assurance on the adequacy and effectiveness of the Company's risk management, control and governance of information system processes used for controlling its activities and

managing its significant risks and also report material frauds and their investigations and corrective actions.

INTERNAL AUDIT & INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Reserve Bank of India has stipulated that all deposit taking and non-deposit taking NBFC-HFCs are mandated to have a Risk Based Internal Audit Framework in place by June 30, 2022. The Company being a Non-deposit taking NBFC-HFC, the circular of RBIA becomes applicable accordingly, the Company has put in place RBIA framework within the timeline and has developed an in-house team and appointed a Head of Internal Audit (HIA) to conduct audit of functional areas and operations of the Company.

The Internal Audit department is headed by the HIA who reports directly to the Audit Committee of the Board. The primary responsibility of the HIA is to effectively manage the Internal Audit department and to ensure that it adds value to the entity and its objectives. The RBIA framework effectively ensures that internal audit coverage is commensurate with the nature of complexity of business operations on an ongoing basis. HIA ensures compliance with the internal audit principles and standards and the independence of the Internal Audit department, its audit staff and its performance against key performance indicators.

The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The Company's internal financial control is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. The Company's internal financial control includes those policies and procedures that pertain to maintenance of records, provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements and 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.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS

There were no significant or material orders passed by the regulators or courts or tribunals against the Company during the Financial Year 2023-2024.

However, BSE Limited (BSE) vide their e-mail dated November 30, 2023 have levied fine of ₹10,000 excluding

GST on the Company for the delayed compliance with Regulation 60(2) of SEBI (LODR) Regulations, 2015 i.e. Delay in submission of the intimation of Record Date and there is no material impact on the financials, operations or other activities of the Company due to imposition of such fine and the Company has duly paid the fine to BSE.

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, 2024 till the date of this report except as mentioned below:

Aavas Finserv Limited, wholly owned subsidiary ("subsidiary") of the Company had initiated the voluntary liquidation and accordingly the control of subsidiary has been transferred to official liquidator. As on the date of this report the status of subsidiary is "under the process of voluntary liquidation".

Further, there has been no change in the nature of business of your Company.

MAINTENANCE OF COST RECORDS

The Company being a NBFC-HFC is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act 2013.

INFORMATION TECHNOLOGY

Your Company has always been at the forefront of Technology adoption, and effectively leveraging technology solutions to enhance productivity of the teams and provide superior experience to our customers.

The Company is in the process of building a robust and scalable technology architecture as per the charted transformation roadmap to make the Company future ready. Your Company has made significant progress in this roadmap.

The Company has already adopted a modern and innovative cloud based application stack for loan origination and customer service using Salesforce and Mulesoft platforms which provide 360-degree visibility for the entire customer life cycle. The financial systems have been upgraded to ORACLE Fusion ERP Applications. Further, the Loan Management System is also in the process of upgradation with ORACLE Flexcube Core banking application and the project is in a very advance stage of completion.

By utilising multiple India stack based fintech integrations and advance analytics capabilities, we have significantly

optimised our processes to bring in efficiency and agility at all levels.

The Company has upgraded the information security systems with modern and robust security solutions in the areas of endpoint security, cloud security and data leakage prevention solution. The Company will continue to build resilience by adopting latest technology tools, solutions, policies and procedures in line with evolving regulations and market trend.

HUMAN RESOURCE

Your Company has always believed its employees as its greatest asset and in pursuit of excellence, we continue to uphold our commitment to nurture and empower them. As we reflect on the past Financial Year, 2023, it is evident that our success is intrinsically linked to the quality and competence of our human capital.

Building upon the foundation laid in the preceding years, Aavas introduced strategic initiatives aimed at enhancing the well-being and professional growth of our employees. Notably among these initiatives are our efforts to support holistic well-being of our female employees and development of senior leadership team. During last Financial Year the Company has also come up with performance-based equity scheme to foster the culture of performance and ownership.

The Company continues to invest in a technology-driven HR department workflow and leverage the same to create seamless employee experience. These initiatives, along with our ongoing efforts to strengthen a progressive HR culture, underscore our commitment to provide a conducive and performance driven organisational environment for employee enrichment. The Company's permanent employee count stood at 6,075 as of March 31, 2024.

Looking ahead, your Company remain steadfast to create a better workplace and explore innovative ways to further elevate employee engagement at Aavas. Together, we will continue to strive for excellence, drive sustainable growth, and create value for all stakeholders.

RISK MANAGEMENT FRAMEWORK

Your Company takes risk management seriously by having a dedicated sub-committee of executives and Risk Management Committee of the Board to oversee it. This not only aligns with Regulation 21 of SEBI (LODR) Regulations, 2015 but also ensures compliance with RBI guidelines. Having such a committee helps establish a robust risk culture and governance framework within the company,

ultimately contributing to its overall sustainability and success.

The Risk Management Committee meets, at least twice a year and as needed by the Board or Chairperson. This ensures ongoing oversight of the Company's risk landscape. By ensuring appropriate methodologies, processes and systems are in place, the Committee plays a crucial role in monitoring and evaluating risks associated with the business. Additionally, overseeing the implementation of the risk management policy and evaluating the adequacy of risk management systems reflects a proactive approach to risk management within the Company.

The Company has comprehensive risk management policies in place, including a Board-approved Risk Management Policy, IT Risk Management Policy and an Internal Capital Adequacy Assessment Processes (ICAAP) policy, aligned with RBI guidelines.

The identification and monitoring of key risks such as Credit Risk, ALM Risk, Concentration Risk, Interest Rate Risk, Reputation Risk, Cybersecurity Risk, Fraud Risk, Business Risk, Exposure Risk, Competition Risk and Regulatory Risk are crucial for maintaining the Company's stability and resilience. These risks are reported to the Risk Management Committee on a quarterly basis ensuring transparency and proactive risk management.

Moreover, the utilization of institutional intelligence for underwriting methodology, executed by a qualified and experienced team, including Chartered Accountants, reflects a robust approach to risk assessment in the Company. Additionally, having dedicated vendors and professionally qualified in-house teams to address legal, technical, and operational risks further enhances the Company's risk management capabilities.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177(9) and (10) of the Act and Regulation 22 of the SEBI LODR, Regulations, 2015 the Company has formulated a Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express their concerns without fear of punishment or unfair treatment. The mechanism provides a channel to the employees and Directors for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision

for direct access to the Chairperson of the Audit Committee in exceptional cases. The identity of the Whistle Blower is kept confidential so that he/she shall not be subjected to any discriminatory practice. None of the personnel of the Company has been denied access to the Audit Committee. The whistle blower policy is placed on the website of the Company and can be accessed at <https://www.aavas.in/img/pdf/Whistle-Blower-Policy.pdf>.

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

Sexual Harassment at workplace is an extension of violence in everyday life and is discriminatory and exploitative, as it affects women's right to life and livelihood. Your Company is committed to prevent and deter the commission of acts of sexual harassment against women at workplace. The Company promotes and recognizes the right of women to protect from sexual harassment and the right to work with dignity as enshrined under the Constitution of India and the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). In terms of these commitments and the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (**"the POSH Act"**) and the rules made thereunder, the Company has formulated and implemented a Policy for prevention of sexual harassment against women and redressal of complaints thereto and has also constituted Internal Complaints Committee (ICC) under the POSH Act. ICC has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year, the Company conducted 326 workshops for employees creating awareness about POSH Act.

The details of complaints received and disposed during the Financial Year are provided in Corporate Governance Report forming part of this Annual report.

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

The Company has instituted a mechanism to avoid Insider Trading and abusive self-dealing in the securities of the Company. In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI PIT Regulations), the Company endeavors to preserve the confidentiality and prevent misuse of unpublished price sensitive information (UPSI). The Company has formulated Code of Conduct-Prevention of Insider Trading Policy with an objective to prevent misuse of any UPSI and prohibit any insider trading activity, in order to protect the interest of the Shareholders at large. Mr. Sharad Pathak, Company Secretary and Chief Compliance Officer

of the Company is authorized to act as Compliance Officer under the Code.

Further the Company has maintained a Structural Digital Database (SDD) pursuant to provisions of regulations 3 (5) and (6) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

PARTICULARS OF HOLDING/SUBSIDIARY/ ASSOCIATE COMPANIES

Your Company do not have any Holding Company or Joint Ventures.

Lake District Holdings Limited holds substantial interest in the Company.

Your Company has one unlisted wholly owned subsidiary named 'Aavas Finserv Limited' which is under Voluntary Liquidation as on March 31, 2024.

In pursuance of Provisions of Section 129(3) of the Act, Company has prepared Consolidated Financial Statements of the Company, which forms part of this Annual Report. Further, a Statement containing salient features of Financial Statement 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 at <https://www.aavas.in/investor-relations/annual-reports>. Further, the Financial Statements of the subsidiary have also been placed on our website at: <https://www.aavas.in/investor-relations/financial-subsiary>.

INVESTOR RELATIONS

Your Company always proactively engaged in strengthening investors trust through fully embracing innovations and it is using technology wisely to sustain performance today, but also leverages it for future growth. Your Company is always looking ahead and take on a holistic perspective of the operating landscape.

Your Company has deeply embraced new digital technologies (mobile applications, artificial intelligence (AI), Concept of Accounts Aggregator) to accelerate the launch of services to accelerate growth for better investor engagement and to increase their trust towards Company's operations.

In connection with the above, your Company has dedicated investor relation team, which helps the Company to communicate with its investors through Information

session on Financial Results for institutional investors and analysts via telephone conference, meetings with investors/analysts and discussions between Fund Managers and Management. Investor relation team participate in investor relations conferences each quarter in an effort to foster better relationships with investors. Presentations given by investors to fund managers, analysts and investors are posted on the Company website and are also transmitted to stock exchanges. Each quarter, the audio and video recordings of these meetings, along with their transcripts, are posted on the website at <https://www.aavas.in/investor-relations/investor-intimation>. Investor relation conferences are a great way to interact with investors and foster better relationships.

PARTICULAR OF EMPLOYEE REMUNERATION AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Rules) and 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 have been appended as an '**Annexure 8**' 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 (CSR)

Your Company is committed to integrate social and environmental concerns in their business operations and believes that, it is our moral responsibility to give back to the community, participate in philanthropic causes, and provide positive social value and wealth to stakeholders.

As a part of Company's initiatives towards CSR, the Company has undertaken projects in the areas of Rural & Community Development, Promoting Education, Healthcare, Eradicating hunger, conservation, protection and amelioration of environment from over exploitation of resources.

The CSR policy of the Company relates to the activities to be undertaken by the Company, which is in accordance with the provisions of CSR under Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Act.

The CSR Policy is hosted on Company's website and can be accessed at: <https://www.aavas.in/codes-and-policies> and the annual report on CSR activities is furnished at '**Annexure-9**' which is attached 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 in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is as follows:

Particular	Remarks
A) Conservation of energy	
The Steps taken / impact on conservation of energy	The Company has implemented several measures to promote energy efficiency and sustainability. These include equipping all branches with energy-saving IT equipment, power-saving lamps and high-end copier machines. In addition, the Company is committed in minimizing its greenhouse gas (GHG) emissions by setting its GHG emission targets. The Corporate Office of the Company has been certified LEED Gold, which is a prestigious green building certification, indicating its commitment to sustainable practices. While the nature of the Company's business involves limited resource consumption at the corporate level, the Company is dedicated to becoming technically robust and moderating resource consumption. One major initiative in this regard is the 'Gati' project, which aims to eliminate physical documentation until a loan is sanctioned in the system.
The Steps taken by the Company for utilizing alternate sources of energy	As the nature of business of the Company is providing housing finance, the only key waste products are paper, plastic and e-waste. It is a practice adopted by the Company to engage certified e-waste handlers for disposal of e-waste. The Company spent ₹218.05 lakh from its total CSR budget for the FY 2023-24 towards initiatives focused on raising awareness and education on climate change, plantation, renewable energy, and green housing. These initiatives aim to promote sustainability and address environmental challenges. Green Housing Program: The Company, in partnership with the International Finance Corporation (IFC), has developed a unique idea called Green Homes. As part of the Green Affordable Housing Program, the Company provides loans for the construction of environment-friendly homes and supports its customers in building homes that are both sustainable and affordable. The Company has implemented various initiative to reduce Paper, Plastic and E-waste which includes: ▪ The Company educate its employees through internal mailer for not using Single use plastics. ▪ Go Green Initiative: The Company also launched 'Go Green Initiative' which represents a significant stride towards leveraging cutting-edge technology to minimize paper usage within the loan processing workflow.
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) Technology absorption	
The efforts made towards technology absorption	FY 2023-24 has been a year of significant transformation for the Company. We have successfully transitioned the entire Loan origination journey and customer service processes to Salesforce cloud platform, enabling scalability and speed. Massive training and change management drives were run to make the adoption happen at the grass root level. Successfully implemented ORACLE Fusion ERP application to transform the finance and procurement functions with strong reporting, controls and compliances. We have augmented the digital customer service channels with new features and capabilities including GenAI chatbots. The end point security system has been upgraded to a leading managed detection and response platform with 24/7 monitoring. We have adopted cloud applications and services, implemented a robust secure internet gateway and also upgraded the data leakage prevention system.
The benefits derived like product improvement, cost reduction, product development or import substitution	Customer loan app adoption has increased from 62% to 71%, and more than 99% of service requests coming on the app are self-serviced. 37% increase in Customer service through digital channels with a significant contribution from service bots. Almost 100% of the property locations are geo-tagged. Further, 100% of the Technical, Legal and Risk Assessment Processes have been digitized including the vendors. We have successfully processed more than 1.6 lakhs loan application in the new Loan origination system ("LOS") in the first full year of its launch. We have integrated account aggregator system with our LOS. Almost 100% of vendor payments are now being processed digitally through our Oracle ERP module and also all transactions are now being automatically reconciled through the ORACLE ARCS system.
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 b). the year of import c). whether the technology has been fully absorbed d). if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	i. Salesforce (for LOS and CRM) ii. Oracle Fusion system (for Financial System and reporting) iii. ORACLE Flexcube (for LMS) iv. Mulesoft (for Integration of systems) 2022-23 Under implementation NA

Particular	Remarks
The expenditure incurred on Research and Development	NA
(C) Foreign exchange earnings and Outgo	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 ₹4,372.62 Lakhs. The aforesaid details are shown in the Note No. 39 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 the top 1000 listed entities based on market capitalization, shall attach a Business Responsibility and Sustainability Report ("BRSR") with the Annual report describing the initiatives taken by the listed entity from an environmental, social and governance perspective.

Pursuant to the SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 related to BRSR Core –Framework for assurance, the top 150 listed entities (by market capitalization) shall make disclosures as per the updated BRSR format, as part of their Annual Report.

However, being a top 500 listed entity and adhering to good Corporate Governance the Company has voluntarily submitted Business Responsibility and Sustainability Report (BRSR) Core for the Financial Year 2023-24, in addition to publishing Annual BRSR as per the latest Regulation.

This framework guides us to reinforce principles of ESG in all aspects of the Company's business and focus its efforts on responsible products, improving efficiency, people power and environmental consciousness aligned with the expectations stated in the Business Responsibility and Sustainability Report (BRSR).

During the Year under review, recognizing the significance of ESG (Environmental, Social, and Governance), the Company designated CSR Committee to oversee the

implementation of the Principles and Policies of Business Responsibility and Sustainability Report and reconstituted its CSR Committee as the CSR & ESG Committee. The Company has developed ESG Policy & set ESG targets to align with the growing importance of ESG, showcasing its dedication to sustainability, risk management, and long-term value creation for stakeholders.

The Business Responsibility and Sustainability Report in updated format describing the initiatives taken by the Company from an environmental, social and governance perspective along with Limited Assurance Statement from an Independent Auditor forms part of this Annual Report as 'Annexure-11'.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3) and Section 92(3) of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the Annual Return in form MGT-7 as on March 31, 2024 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

- 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 neither filed any application nor had any proceedings pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016), therefore, it is not applicable to the Company.

- 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 thereto:

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 Financial Year 2023-24 were on an arm's length basis and in the ordinary course of business under the Act and were not material under the SEBI LODR Regulations, 2015 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 SEBI LODR Regulations, 2015.

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/img/pdf/Policy-on-Materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>.

INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

Your 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'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 has approved and adopted the Internal Guidelines on Corporate Governance. The Internal Guidelines on Corporate Governance has been framed in accordance with the Act, SEBI (LODR) Regulations, 2015, RBI Master Directions, 2021 and other applicable rules and regulations.

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

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 laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) 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.

BUSINESS OVERVIEW & FUTURE OUTLOOK

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

ACKNOWLEDGEMENTS AND APPRECIATION

The Board of Directors extends their gratitude for the valuable guidance and support received from all stakeholders of the Company, including the Reserve Bank of India, National Housing Bank, Ministry of Corporate Affairs, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Stock Exchanges i.e BSE and NSE, and other regulatory authorities. They also acknowledge the support of 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 trust and support.

The Directors wish to express their appreciation to Kedaara Capital and Partners Group for their invaluable and ongoing support and guidance.

Additionally, the Directors commend the commitment demonstrated by all executives, officers, staff and the Senior Management team of the Company, which contributed to the excellent performance of the Company during the Financial Year.

For and on behalf of the Board of Directors

AAVAS FINANCIERS LIMITED

Sachinderpalsingh Jitendrasingh Bhinder

Managing Director and CEO
(DIN: 08697657)

Date: July 05, 2024

Place: Mumbai

Registered and Corporate Office:

201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302 020, Rajasthan, India
CIN: L65922RJ2011PLC034297
E-mail: investorrelations@aavas.in | Website: www.aavas.in

Manas Tandon

Promoter Nominee Director
(DIN: 05254602)

Date: July 05, 2024

Place: New York, USA

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

CIN: L65922RJ2011PLC034297

201-202, 2nd Floor, South End Square Mansarovar 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 at 201-202, 2nd Floor, Southend Square Mansarovar Industrial Area, Jaipur – 302020 Rajasthan (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) as considered necessary and explanations furnished to us by the Company & its officers and based on declarations received from respective Directors, we hereby certify that as on Financial Year ended on March 31, 2024, none of the Directors on the Board of the Company as stated below 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.	Mrs. Kalpana Iyer	01874130	23/06/2016
3.	Mrs. Soumya Rajan	03579199	29/08/2019
4.	Mr. Ramchandra Kasargod Kamath	01715073	14/07/2016
5.	Mr. Vivek Vig	01117418	14/07/2016
6.	Mr. Nishant Sharma	03117012	23/06/2016
7.	Mr. Manas Tandon	05254602	23/06/2016
8.	Mr. Kartikeya Dhruv Kaji	07641723	27/07/2017
9.	Mr. Sachinderpalsingh Jitendrasingh Bhinder	08697657	03/05/2023

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: 4186/2023

Dr. S. Chandrasekaran

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644F000215990

Date: April 25, 2024

Place: Delhi

Annexure-2

CORPORATE GOVERNANCE REPORT

“Building Trust, Fostering integrity: Our Commitment to Exemplary Corporate Governance”

COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the fulcrum of organizational sustainability and growth, as it encompasses the tenets of best practices pertaining to business activities, stakeholder’s management, especially the shareholders of the Company, environment, reporting, board effectiveness, data governance, green initiatives and so on and so forth.

Corporate Governance is the broad term used to describe the processes, customs, policies, laws, and institutions that direct organizations and corporations in the way they act, administer and control their operations. The phrase “Corporate Governance” describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations. It encompasses the mechanisms by which companies, and those in control, are held to account.

Corporate Governance means a set of systems, procedures, policies, practices, standards put in place by a corporate to ensure that relationship with various stakeholders including the Board of Directors and shareholders is maintained in transparent and honest manner.

Aavas Financiers Limited (referred to as **“Aavas”** or **“Company”**) believes in and follows the best and most sound governance practices with the highest integrity, transparency and accountability. Your Company is committed to 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 continuously works 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 with its stakeholders to make an informed decision. The Company places great emphasis on values such as the empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision-making

process, fair & ethical dealings with all and accountability to all the stakeholders.

The Company is in compliance with Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (hereinafter “RBI Master Directions”) (including erstwhile regulations), the Companies Act, 2013 (hereinafter “the Act”), Securities and Exchange Board of India (‘SEBI’) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter “SEBI (LODR) Regulations”) and all other applicable rules and regulations.

Effective Corporate Governance can incorporate many different practices, including:

- Recruiting and building a competent board
- Aligning strategies with goals
- Exercising accountability
- Having a high level of ethics and integrity
- Defining roles and responsibilities
- Managing risk effectively

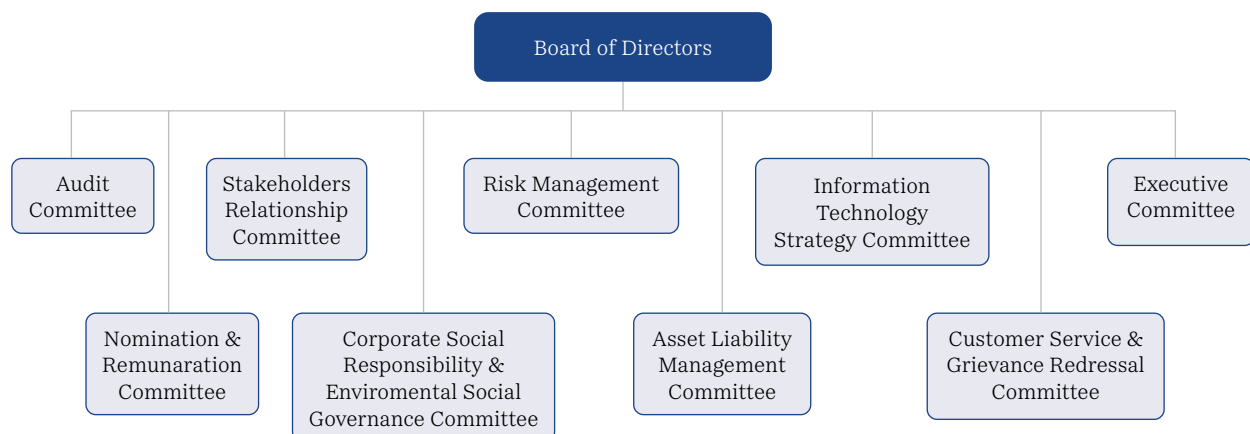


GOVERNANCE STRUCTURE AND DEFINED ROLES AND RESPONSIBILITIES

The Corporate Governance structure outlines the framework within which decisions are made and responsibilities are assigned. It typically lays out the rules and processes for decision-making as well as the allocation of rights and responsibilities among the various members of the organization, including the board, its committees, managers, auditors, shareholders and other stakeholders. Clear delineation of roles and responsibilities fosters accountability, streamlines operations and ensures effective communication and decision-making within an organization.

At Aavas, Corporate Governance 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 behaviour 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.

GOVERNANCE STRUCTURE



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. These policies provide guidelines for behavior and decision-making, ensuring that actions align with ethical principles and legal requirements.

Regular review and reinforcement of these policies are crucial for maintaining a strong ethical foundation and fostering trust among stakeholders.

The Company's Corporate Governance is reinforced through the Code of Conduct for the Board Members and Senior Management, the Code of Conduct for Prevention of Insider Trading in the Company's Securities, the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) 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 (POSH) Policy and Policy on Know Your Customer ("KYC") Norms, Anti Money Laundering ("AML") Measures and Human Rights Policy.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR)

Pursuant to Regulation 34(2)(f) of SEBI (LODR) Regulations, the top 1000 listed entities based on market capitalization, shall attach a Business Responsibility and Sustainability Report (BRSR) with the Annual report describing the initiatives taken by the listed entity from an environmental, social and governance perspective.

Pursuant to the SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023 related to BRSR

Core-Framework for assurance, the top 150 listed entities (by market capitalization) from Financial Year 2023-24 shall make disclosures as per the updated BRSR format, as part of their Annual Reports.

However, being a top 500 listed entity and adhering to good Corporate Governance the Company has voluntarily submitted BRSR Core for the Financial Year 2023-24, in addition to publishing Annual BRSR as per the latest Regulation.

This framework guides us to reinforce principles of ESG in all aspects of the Company's business and focus its efforts on responsible products, improving efficiency, people power and environmental consciousness aligned with the expectations stated in the BRSR.

BOARD OF DIRECTORS

The Board of Directors is responsible for overseeing and advising a Company so that it functions as effectively as possible. The Board ensures that an organization operates lawfully and in the interests of the Company's shareholders and other stakeholders (such as its employees). It operates independently of Company Management and day-to-day operations.

The Board of Directors of the Company 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 illustrates the interest of the Company's stakeholders, providing direction for management,

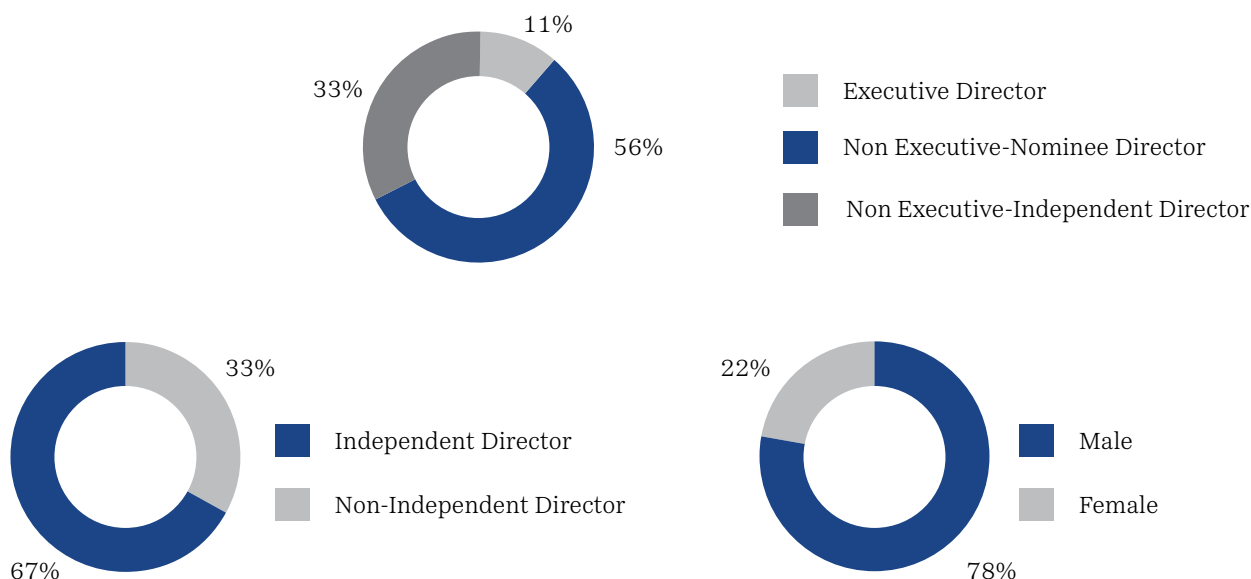
demonstrate ethical leadership, create a culture that drives value creation, make well-informed and high-quality decisions, oversees and directs the Company's overall business and affairs, reviews corporate performance, authorizes and monitors strategic investments, has an oversight on regulatory compliances and corporate governance matters. The Directors attend and actively participate in Board Meetings, General Meetings and Meetings of the Board Committees in which they are Members.

Non-Executive Directors, including Independent Directors, play a critical role in promoting transparency, accountability, and long-term sustainability in corporate governance structures. Their independence and objectivity help safeguard against conflicts of interest and ensure that Company's interests are prioritized above all else.

The Board also monitors the integrity of its business implementation and effectiveness of overall Governance Structure of the Company. The Board's actions and decisions are coordinated with the Company's best interests.

Size and Composition of Board of Directors

The Company recognizes and embraces the importance of a diverse Board in its success. 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 can significantly impact the effectiveness and governance of an organization.



The Composition of the Board is in conformity with the provisions of the Act, SEBI (LODR) Regulations and is in accordance with the highest standards of Corporate Governance.

The Company's Board has an optimum combination of Independent and Non-Independent Directors as well as Executive Directors and Non-Executive Directors including Women Independent Director.

The Board as on March 31, 2024 comprises of nine (9) Directors of whom three (3) are Independent Directors (including the Chairperson and two (2) Women Independent

Directors), five (5) are Non- Executive Nominee Directors and one (1) Executive Director i.e. Managing Director and Chief Executive Officer. The Chairperson of the Company is a Non-Executive Independent Director and not related to the Managing Director and Chief Executive Officer 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 Chief Executive Officer that fit and proper criteria in selection of the Directors has been followed. The Composition of the Board is in conformity with the Regulation 17(1) of the SEBI (LODR) Regulations.

The Composition of the Board of the Company as on March 31, 2024 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	-	12	2	1	Bachelor's and Master's in Electrical Engineering (More than 23 Years)
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director and CEO (Executive)	08697657	-	1	1	-	B.E. Chemical, MBA (Marketing & Finance) by qualifications. (More than 26 years)
Mrs. Kalpana Kaushik Mazumdar	Independent Director (Non-Executive)	01874130	7,608 (0.009%)	3	1	1	C.A. (More than 28 Years)
Mrs. Soumya Rajan	Independent Director (Non-Executive)	03579199	-	10	1	-	PG in Mathematics (More than 26 Years)
Mr. Ramachandra Kasargod Kamath##	Nominee Director (Non-Executive)	01715073	1,13,440 (0.14%)	6	3	2	Honorary Fellow of the Indian Institute of Banking and Finance, B.COM. (More than 33 Years)
Mr. Vivek Vig###	Nominee Director (Non-Executive)	01117418	4,29,257 (0.54%)	7	1	-	PG IIM (Bangalore) (More than 33 Years)
Mr. Nishant Sharma##	Promoter Nominee Director (Non-Executive)	03117012	-	8	-	-	Engineer and MBA (More than 19 Years)

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. Manas Tandon###	Promoter Nominee Director (Non-Executive)	05254602	-	5	-	-	Engineer and MBA (More than 23 Years)
Mr. Kartikeya Dhruv Kaji##	Promoter Nominee Director (Non-Executive)	07641723	-	7	7	1	MBA (More than 10 years)

*No Convertible instruments were issued to Non-Executive Directors as on March 31, 2024.

**Number of Other Directorships includes Directorships held in the Company itself, Public Limited Companies, Private Limited Companies, Section 8 Companies, but excludes foreign Companies.

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

##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.

During the Financial Year 2023-24 the following changes have been occurred in the composition of the Board of Directors:

Name of the Director	Capacity	Nature of Change	Effective Date
Mr. Sushil Kumar Agarwal	Managing Director (Executive)	Resignation	03/05/2023
*Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director and CEO (Executive)	Appointment	03/05/2023

*CEO w.e.f. Feb 02, 2023 and MD & CEO w.e.f. May 03, 2023.

As required under Schedule V of the (SEBI) LODR Regulations, the Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company.

Board Diversity

The Board comprises adequate number of members with diverse qualification, knowledge, experience and skills, such that it best serves the governance and strategic needs of the Company. The Directors are persons of eminence in areas of financial services, technology, banking, business transformation and strategy, audit and risk management, finance, law, administration, research and investment banking, etc. and bring with them experience/skills that add value to the performance of the Board. The Directors are selected purely based on merit with no discrimination on race, colour, religion, gender or nationality.

Core skills/expertise/competencies

A chart or matrix setting out the skills/expertise/competence of the Board is as below:

Matrix setting out the skills/expertise/competence of the Board	1	2	3	4	5	6	7	8	9
Name of the Director	Mr. Sandeep Tandon	Mr. Sachinderpalsingh Jitendrasingh Bhinder	Mrs. Kalpana Kaushik Mazumdar	Mrs. Soumya Rajan	Mr. Ramachandra Kasargod Kamath	Mr. Vivek Vig	Mr. Nishant Sharma	Mr. Manas Tandon	Mr. Kartikeya Dhruv Kajli
Designation	Independent Director and Chairperson	Managing Director and CEO	Independent Director	Independent Director	Non-Executive Nominee Director	Non-Executive Nominee Director	Non-Executive Promoter Nominee Director	Non-Executive Promoter Nominee Director	Non-Executive Promoter Nominee Director
Gender (Male/Female)	Male	Male	Female	Female	Male	Male	Male	Male	Male
Age (in years)	55	51	58	54	68	61	45	47	41
Nationality (Resident/Non Resident)	Resident	Resident	Resident	Resident	Resident	Resident	Resident	Resident	Resident
1 Technical Skills									
Accounting and Finance	-	✓	✓	✓	✓	✓	✓	✓	✓
ALM and Risk Management	-	✓	✓	✓	✓	✓	✓	✓	✓
Legal and Compliance	-	✓	✓	✓	✓	-	-	-	✓
Information Technology and Digital	✓	✓	-	-	✓	✓	✓	✓	✓
Product and Sales Management	✓	✓	✓	-	-	✓	-	-	-
Strategic Development and Execution	✓	✓	✓	✓	✓	✓	✓	✓	✓
2 Industry Experience									
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)	-	✓	-	-	✓	✓	-	-	-
3 Personal Attributes									
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, 2024 are as follows:

Name of Director	DIN	Name of the Listed entity	Category (Executive or Non-Executive)
Mr. Sandeep Tandon	00054553	Syrma SGS Technology Limited	Executive Director and Chairperson
Mr. Sachinderpalsingh Jitendrasingh Bhinder	08697657	-	-
Mrs. Kalpana Kaushik Mazumdar	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)
		Elcid Investments Limited	Non- Executive (Independent Director)

None of Directors hold directorship in more than ten 10 public companies and do not serve as a Director in more than seven (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 ten (10) Committees or Chairperson of more than five (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 Board of Directors oversees the overall functioning of the Company and has set strategic objectives to achieve its vision. The Board lays down the Company's policy and oversees its implementation in attaining its objectives.

The Meetings of the Board of Directors and Committees of the Board are pre-scheduled in consultation with the Board members and as a good practice, 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. Committees of the Board usually meet the day before the Board meeting, or whenever the need arises for transacting business.

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. However, certain exigent proposals are tabled with the unanimous consent of the Board, all information which is in the nature of UPSI, is circulated to the Board and its Committees at a shorter notice before the commencement of the respective Meetings. 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 also facilitated through video conferencing/ other audio-visual means to encourage effective and active involvement in the Board deliberations by Directors located in other locations.

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

The Board met 5 (five) times during the Financial Year 2023-24.



All the Meetings were held in a manner that not more than 120 days elapsed 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 2023-24) and Annual General Meeting (“AGM”) held on Wednesday, July 19, 2023 are given below:

Name of Director	Designation & Category	No. of Meetings entitled to attend	No. of Meetings Present					% of attendance	Attendance at the last AGM held on July 19, 2023
			May 03, 2023	August 03, 2023	September 28, 2023	October 26, 2023	February 01, 2024		
Mr. Sandeep Tandon	Chairperson Independent Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director and CEO (Executive Director)	5	✓	✓	✓	✓	✓	100%	Yes
Mrs. Kalpana Kaushik Mazumdar	Independent Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes
Mrs. Soumya Rajan	Independent Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes
Mr. Ramachandra Kasargod Kamath	Nominee Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes
Mr. Vivek Vig	Nominee Director Non-Executive	5	✓	✓	✓	✗	✓	80%	Yes
Mr. Nishant Sharma	Promoter Nominee Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes
Mr. Manas Tandon	Promoter Nominee Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes
Mr. Kartikeya Dhruv Kaji	Promoter Nominee Director Non-Executive	5	✓	✓	✓	✓	✓	100%	Yes

INDEPENDENT DIRECTORS

Independent Directors are known to bring an objective view in Board deliberations. They also ensure that there is no dominance of one individual or special interests group or the stifling of healthy debate. They act as the guardians of the interest of all shareholders and stakeholders, especially in the areas of potential conflict of interest.

Independent Directors play a vital role in fostering trust, integrity and accountability within the organizations. They act as a guide, counsellor, mentor and advisor to the Company. Their wide knowledge of both, their field of expertise and Board Room practices help foster varied, unbiased, independent judgement wider 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 submitted the declaration of independence stating that they meet the criteria as provided under Section 149(6) of the Act as amended from time to time. 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 Section 150 of the Act and Rule 6 of the 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/img/pdf/Terms-and-Conditions-of-appointment-of-Independent-Directors.pdf>. In the opinion of the Board, the Independent Directors fulfil the conditions as specified in Schedule V of the SEBI LODR Regulations and are independent of the management. None of the Independent Directors resigned during the Financial Year 2023-24.

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. The Fit & Proper Criteria refer to requirements for evaluating Directors. 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 Directions.

Familiarization Programmes for the Independent Directors

As per Regulation 25(7) of SEBI (LODR) Regulations, the familiarization programme aims to provide Independent Directors with the Housing industry scenario, the Socio-economic environment in which the Company operates, the business model and the operational and financial performance of the Company, to update the Independent Directors on a continuous basis on significant developments in the Industry or regulatory changes affecting the Company, so as to enable them to take well informed decisions in a timely manner.

The Company shall familiarise the Independent Directors through various programmes including updating the Independent directors on the roles, responsibilities rights and duties under the Act and other relevant legislations.

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 and various terms and conditions of their engagement.

During the year under review, the Company had provided suitable training to Independent Directors, familiarizing them with their roles, rights, duties and responsibilities, the 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 at <https://www.aavas.in/img/pdf/details-of-familiarization-programme-imparted-to-independent-directors.pdf>.

Selection and Appointment of Directors

The Company ensure that the Board consists of Members with the range of skills and capabilities to meet its primary responsibility for promoting the interest of the Company in a way, which ensures that the interests of shareholders and stakeholders are promoted and protected. 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 the RBI and NHB, SEBI (LODR) Regulations and as per the Nomination and Remuneration Policy of the Company.

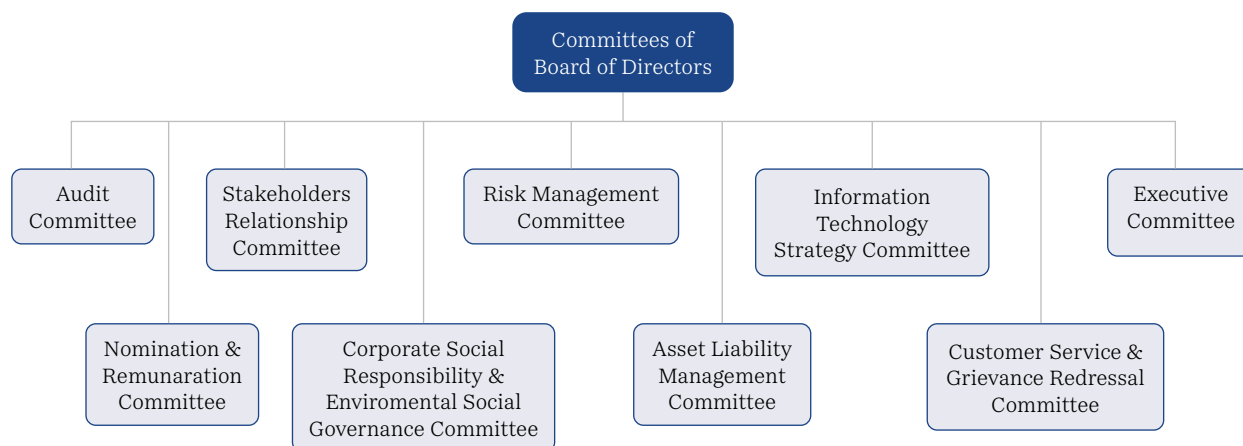
COMMITTEES OF THE BOARD OF DIRECTORS

The Committees are usually formed, as a means of improving Board effectiveness and efficiency, in areas where more focused, specialized and technical discussions are required. These Committees prepare the groundwork for decision-making and report at the subsequent board meeting. Committees enable better management of full Board's time, allow in- depth scrutiny, and focused attention.

The Board has established sub-committees comprising of Directors and Senior Management Personnel (wherever required) as its Members to emphasis on specific areas and

make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is instructed 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.

The Board has accepted all the decisions and recommendations of the Committees during the Financial Year 2023-24. The composition and functioning of these Board Committees is in compliance with the applicable provisions of the Act, SEBI (LODR) Regulations and the Master Directions issued by RBI.



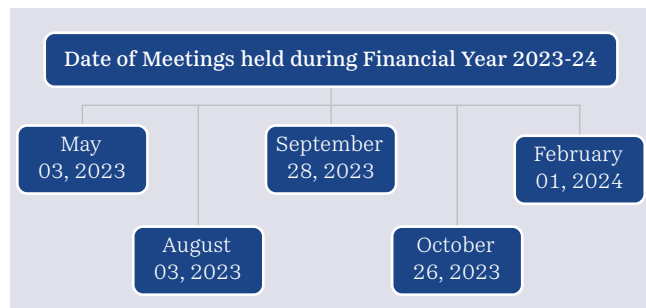
Details of the Committees of the Board as on March 31, 2024, and other related information are as follows:

Name of Director/ Member	Audit Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility & Environmental Social Governance Committee	Risk Management Committee	Asset Liability Management Committee	Information Technology Strategy Committee	Customer Service & Grievance Redressal Committee	Executive Committee
Mr. Sandeep Tandon	M	M	C	-	-	-	C	-	-
*Mr. Sachinderpalsingh Jitendrasingh Bhinder	-	-	M	M	-	C	M	C	M
Mrs. Kalpana Kaushik Mazumdar	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	-	-	C
Mr. Manas Tandon	-	-	-	-	C	-	-	-	M
Mr. Kartikeya Dhruv Kaji	-	-	M	C	-	-	M	-	-
Mr. Ghanshyam Rawat	-	-	-	-	-	M	-	M	M
Mr. Ashutosh Atre	-	-	-	-	-	M	-	-	M
Mr. Rajeev Sinha	-	-	-	-	-	-	-	M	-
Mr. Surendra Kumar Sihag	-	-	-	-	-	-	-	M	-
Mr. Ripudaman Bandal	-	-	-	-	-	M	-	-	-
Total	4	3	4	4	3	6	3	4	5

C: Chairperson M: Member

*Appointed as a Member of Stakeholders Relationship Committee, Corporate Social Responsibility & Environmental Social Governance Committee, IT Strategy Committee w.e.f August 03, 2023, May 03, 2023 and May 31, 2023 respectively and also as Chairperson of Customer Service & Grievance Redressal Committee w.e.f. May 31, 2023.

AUDIT COMMITTEE



The Audit Committee of the Company has been constituted in line with provisions of Section 177 of the Act, as well as Regulation 18(3) read with Part C of Schedule II of SEBI (LODR) Regulations, RBI Master Directions, and is chaired by an Independent Director.

At present, the Committee consists of 4 Directors as its Members, out of them 2/3rd 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 or related financial management expertise. The Company Secretary act as the Secretary to the Audit Committee.

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

The composition of the 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				
			May 03, 2023	August 03, 2023	September 28, 2023	October 26, 2023	February 01, 2024
Mrs. Kalpana Kaushik Mazumdar	Independent Director (Non- Executive)	Member & Chairperson	✓	✓	✓	✓	✓
Mr. Sandeep Tandon	Independent Director (Non- Executive)	Member	✓	✓	✓	✓	✓
Mrs. Soumya Rajan	Independent Director (Non- Executive)	Member	✓	✓	✓	✓	✓
Mr. Ramachandra Kasargod Kamath	Nominee Director (Non- Executive)	Member	✓	✓	✓	✓	✓

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 inter-alia 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 issue or rights issue or preferential issue or qualified institution placement, 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 the 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;
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 (LODR) Regulations, the Act, or other applicable regulations.

NOMINATION AND REMUNERATION COMMITTEE (NRC)



The Nomination and Remuneration Committee of the Company has been constituted in line with the provisions of Section 178 of the Act, as well as 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 Committee consists of 3 Directors as its Members, all of them being Non-Executive Directors and 2/3rd being Independent Directors. The Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee.

The Committee has focused on review of initiatives related to talent acquisition and management, succession planning, employee engagement and employee compensation.

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			
			May 03, 2023	August 02, 2023	September 28, 2023	February 01, 2024
Mrs. Soumya Rajan	Independent Director (Non-Executive)	Member & Chairperson	✓	✓	✓	✓
Mr. Sandeep Tandon	Independent Director (Non-Executive)	Member	✓	✓	✓	✓
Mr. Nishant Sharma	Promoter Nominee Director (Non- Executive)	Member	✓	✓	✓	✓

The terms of reference of the Nomination and Remuneration Committee inter-alia includes 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. For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - A. use the services of an external agencies, if required;
 - B. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - C. consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of performance of Independent Directors and the Board Of Directors;
4. Devising a policy on diversity of Board Of Directors;
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. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
7. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
8. 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.
9. Framing suitable policies and systems to ensure that there is no violation by any Employee of any applicable law 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, 2023; 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 of the Board, Individual Directors and Chairperson (including MD, CEO, Independent Directors, and Non-Independent Directors) has been 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 January 05, 2017.

As per Regulation 17(10) of SEBI (LODR) Regulations, 2015 mandates that entire board of directors shall do the performance evaluation of Independent Directors, provided that in the evaluation process, the Directors who are subject to evaluation shall not participate.

The evaluation of the performance of the Board is based on the approved criteria such as the Board composition and structure, 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; and
- 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 uses 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, Key Managerial Personnel and Senior Management Personnel

The success of any organization in achieving good performance and governance depends on its ability to attract quality individuals on the board. The Company has in place a remuneration policy which is guided by the

principles and objectives as enumerated in section 178 of the Act, regulation 19 read with Part D of Schedule II of the Listing Regulations and the Scale Based Regulations issued by Reserve Bank of India.

The policy 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 paid to the Directors is in line with the Remuneration Policy of the Company. The Remuneration Policy can be accessed on the website of the Company at https://www.aavas.in/img/pdf/Policy_on_Nomination_and_Remuneration.pdf.

Remuneration to Directors

i. 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 separately. The amount payable to the Non-Executive Directors is approved by the Board on the recommendation of NRC Committee and is within the overall limits as approved by the Shareholders of the Company from time to time.

Details of the Remuneration paid to each Non- Executive Director during the Financial Year 2023-24 is set out in the below table:

(₹ in lakh)

Name of the Directors	Remuneration			
	Salary and other compensation	Stock Options	Commission	Sitting fees
Mr. Sandeep Tandon	-	-	24.00	-
Mrs. Kalpana Kaushik Mazumdar	-	-	24.00	-
Mrs. Soumya Rajan	-	-	24.00	-
Mr. Ramachandra Kasargod Kamath	-	-	24.00	-
Mr. Vivek Vig	-	-	24.00	-
Mr. Nishant Sharma*	-	-	-	-
Mr. Manas Tandon*	-	-	-	-
Mr. Kartikeya Dhruv Kaji*	-	-	-	-

*Mr. Nishant Sharma, Mr. Manas Tandon and Mr. Kartikeya Dhruv Kaji Promoter Nominee Directors have not received any remuneration from the Company.

- **All pecuniary relationship or transactions of the Non-Executive Directors with the Company**
None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company apart from receiving remuneration in the form of profit linked commission. During the Financial Year 2023-24, the Company did not advance any loans to any of its Directors.
- **Details of service contracts, notice period and severance fees**
Service contracts, notice period and severance fees are not applicable to Non-Executive and/or Independent Director.
- **Criteria of making payments to Non-Executive Directors:**
The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Nomination and Remuneration Policy which is available on the website of the Company at <https://www.aavas.in/codes-and-policies>.

ii. Executive Director:

▪ Details of fixed components and performance linked incentives along with the Performance Criteria:

Mr. Sachinderpalsingh Jitendrasingh Bhinder is the Managing Director and Chief Executive Officer of the Company. His remuneration package comprises of salary, performance linked bonus 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. Bhinder during the Financial Year 2023-24 is as below: (₹ in lakh)

Particulars	Amount
Fixed Salary	180.4
Variable Pay/performance linked bonus	90.91
Stock Options	4,220 options granted under PSOP-2023 on December 12, 2023 to be vested and exercised as per the terms of PSOP-2023.
Others	Other benefits as per the terms of agreement and as approved by the Shareholders of the Company.

▪ Details of service contracts, notice period, severance fees:

Service contract, notice period and severance fees are as per the Employment Agreement executed between him and the Company. The Current tenure of the Managing Director is valid until May 02, 2028 and tenure in the capacity of CEO is valid until Feb 01, 2028.

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)



The Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Act, as well as Regulation 20 read with Part D of the Schedule II of SEBI (LODR) Regulations, and is chaired by an Independent Director.

At present, the Committee consists of 4 Directors as its Members with one of them being an Independent Director. The Company Secretary of the Company acts as the Secretary to the Committee.

The Committee specifically look into various aspects of interest of shareholders, debenture holders and other security holders and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, issue of new/duplicate share certificate(s), non-receipt of declared dividend and non- receipt of annual report and other related matters.

Mr. Sandeep Tandon is the Chairperson of the Committee. The Company Secretary of the Company acts as a 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			
			May 03, 2023	August 02, 2023	October 26, 2023	February 01, 2024
Mr. Sandeep Tandon	Independent Director	Member & Chairperson	✓	✓	✓	✓
Mr. Sachinderpalsingh Jitendrasingh Bhinder#	Managing Director and CEO	Member	-	-	✓	✓
Mr. Vivek Vig	Non- Executive Nominee Director	Member	✓	✓	x**	✓
Mr. Kartikeya Dhruv Kaji	Non- Executive Promoter Nominee Director	Member	✓	x*	✓	✓
Mr. Sushil Kumar Agarwal##	Managing Director	Member	-	NA	NA	NA

#appointed as a Member of the Committee w.e.f. August 03, 2023.

*leave of absence was granted from Meeting dated August 02, 2023.

**leave of absence was granted from Meeting dated October 26, 2023.

leave of absence was granted for Meeting dated May 03, 2023 and ceased to be Member of the Committee w.e.f. May 03, 2023.

The terms of reference of the Stakeholders Relationship Committee inter-alia includes the following:

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; and
4. Review of the various measures and initiatives taken by the Company 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 the 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, details of complaints are given below:-

Sr. No.	Nature of Complaints	Number of Complaints received during the period	Number of Complaints disposed off during the period	Number of Complaints remained unresolved	Number of complaints not solved to the satisfaction of the shareholders
1	Non-Receipt of Dividend/Interest/	-	-	-	-
2	Non-Receipt of Annual Report	-	-	-	-
3	Non-receipt of Refund/Credit of Shares-IPO	-	-	-	-
4	SEBI-SCORES	-	-	-	-
5	Requirement of statutory documents, records and Statutory Registers	-	-	-	-
Total		-	-	-	-

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITTEE



The CSR & ESG Committee of the Company has been constituted in terms of the provisions of Section 135 of the Act, and is chaired by a Non-Executive Director.

At present, the Committee comprises of 4 Directors as its Members including one of them being Independent Director. The Company Secretary of the Company acts as the Secretary to the Committee.

Further in recognition of the global trends and the increasing importance of Environmental, Social, and Governance (ESG) factors, Board in its Meeting held on October 26, 2023, reconstituted CSR Committee as the CSR & ESG 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		
			May 03, 2023	October 26, 2023	February 01, 2024
Mr. Kartikeya Dhruv Kaji	Promoter Nominee Director (Non-Executive)	Member & Chairperson	✓	✓	✓
Mrs. Kalpana Kaushik Mazumdar	Independent Director (Non-Executive)	Member	✓	✓	✓
Mr. Vivek Vig	Nominee Director (Non- Executive)	Member	✓	✕*	✓
Mr. Sachinderpalsingh Jitendrasingh Bhinder #	Managing Director and CEO	Member	-	✓	✓
Mr. Sushil Kumar Agarwal##	Managing Director	Member	-	NA	NA

* leave of absence was granted from Meeting dated October 26, 2023.

#appointed as a Member of the Committee w.e.f. May 03, 2023.

leave of absence was granted for Meeting dated May 03, 2023 and ceased to be Member of the Committee w.e.f. May 03, 2023.

The terms of reference of the CSR & ESG inter-alia includes the following

- 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;
- Formulate and recommend to the Board, annual action plan of CSR Activities of the Company;
- Approve the projects; recommend the amount to be spent, set project selection guidelines and monitor implementation to ensure that spending is undertaken in accordance with this Policy;
- Monitoring Progress: To measure and monitor the impact of the ESG Policy on a half-yearly basis through the half-yearly ESG Report and also, on an Annual basis through the (BRSR) as well as the Sustainability Report, which will be published annually;
- ESG Risk Monitoring: To identify, assess and manage environment related risks & opportunities and their associated impacts across its operations and value chains using the principles of materiality, and ensuring that such practices are integrated in business strategies with allocation of appropriate resources;
- ESG Roadmap & Targets: To set the ESG roadmap of the Company with short-term and long-term ESG targets for continuing improvement, and to evaluate the performance against targets through a set of key metrics for operations and value chains and report the progress to stakeholders; and
- Review & Amendment: To review the ESG Policy of the Company annually or as and when required and to also amend or modify this Policy in whole or in part as and when significant changes occur, to reflect the national & global best practices, latest policy/regulatory directions/ guidelines issued by the Government of India (GOI), RBI, NHB, SEBI and any other statutory/ regulatory authority as applicable for the Company.

RISK MANAGEMENT COMMITTEE (RMC)



The Risk Management Committee of the Company has been constituted in terms of the provisions of Regulation 21 read with Part D of the Schedule II of SEBI (LODR) Regulations, and other applicable guidelines 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.

The Board of Directors shall define the role and responsibility of the Committee and may delegate monitoring and reviewing of the risk management plan to the committee and such other functions as it may deem fit.

At present, Committee consists of 3 Directors as its Members including one Independent Director. The Company Secretary 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 are as under:

Name of the Members	Category	Designation	No. of Meetings Attended			
			May 03, 2023	August 02, 2023	October 26, 2023	February 01, 2024
Mr. Manas Tandon	Promoter Nominee Director (Non- Executive)	Member & Chairperson	✓	✓	✓	✓
Mr. Ramachandra Kasargod Kamath	Nominee Director (Non- Executive)	Member	✓	✓	✓	✓
Mrs. Soumya Rajan	Independent Director (Non- Executive)	Member	✓	✓	✓	✓

The terms of reference of the Risk Management Committee inter-alia include the following:

- To formulate a detailed Risk Management Policy which shall include:
 - 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.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the Board Of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- Reporting results of risk and credit monitoring to the Board;
- Reviewing and approving various credit proposals in terms of credit and risk management policies approved by the Board;
- Establishing policies, practices and other control mechanism to manage risks; and
- 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.

The Committee coordinate its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the Board of Directors.

ASSET LIABILITY MANAGEMENT COMMITTEE (ALCO)



The Asset Liability Management Committee of the Company has been constituted in terms of guidelines issued by the National Housing Board vide circular NHB(ND)/HFC(DRS-REG)/ALM/1407/2002 dated June 28, 2002.

At present, the Committee consists of 6 Members and the Committee is chaired by the Managing Director & CEO of the Company. The Company Secretary of the Company acts as the Secretary to the Asset Liability Management Committee.

The Committee is responsible for overseeing the management of assets and liabilities to ensure that the Company is earning adequate returns and keeping a watch on the asset liability gaps, if any. ALCO lays down policies and quantitative limits relating to assets and liabilities, based on an 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				
			May 03, 2023	August 02, 2023	October 26, 2023	February 01, 2024	February 13, 2024
Mr. Sachinderpalsingh Jitendrasingh Bhinder#	Managing Director and CEO	Member & Chairperson	-	✓	✓	✓	✓
Mr. Nishant Sharma	Promoter Nominee Director (Non- Executive)	Member	✓	✓	✓	✓	x*
Mr. Vivek Vig	Nominee Director (Non-Executive)	Member	✓	✓	x**	✓	x**
Mr. Ghanshyam Rawat	President and Chief Financial Officer	Member	✓	✓	✓	✓	✓
Mr. Ashutosh Atre	President and Chief Risk Officer	Member	✓	✓	✓	✓	✓
Mr. Ripudaman Bandral	Chief Credit Officer	Member	✓	✓	✓	✓	✓
Mr. Sushil Kumar Agarwal##	Managing Director	Member	-	NA	NA	NA	NA

#appointed as Chairperson of the Committee w.e.f. May 03, 2023.

*leave of absence was granted from Meeting dated February 13, 2024.

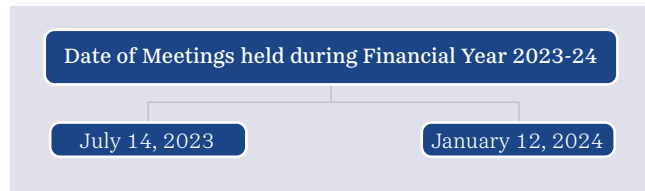
**leave of absence was granted from Meetings dated October 26, 2023 and February 13, 2024.

leave of absence was granted for Meeting dated May 03, 2023 and ceased to be Member of the Committee w.e.f. May 03, 2023.

The scope of the ALCO inter-alia includes the following:

1. Liquidity risk management,
2. Management of market risks,
3. Trading risk management,
4. Funding and capital resource planning to review the effectiveness of the Asset Liability Management control and
5. Profit planning and growth projection.

INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE



The constitution of IT Strategy Committee of the Company is as per the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023. The Committee consists of 3 Members and the Committee is chaired by the Independent Director of the Company. The Company Secretary of the Company acts as the Secretary to the IT Strategy 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	
			July 14, 2023	January 12, 2024
Mr. Sandeep Tandon	Independent Director (Non-Executive)	Member & Chairperson	✓	✓
Mr. Sachinderpalsingh Jitendrasingh Bhinder #	Managing Director and CEO	Member	✓	✓
Ms. Jijy Oommen*	Chief Technology Officer	Member	✓	✓
Mr. Kartikeya Kaji**	Promoter Nominee Director (Non- Executive)	Member	NA	NA

#appointed as a Member of the Committee w.e.f. May 31, 2023.

*ceased to be Member of the Committee w.e.f. Feb 01, 2024.

** appointed as Member of the Committee w.e.f. Feb 01, 2024.

The terms of reference of the Information Technology Strategy Committee inter-alia include the following:

- Providing input to other Board Committees and Senior Management;
- 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;
- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- 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;
- Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls;
- Ensure to put an effective IT strategic planning process;
- Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of accomplishment of business objectives;
- Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, and has adequate skilled resources, well defined objectives and unambiguous responsibilities;
- Processes for assessing and managing IT and cybersecurity risks;
- Budgetary allocations for the IT function (including for IT security), cyber security are commensurate with the IT maturity, digital depth, threat environment and industry standards; and
- Review, at least on annual basis, the adequacy and effectiveness of the Business Continuity Planning and Disaster Recovery Management of the RE.

EXECUTIVE COMMITTEE

The Board has constituted the Executive Committee of Board of Directors. It serves as a central decision-making and oversight body responsible for shaping the organization's strategic direction, policies, and operations.

The purpose of the Committee is to advise the Board of Directors in matters related to loan, borrowings, investment

and approve the financing options available to Company to meet its fund requirements within the limits specified by the Board of Directors and Shareholders of the Company. Besides this, the Committee also reviews the conduct of business and operations to consider new products and parameters and suggests business reorientation.

The composition of the Committee is as follows:

Name of the Members	Category	Designation
Mr. Nishant Sharma	Promoter Nominee Director	Chairperson
Mr. Manas Tandon	Promoter Nominee Director	Member
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director and CEO	Member
Mr. Ghanshyam Rawat	President and Chief Financial Officer	Member
Mr. Ashutosh Atre	President and Chief Risk Officer	Member

The Company Secretary of the Company acts as Secretary to the Committee.

During the period under review, total 44 Executive Committee Meetings were held on dated May 02, 2023, May 26, 2023, May 30, 2023, May 31, 2023, June 16, 2023, June 26, 2023, June 28, 2023, July 15, 2023, July 28, 2023, July 28, 2023, August 07, 2023, August 16, 2023, August 22, 2023, August 28, 2023, August 29, 2023, September 04, 2023, September 15, 2023, September 26, 2023, September 28, 2023, October 13, 2023, October 17, 2023, October 21, 2023, October 27, 2023, October 31, 2023, November 02, 2023, November 07, 2023, November 25, 2023, November 27, 2023, December 04, 2023, December 15, 2023, December 20, 2023, December 22, 2023, December 27, 2023, December 29, 2023, January 03, 2024, January 24, 2024, January 29, 2024, February 22, 2024, February 23, 2024, March 15, 2024, March 19, 2024, March 20, 2024, March 22, 2024 and March 29, 2024.

CUSTOMER SERVICE & GRIEVANCE REDRESSAL (CS & GR) COMMITTEE



The CS&GR Committee of the Company has been constituted 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 consists of 4 Members. The Company Secretary of the Company acts as the Secretary to the CS&GR 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			
			July 03, 2023	August 24, 2023	October 30, 2023	January 12, 2024
Mr. Sachinderpalsingh Jitendrasingh Bhinder#	Managing Director and CEO	Chairperson	*	✓	✓	✓
Mr. Ghanshyam Rawat	President and Chief Financial Officer	Member	✓	✓	✓	✓
Mr. Rajeev Sinha	Executive- VP Operations	Member	✓	✓	**	✓
Mr. Surendra Kumar Sihag	Chief Collection Officer	Member	✓	✓	✓	✓

appointed as a Chairperson of the Committee w.e.f. May 31, 2023.

* leave of absence was granted from Meeting dated July 03, 2023.

** leave of absence was granted from Meeting dated October 30, 2023.

MEETING OF INDEPENDENT DIRECTORS

Pursuant to Regulation 25 of SEBI (LODR) Regulations, 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 Financial Year 2023-24 was held on March 26, 2024 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, is 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

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. A policy is a statement of intent and is implemented as a procedure or protocol. For compliance with the Chapter II (Principles governing disclosures and obligations of listed entity) of SEBI (LODR) Regulations, RBI Master Directions and other applicable guidelines on the Company and keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance and also to ensure effective and efficient Internal Controls System, the Company has adopted several codes / policies / guidelines which among others include the following:

a. Internal Guidelines on Corporate Governance

In compliance with the RBI Master Directions, which establishes the Company's Corporate Governance guidelines as well as its legal, contractual, and social obligations to its various stakeholders, your company has developed and adopted internal guidelines on Corporate Governance.

The guidelines have been framed in accordance with the Act, SEBI (LODR) Regulations, RBI Master Directions and other applicable rules and regulations. The policy is reviewed, as and when necessary, by the Board in the context of changing regulations and emerging best practices with a view to improving the Company's governance standards on an ongoing basis.

The said guidelines are available on the website of the Company at <https://www.aavas.in/img/pdf/internal-guidelines-on-corporate-governance.pdf>.

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 the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 made thereunder, the Board has adopted '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 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.

The Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy") is available on the website of the Company at <https://www.aavas.in/resource/kyc-policy>.

c. Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions

Pursuant to Regulation 23 of SEBI LODR Regulations, the Company has in place 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 basis.

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/img/pdf/Policy-on-Materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>.

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. 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 and 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 Board and the Senior Management Personnel for the Financial Year ended March 31, 2024 and is attached as **"Annexure A"** with this Report.

The said code is available on the website of the Company and can be accessed at web link: <https://www.aavas.in/img/pdf/code-of-conduct-for-the-board-of-directors-and-the-senior-management-personnel.pdf>.

e. Policy for Determining Material Subsidiaries

In terms of the provisions of the SEBI LODR Regulations, the Board has adopted a 'Policy for Determining Material Subsidiaries' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary".

The following "Authorized KMPs" of the Company is severally authorized for the purpose of determining Materiality of an Event or information:

- Managing Director and Chief Executive Officer
- President and Chief Financial Officer
- President and Chief Risk Officer
- Company Secretary and Chief Compliance Officer

The Policy for Determining Material Subsidiary is available on the website of the Company at <https://www.aavas.in/img/pdf/policy-for-determining-material-subsidiaries.pdf>.

Material Subsidiary

"Material subsidiary" shall mean a subsidiary, whose income or net worth exceeds ten percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

The Company does not have any Material Subsidiary as on March 31, 2024 in terms of SEBI (LODR) Regulations, 2015.

Further, during the period under review there were no significant transactions and arrangements entered into by the subsidiary.

f. Information Technology related Policies

RBI have earlier prescribed guidelines for Information Technology Framework for the NBFC sector, 2017 for IT Practices. Further, the RBI had issued fresh directions concerning outsourcing of IT Services titled Reserve Bank of India (Outsourcing of Information Technology Services) Directions, 2023 dated April 10, 2023. Also, RBI issued Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023 which was effective from April 01, 2024. These guidelines integrated and updated the earlier instructions on IT Governance, Risk, Controls, Assurance Practices, and Business Continuity/Disaster Recovery Management separately released for Banks and NBFCs. The Company has in place required IT policies in line with the above RBI guidelines.

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

In terms of the provisions of Sub Section 9 of section 177 read with rule 7 of the Companies (Meetings of

Board and its Powers) Rule, 2014 of the Act, and Regulation 22 of SEBI (LODR) Regulation, the Company has in place Whistle Blower policy/Vigil Mechanism for the Directors and Employees to report genuine concerns or grievances about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

The Objective of this Policy is to adhere the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its Employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

Your Company believes in conducting its business affairs in a fair and transparent manner upholding the greatest levels of adopting highest standards of professionalism, honesty, integrity and ethical behaviour. 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 <https://www.aavas.in/img/pdf/Vigil-Mechanism-Policy.pdf>.

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/img/pdf/policy-for-determination-of-materiality-of-events-and-information-for-disclosure-to-the-stock-exchange.pdf>.

j. Corporate Social Responsibility (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/img/pdf/corporate-social-responsibility-policy.pdf>.

k. Code of Conduct for Prohibition of Insider Trading (PIT) and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)

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 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/img/pdf/code-for-fair-disclosure-of-upsi.pdf>.

l. Code for Independent Directors

In terms 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 Purpose of this Code is to guide the professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders,

regulators and companies in the institution of Independent Directors.

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 conducts online trainings, which form a part of the induction process.

The details of the total reported and closed cases pertaining to incidents under the above framework/law are as follows:-

Number of complaints pending as on start of the Financial Year.	1
Number of complaints filed during the Financial year	0
Number of complaints disposed of during the Financial Year	1
Number of complaints pending as on end of the Financial Year.	0

n. Dividend Distribution Policy

In terms of Provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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/img/pdf/dividend-distribution-policy.pdf>.

o. Particulars of senior management including the changes therein since the close of the previous Financial year

In adherence to the principles of Corporate Governance, our Senior Management exemplifies a strongly commitment to transparency, integrity and strategic foresight. With a meticulous focus on stakeholder value creation and prudent risk management, our esteemed leaders navigate the dynamic business landscape with poise and vision. Guided by a culture of accountability and ethical leadership, they inspire trust and confidence among investors, employees, and the broader community.

The list of Senior Management team including those falling within the definition of Senior Management Personnel as defined in SEBI (LODR) Regulations as on March 31, 2024 is covered on Page nos. 57 to 59 of the Annual Report.

During the Financial Year 2023-24, there is no change in the Senior Management team.

p. Disclosure of certain types of arrangements binding listed entities

There are no such type of agreement as per clause 5A of Paragraph A of part A of Schedule III of SEBI (LODR) Regulation that needs to be disclosed.

GENERAL SHAREHOLDERS INFORMATION

This section inter-alia provides information pertaining to 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 nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Rajasthan)
3.	Corporate Identification Number (CIN)	L65922RJ2011PLC034297
4.	Details of Annual General Meeting (“AGM”)	Wednesday, August 07, 2024 at 3:30 P.M. Indian Standard Time (IST) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) Facility.
5.	Financial Year	April 01, 2023 to March 31, 2024
6.	Record Date	NA
7.	Date of Book closure	NA
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. Masala Bonds issued by the Company are listed on NSE IFSC Limited. The addresses of NSE, BSE and NSE IFSC Limited are given below: NSE: Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai- 400051. BSE: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001. NSE IFSC Limited: Unit No. 1202, Brigade International Financial Centre, 12th 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, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 810 811 6767, FAX: +91 22 49186060 Website: www.linkintime.co.in Link for Email id registration: https://liiplweb.linkintime.co.in/EmailReg/Email_Register.html
15.	Plant Location	Since the Company is in the business of housing finance, the disclosure with regard to plant location is not applicable.
16.	Address for 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 :	Link Intime India Private Limited- Registrar & Share Transfer Agents C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai 400083 Maharashtra, India Tel: +91 810 811 6767 FAX: +91 22 49186060 Website: www.linkintime.co.in Link for registering grievance: https://liiplweb.linkintime.co.in/Helpdesk/Service_Request.html Mr. Sharad Pathak- Company Secretary & Chief Compliance Officer Aavas Financiers Limited Registered Office: 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Rajasthan) Tel: +91 141-4659239 Email: investorrelations@aavas.in
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	As of 31 March, 2024, 100% of the Company's shares are held in dematerialized form. The Company's shares are regularly traded on NSE and BSE.
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. 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

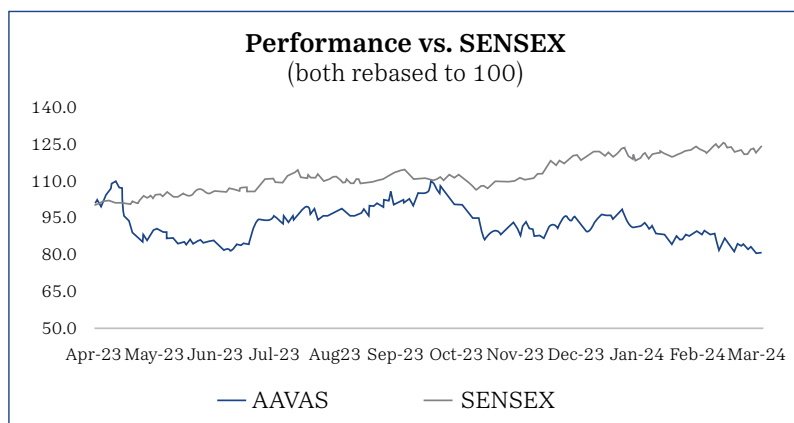
The reported high and low closing prices and volume of equity shares of the Company traded on NSE and BSE during the period under review (i.e. from April 01, 2023 to March 31, 2024) are set out in the following table:

Month	NSE			BSE		
	High Price (₹)	Low Price (₹)	Volume (No.)	High Price (₹)	Low Price (₹)	Volume (No.)
April 2023	1,812.40	1,384.65	42,21,570	1,831.85	1,384.85	5,04,682
May 2023	1,513.05	1,362.00	69,12,278	1,513.65	1,362.00	3,50,317
June 2023	1,577.80	1,335.50	1,29,29,540	1,577.05	1,335.00	25,84,323
July 2023	1,631.00	1,488.00	55,58,586	1,629.00	1,488.90	3,20,039
August 2023	1,647.00	1,532.20	43,99,386	1,648.20	1,536.20	12,02,497
September 2023	1,774.90	1,617.00	49,62,350	1,773.00	1,617.20	2,65,604
October 2023	1,817.60	1,403.15	43,11,057	1,815.00	1,405.00	2,31,293
November 2023	1,540.05	1,411.20	28,52,888	1,539.80	1,413.00	3,14,856
December 2023	1,594.95	1,416.30	74,54,544	1,595.00	1,417.00	6,05,851
January 2024	1,625.00	1,466.00	50,48,353	1,624.65	1,467.15	17,02,189
February 2024	1,522.65	1,370.00	40,23,189	1,520.85	1,364.75	6,53,773
March 2024	1,457.45	1,307.00	1,69,71,461	1,457.35	1,307.10	7,55,470

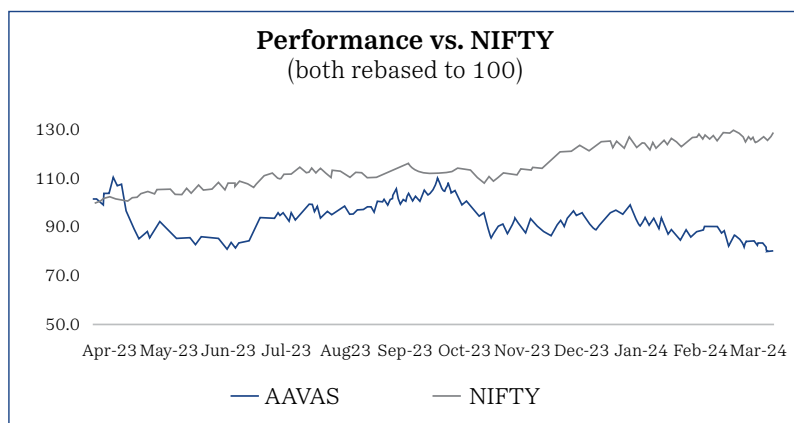
[Source: This information is compiled from the data available on the websites of NSE and BSE]

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 Instrument	Rating Agency	Term	Credit Ratings
Non-Convertible Debentures	CARE	Long Term	AA; Stable [Double A; Outlook: Stable]
	ICRA	Long Term	AA; Stable [Double A; Outlook: Stable]
Bank Loans	CARE	Long Term	AA; Stable [Double A; Outlook: Stable]
	ICRA	Long Term	AA; Stable [Double A; Outlook: Stable]
Commercial Paper	CARE	Short Term	A1+ [A One Plus]
	ICRA	Short Term	A1+ [A One Plus]
	India Ratings	Short Term	A1+ [A One Plus]

The Company's long term credit ratings has been reaffirmed by both CARE Ratings and ICRA Limited.

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
13 th AGM, 2022-2023	Wednesday, July 19, 2023 3:30 P.M(IST)	201-202, 2 nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	➤ To approve the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Director of the Company. ➤ To approve the appointment of Mr. Sachinderpalsingh Jitendrasingh Bhinder (DIN: 08697657) as Managing Director of the Company. ➤ To approve alteration in the Articles of Association of the Company. ➤ 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 Act. ➤ To approve creation of charges on assets of the Company under Section 180(1)(a) of the Act, to secure borrowings made/to be made under section 180(1)(c) of the Act. ➤ To approve issuance of Non-Convertible Debentures, in one or more tranches / issuances on Private Placement Basis.

Meeting	Day/Date/Time	Location	Details of Special Resolution passed
12 th AGM, 2021-2022	Thursday, July 21, 2022 3:30 P.M(IST)	201-202, 2 nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	➤ To reappoint Mr. Sandeep Tandon (DIN: 00054553) as an Independent Director of the Company. ➤ 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 Act. ➤ To approve creation of charges on assets of the Company under Section 180(1)(a) of the Act, to secure borrowings made/to be made under section 180(1)(c) of the Act. ➤ To approve "Equity Stock Option Plan For Employees 2022" ("ESOP-2022") of Aavas Financiers Limited.
11 th AGM, 2020-2021	Tuesday, August 10, 2021 3:30 P.M(IST)	201-202, 2 nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur-302020 (Raj) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility	➤ To reappoint Mrs. Kalpana Iyer (DIN: 01874130) as an Independent Director of the Company. ➤ 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 Act. ➤ 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 Act. ➤ To approve issuance of Non-Convertible Debentures, in one or more tranches/ issuances on Private Placement Basis. ➤ To approve "Equity Stock Option Plan For Employees 2021" ("ESOP-2021") of Aavas Financiers Limited.

b. No Extra Ordinary General Meeting was held by the Company during the Financial Year 2023-24.

c. Details of Business transacted through Postal Ballot during the Financial Year 2023-24

During the Year, the Company has conducted 2 Postal Ballots details of which are given below:

Sr. No	Description	Details of E-voting Period	Last date of E-voting (Approval Date)	Scrutinizer	Voting Pattern
1	I. Repricing of stock options granted under Equity Stock Option Plan for Employees-2020 ("ESOP-2020"). (Special Resolution) II. Repricing of stock options granted under Equity Stock Option Plan for Employees-2021 ("ESOP-2021"). (Special Resolution) III. Repricing of Stock Options granted under Equity Stock Option Plan for Employees-2022 ("ESOP-2022") (Special Resolution)	April 09, 2023 to May 08, 2023	May 08, 2023	Mr. Shashikant Tiwari - Partner of Chandrasekaran & Associates, Company Secretaries, (Membership No. - F11919)	I. In Favour- 50.96% Against- 49.04% II. In Favour- 50.96% Against- 49.04% III. In Favour- 50.96% Against- 49.04%
2	I. To approve the 'Aavas Financiers Limited Performance Stock Option Plan- 2023' ("PSOP-2023"). (Special Resolution) II. To approve payment of commission payable to Non-Executive Directors of the Company. (Ordinary Resolution)	October 08, 2023 to November 06, 2023	November 06, 2023	Mr. Shashikant Tiwari - Partner of Chandrasekaran & Associates, Company Secretaries, (Membership No. - F11919)	I. In Favour- 96.18% Against- 3.81% II. In Favour- 99.97% Against- 0.03%

The Postal Ballot dated April 9, 2023 couldn't be passed due to non-receipt of requisite number of votes in favour.

Procedure for Postal Ballot

In compliance with Sections 108, 110 and other applicable provisions of the Act, read with Companies (Management and Administration) rules, 2014 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. The Company made arrangements for those Members who did not register their e-mail address to get the same registered by following the

procedure prescribed in the Notice. 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 Company appointed a Scrutinizer for conducting the postal ballot process in a fair and transparent manner. 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), website of NSDL 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

There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing AGM require passing the resolution through Postal Ballot.

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 on March 31, 2024

Distribution of Shareholding based on Nominal Value (₹10/-) as on March 31, 2024.

Sr. No.	Category (Nominal Value of Shares)	No. of Holders	No. of Shares	% of Holders
1.	1 to 5000	1,53,370	60,61,759	98.58
2.	5001 to 10000	1197	8,52,647	0.77
3.	10001 to 20000	451	6,37,177	0.29
4.	20001 to 30000	134	3,27,216	0.09
5.	30001 to 40000	61	2,15,130	0.04
6.	40001 to 50000	50	2,29,221	0.03
7.	50001 to 100000	96	6,88,487	0.06
8.	100001 to above	223	7,01,28,068	0.14
	Total	1,55,582	7,91,39,705	100

VIII. Shareholding details as on March 31, 2024

The Shareholding Pattern of the Company, as on March 31, 2024 is as follows:-

Sr. No.	Category	No. of Holders	No. of Shares	% of Holding
1.	Foreign Portfolio Investors (Corporate)	175	2,75,33,528	34.79
2.	Foreign Promoter Company	3	2,09,49,112	26.47
3.	Mutual Funds	59	1,67,18,641	21.13
4.	Public (Public+KMP)	1,49,166	10,019,359	11.69
5.	Other Bodies Corporate	808	9,83,690	2.20
6.	Alternate Investment Funds	17	12,45,199	1.60
7.	Insurance Companies	11	10,20,755	1.28
8.	Non Resident Indians	2,215	3,21,523	0.40
9.	Non Resident (Non Repatriable)	1,580	1,87,865	0.24
10.	Hindu Undivided Family	1,532	1,55,610	0.20
11.	Clearing Members	8	2,276	0.002
12.	Trusts	8	2,147	0.002
	Total	1,55,582	7,91,39,705	100

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 and 62 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, results 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 also made 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 on the website of the Company.
- vi. **NEAPS:** NEAPS is 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):** Investor Complaints are processed at the SEBI's 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.

OTHER DISCLOSURES

i. Secretarial Audit for Financial Year 2023-24

Pursuant to the provisions of Section 204 of the Act, 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, 2024, who have carried out an independent assessment of the compliance of the Act, SEBI (LODR) Regulations and all other applicable rules and regulations as a part of Secretarial Audit. The Secretarial Audit Report forms part of the Annual Report as "Annexure- 3" 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 of ₹113.99 lakhs for Financial Year 2023-24 for all services was 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.

iii. Certification from Practicing Company Secretary

Pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 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 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 as "Annexure-B".

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

BSE Limited (Stock Exchange) had levied a penalty of ₹10,000 (Rupees Ten Thousand Only) excluding GST on the Company in terms of SEBI circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 w.r.t Delay in submission of the intimation of Record Date as per Regulation 60(2) of the SEBI (LODR) Regulations, 2015 for the month ended October 2023. Further, the Company had paid the requisite fine with Stock Exchange.

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 Chief Executive Officer (CEO) 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 as “Annexure-C”.

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 Audit function of the Company is not outsourced and the Company has appointed Head of Internal Audit internally, which directly reports to the Audit Committee of the Board.

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.

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, 2024. 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 of Directors
AAVAS FINANCIERS LIMITED

Sachinderpalsingh Jitendrasingh Bhinder
Managing Director and CEO
(DIN: 08697657)

Manas Tandon
Promoter Nominee Director
(DIN: 05254602)

Date: April 25, 2024
Place: Mumbai

Annexure-A

DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR BOARD AND SENIOR MANAGEMENT PERSONNEL

To,
The Members,
Aavas Financiers Limited
201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302020,
Rajasthan, India

In accordance with Schedule V, Para D of the SEBI (LODR) Regulation, 2015 as amended from time to time, I, Sachinderpalsingh Jitendrasingh Bhinder, Managing Director and CEO of Aavas Financiers Limited hereby confirm that, all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year 2023-24.

For **AAVAS FINANCIERS LIMITED**

Sachinderpalsingh Jitendrasingh Bhinder
Managing Director and CEO
(DIN: 08697657)

Date: April 25, 2024
Place: Mumbai

Annexure-B

**CERTIFICATE ON COMPLIANCE WITH
THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE
REQUIREMENTS) REGULATIONS, 2015**

To,
The Members
AAVAS FINANCIERS LIMITED
201-202, 2nd Floor, Southend Square
Mansarovar Industrial Area, Jaipur-302020
Rajasthan, India

We have examined all relevant records of Aavas Financiers Limited (“the Company”) for the purpose of certifying compliance with the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended 31 March, 2024. 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 Company’s Management. Our examination has been limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Listing Regulations. 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.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, 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.:- 4186/2023

Dr. S. Chandrasekaran
Senior Partner
Membership No.1644
Certificate of Practice No.715
UDIN: F001644F000216311

Date: April 25, 2024
Place: Delhi

Annexure-C**CEO AND CFO CERTIFICATION****(Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,
The Board of Directors
Aavas Financiers Limited

We, Sachinderpalsingh Jitendrasingh Bhinder, Managing Director and Chief Executive Officer and Ghanshyam Rawat, President and 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, 2024 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, 2024, 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. We have indicated to the auditors and the Audit committee:
 - (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**

Sachinderpalsingh Jitendrasingh Bhinder
Managing Director and CEO
(DIN: 08697657)

Ghanshyam Rawat
President and Chief Financial Officer

Date: April 25, 2024
Place: Mumbai

Annexure-3

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

To,

The Members

Aavas Financiers Limited

201-202, 2nd Floor, South End Square Mansarovar 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, we hereby report that in our opinion, the Company has, during the audit period covering the Financial year ended on March 31, 2024 (‘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, 2024 (‘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;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - iv. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to the extent applicable;
 - v. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to the extent applicable;
 - vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client to the extent of securities issued;
 - vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the Audit Period)
 - viii. 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) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 as amended from time to time;
- (c) Master Direction – Know Your Customer (KYC) Direction, 2016;
- (d) Master Direction- Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;
- (e) Master Circular – Returns to be submitted by Housing Finance Companies (HFCs);
- (f) Guidelines and Regulations issued by Insurance Regulatory and Development Authority to the extent applicable;
- (g) Scale based Regulations issued by Reserve bank of India dated October 22, 2021 as amended from time to time.

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 (“Listing Regulations”).

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned under.

- i) BSE Limited (Stock Exchange) had levied a penalty of ₹10,000 (Rupees Ten Thousand Only) excluding GST on the Company in terms of SEBI circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022 w.r.t Delay in submission of the intimation of Record Date as per Regulation 60(2) of the SEBI (Listing Obligation and Disclosure requirement) Regulations, 2015 for the month ended October 2023. Further, the Company had paid the requisite fine with Stock Exchange.

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 Nomination and Remuneration Committee of the Company has allotted 82,831 (Eighty-Two Thousand Eight Hundred Thirty-One) equity shares of ₹10/- (Indian Rupees Ten) each pursuant to exercise of equivalent number of Employee Stock Option under following plans:
 - i. Equity Stock Option Plan for Employees 2016: 62,831 equity shares of ₹10/- each;
 - ii. Equity Stock Option Plan for Directors 2016: 20,000 equity shares of ₹10/- each.

Considering the above said allotment of Equity shares, issued and paid-up capital of the Company stands increased to 7,91,39,705 Equity Shares of ₹10/- each.
- b. The Company has obtained the approval of shareholders in its Annual General Meeting held on July 19 2023, for:
 - i. Issuance of Non – Convertible Debentures in one or more tranches on Private Placement basis for an amount not exceeding ₹8500/- crore (Rupees eight thousand five hundred crore only).
 - ii. Alteration in the Articles of Association of the Company in terms of Regulation 23 (6) of Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations 2021.

- c. The Company has obtained the approval of shareholders through postal ballot notice dated September 28, 2023 for 'Aavas Financiers Limited - Performance Stock Option Plan- 2023' ("**PSOP-2023**"), to create, offer, grant, issue and allot to the eligible employees of the Company not exceeding ₹3,50,000 (Three lakh fifty thousand) options exercisable into not more than 3,50,000 equity shares of face value of ₹10/- (Rupees Ten only) each fully paid up.
- d. The following special resolutions for the repricing of the options value proposed through the postal ballot notice dated April 03, 2023 couldn't be passed due to non-receipt of requisite number of votes in favour:
- Repricing of Stock Options Granted under Equity Stock Option Plan for Employees -2020.
 - Repricing of Stock Options Granted under Equity Stock Option Plan for Employees -2021.
 - Repricing of Stock Options Granted under Equity Stock Option Plan for Employees -2022.
- e. The Company had issued and allotted 15000 (Fifteen Thousand) rated, listed, senior, secured, redeemable Non-Convertible Debentures ("NCDs") having a face value ₹1,00,000 (Indian Rupees One lakh) each aggregating up to ₹150.00 Crore (Indian Rupees One hundred and fifty crore on Private Placement basis).
- f. The Company has fully redeemed the following Non-Convertible Debentures of the following debenture holders:
- AU Small Finance Bank Limited and ICICI Prudential Credit Risk Fund amounting to ₹75,00,00,000 and 25,00,00,000 respectively.
 - Aavas Finserv Limited wholly owned subsidiary ("subsidiary") of the Company had initiated the voluntary liquidation and accordingly the control of subsidiary has been transferred to official liquidator. Further, during the closure of review period the status of Company was "under the process of voluntary liquidation".

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.:- 4186/2023

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644F000157635

Date: April 17, 2024
Place: New Delhi

Notes:

- 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.
- We conducted the secretarial audit by examining 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.
- 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, 2024.



Annexure-A

To,
The Members
Aavas Financiers Limited
201-202, 2nd Floor South End Square Mansarovar 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.:- 4186/2023

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644F000157635

Date: April 17, 2024
Place: New Delhi

Annexure-4

SECRETARIAL COMPLIANCE REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Board of Directors

Aavas Financiers Limited201-202, 2nd Floor, Southend Square Mansarovar Industrial Area, Jaipur – 302020 Rajasthan

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Aavas Financiers Limited (hereinafter referred as 'the listed entity'), having its Registered Office at 201-202, 2nd Floor, Southend Square Mansarovar Industrial Area, Jaipur – 302020 Rajasthan. Secretarial Review 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 listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that in our opinion, the listed entity has, during the review period covering the Financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the listed entity has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We Chandrasekaran Associates, Company Secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by the listed entity;
- (b) the filings/ submissions made by the listed entity to the stock exchanges;
- (c) website of the listed entity; and
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification.

for the year ended on March 31, 2024 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI").

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations 2015");
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the review period;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 to the extent applicable;
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to the extent applicable;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to the extent applicable;
- (i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client to the extent of securities issued;

- (j) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;
- (k) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company) to the extent applicable.

We have examined the compliance of above regulations, circulars, guidelines issued thereunder as applicable during the review period and based on confirmation received from management of the Company as and wherever required and affirm that:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Act and mandatorily applicable.	Yes	
2.	Adoption and timely updation: - All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities. - All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/ circulars/guidelines issued by SEBI.	Yes	
3.	Maintenance and disclosures on Website: - The Listed entity is maintaining a functional website. - Timely dissemination of the documents/ information under a separate section on the website. - Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website.	Yes	
4.	Disqualification of Director: None of the Director(s) of the Company is/ are disqualified under Section 164 of Act, as confirmed by the listed entity.	Yes	
5.	Details related to Subsidiaries of listed entities have been examined w.r.t.: (a) Identification of material subsidiary companies.	NA	The Company had identified and there were no Material Subsidiary Company of the Company during the review period.
	(b) Requirements with respect to disclosure of material as well as other subsidiaries.	Yes	

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every Financial Year/during the Financial Year as prescribed in SEBI Regulations.	Yes	
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or	Yes	
	(b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/ rejected by the Audit Committee, in case no prior approval has been obtained.	N.A.	The Company has obtained the prior approval of Audit Committee for all Related Party transactions.
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein.	No	BSE Limited (Stock Exchange) had levied a penalty of ₹10,000 (Rupees Ten Thousand Only) excluding Goods and Services Tax on the Company in terms of SEBI circular no. SEBI/HO/DDHS/ DDHS_Div1/ P/CIR/2022/000 0000103 dated July 29, 2022 w.r.t Delay in submission of the intimation of Record Date as per Regulation 60(2) of the SEBI (Listing Obligation and Disclosure requirement) Regulations, 2015 for the month ended October 2023. Further, the Company had paid the requisite fine with Stock Exchange.
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.	No	No non- compliance observed for all SEBI regulation/circular /guidance note etc.

Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/ Remarks by PCS
1.	Compliances with the following conditions while appointing/re-appointing an auditor:		
	i. If the auditor has resigned within 45 days from the end of a quarter of a Financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or	NA	The auditor has not resigned during the period.
	ii. If the auditor has resigned after 45 days from the end of a quarter of a Financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or		
	iii. If the auditor has signed the limited review/ audit report for the first three quarters of a Financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such Financial year as well as the audit report for such Financial year.		
2.	Other conditions relating to resignation of statutory auditor:		
	i. Reporting of concerns by Auditor with respect to the listed entity/its material subsidiary to the Audit Committee:	NA	The auditor has not resigned during the period.
	a. In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information / non- cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the listed entity and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.		
	b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents, has been brought to the notice of the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the Company, the auditor has informed the Audit Committee the details of information/ explanation sought and not provided by the management, as applicable.		
	c. The Audit Committee / Board of Directors deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.		
	ii. Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the listed entity/ its material subsidiary has not provided information as required by the auditor.	NA	The auditor has not resigned during the period.
3.	The listed entity/its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/ CFD/ CMD1/114/2019 dated 18 th October 2019.	NA	The auditor has not resigned during the period.

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1	Intimation of record date in terms of Regulation 60 (2) of the SEBI LODR Regulations 2015	Regulation 60(2) of the SEBI LODR Regulations 2015 read with SEBI Circular no. SEBI/HO/DHS/DDHS _Div1/ P/ CIR/2022 /00000001 03 dated July 29, 2022	Delay in submission of the intimation of record date for part principal repayment of debenture bearing ISIN: INE216P07 233 for the month ended October 2023	BSE Limited	Imposition of penalty	Delay in submission of the intimation of record date in terms of Regulation 60(2) of the SEBI LODR Regulation s 2015 for part principal repayment of ISIN: INE216P07 233 for the month ended October 2023	₹10,000 (Rupees Ten Thousand Only) excluding GST.	The Company had paid the prescribed penalty. We offer no further comments	The Company has paid the required penalty amount	None

The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
										Not Applicable during the review period

Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.
5. 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, 2024.
6. 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.
7. 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.

For Chandrasekaran Associates

Company Secretaries

FRN: P1988DE002500

Peer Review Certificate No: 4186/2023

Dr. S. Chandrasekaran

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644F000157668

Date: April 17, 2024

Place: New Delhi

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 8th 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 1st day of April and ending on the 31st 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;
- vi. Long term growth plans of the Company;
- vii. Financial requirement for business expansion and/or diversification, acquisition 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); and
- 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 conditions; and
- 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	i. The Company is complied with the provisions of Section 29 C of The National Housing Bank Act, 1987. ii. The Company is complied with the prevailing regulations/ guidelines issued by the Reserve Bank. iii. The NHB has not placed any explicit restrictions on declaration of dividend.

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 extraordinary 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.
- vi. any other circumstances as may be decided by the Board depending upon the situation at that time.

The Board of Directors, while considering the proposals for dividend, shall take into account each of the following aspects:

- a. Supervisory findings of the National Housing Bank (NHB) on divergence in classification and provisioning for Non-Performing Assets (NPAs).
- b. Qualifications in the Auditors Report to the financial statements.
- c. Long term growth plans of the HFC.

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; and
- 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 I. 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) 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)

S. 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	April 01, 2023 to November 02, 2023
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	1500
6.	Reserves and surplus	-349.01
7.	Total assets	1183.41
8.	Total Liabilities	32.42
9.	Investments	NIL
10.	Turnover	39.70
11.	Profit before taxation	7.54
12.	Provision for taxation	92.41
13.	Profit after taxation	-84.87
14.	Proposed Dividend	NIL
15.	Extent of shareholding (in percentage)	100%

Notes:-

- Names of subsidiaries which are yet to commence operations: - NIL
- Names of subsidiaries which have been liquidated or sold during the year: - Aavas Finserv Limited (Under voluntary Liquidation w.e.f. Nov 03, 2023).

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

**Sachinderpalsingh
Jitendrasingh Bhinder**
Managing Director and CEO

(DIN: 08697657)

Manas Tandon
Promoter Nominee
Director

(DIN: 05254602)

Ghanshyam Rawat
President and Chief
Financial Officer

Sharad Pathak

Company Secretary and
Chief Compliance Officer
(FCS:9587)

Date: April 25, 2024

Place: Mumbai

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 arrangements or transactions entered into during the Financial year ended March 31, 2024, which were not at arm's length basis.

Details of material contracts or arrangements or transactions at arm's length basis. The below contracts or arrangements are not material and are at arm's length basis, however it is disclosed voluntarily:

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	* Aavas Finserv Limited, Wholly Owned Subsidiary	Infrastructure Sharing Agreement	3 years	- Agreement Date: April 01, 2022 - The office space of the Holding Company shall be used amongst the Subsidiary Company and the Holding Company in a combined/joint manner for the purpose of the carrying on respective business activities. - 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. - 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. SHARING OF EXPENSES & METHOD OF PAYMENT The Holding Company will recover the actual cost incurred and the cost recovered is on arm's length price and are similar to the cost recover from other parties for the same services if any. Methodology for sharing of Infrastructure cost between both the companies is given as under: - 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. - 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. - Re-imbursement of Statutory Payment: Any Statutory payment made by either Company on behalf of the other Company shall be reimbursed as per actuals. Agreement Date: Oct 06, 2022.	May 05, 2022	Nil
2	**Perfios Software Solutions Private Limited, Private Company in which Director of the Company is Director	Service Agreement	3 years	- Agreement Date: Oct 06, 2022. - Service Agreement for Insight Statement upload API and Insight generate Link API. - The Company will pay consideration as set out in the agreement. - The transaction is at arm's length basis and in the ordinary course of business. Further, there is no other conflict of interest in the said transaction.	Oct 26, 2023	Nil

*Aavas Finserv Limited is under Voluntary Liquidation w.e.f. Nov 03, 2023.

**The Company had executed an agreement with Perfios on October 26, 2022. But, due to appointment of Mr. Kartikeya Dhiruv Kaji on the Board of Perfios on Oct 19, 2023, it became related party.

For and on behalf of the Board of Directors

AAVAS FINANCIERS LIMITED

Sachinderpalsingh Jitendrasingh Bhinder

Managing Director and CEO
(DIN: 08697657)

Date: April 25, 2024
Place: Mumbai

Manas Tandon

Promoter Nominee Director
(DIN: 05254602)

Annexure-8

PARTICULARS 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.	Executive Director *Mr. Sachinderpalsingh Jitendrasingh Bhinder : 99.32 X Non- Executive Directors Mr. Sandeep Tandon : 8.79 X Mrs. Kalpana Kaushik Mazumdar : 8.79 X Mrs. Soumya Rajan : 8.79 X Mr. Ramachandra Kasargod Kamath : 8.79 X Mr. Vivek Vig : 8.79 X Note:- 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 2023-24.
2.	The percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the Financial Year.	Directors *Mr. Sachinderpalsingh Jitendrasingh Bhinder (MD & CEO) : 130.38% Mr. Sandeep Tandon (Independent Director) : 0.00% Mrs. Kalpana Kaushik Mazumdar (Independent Director) : 0.00% Mrs. Soumya Rajan (Independent Director) : 0.00% Mr. Ramachandra Kasargod Kamath (Nominee Director) : 0.00% Mr. Vivek Vig (Nominee Director) : 0.00% Key Managerial Personnel's (KMP's) other than Directors Mr. Ghanshyam Rawat (President and CFO) : 12.96% Mr. Ashutosh Atre (President and CRO) : 35.79% Mr. Sharad Pathak (CS and CCO) : 35.62%
3.	The percentage increase/ (decrease) in the Median Remuneration of Employees in the Financial Year.	13.44%
4.	No. of Permanent Employees on the Rolls of the Company.	6,075

Sr. No.	REQUIREMENTS	DISCLOSURE
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.	The average percentage increase in the remuneration of all employees (other than KMP's): 11.33% The average percentage increase in the remuneration of KMP's: 54.93% Further there was no exceptional circumstance which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.
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.

*appointed w.e.f May 03, 2023 as MD & CEO. Further for the purpose of calculating % increase in the remuneration of MD & CEO, average salary of 2 months have been considered to arrive at comparable figure, as he was appointed as CEO on Feb 02, 2023.

Notes:

1. Calculations of remuneration have been made on comparable and annualized basis.
2. The remuneration of KMP's was taken from the Audited Financial Statements for Financial Year 2023-24.
3. 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

Sachinderpalsingh Jitendrasingh Bhinder

Managing Director and CEO
(DIN: 08697657)

Manas Tandon

Promoter Nominee Director
(DIN: 05254602)

Date: April 25, 2024

Place: Mumbai

DISCLOSURES OF EMPLOYEES PURSUANT TO SUB RULE 2 & 3 OF RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. 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	Contractual	Chartered Accountant and Company Secretary	47	22 years	ICICI Bank Limited	23-Feb-11	292.53	0.11	No
2	Mr. Sachinderpalsingh Jitendrasingh Bhinder**	Managing Director and CEO	Contractual	B.E. Chemical, MBA (Marketing & Finance)	51	25 Years	Kotak Mahindra Bank Limited	02-Feb-23	271.31	0.00	No
3	Mr. Ghanshyam Rawat	President and Chief Financial Officer	Permanent	Chartered Accountant and Bachelor of Commerce	56	27 years	First Blue Home Finance Limited	01-Jun-14	270.59	0.83	No
4	Mr. Ashutosh Atre	President and Chief Risk Officer	Permanent	Diploma in finance from SVKM's NMIMS University and diploma in mechanical engineering from M.P. Board of Technical Education, Bhopal	54	33 years	Equitas Housing Finance Private Limited	14-May-14	215.55	0.13	No
5	Mr. Siddharth Srivastava	Chief Business Officer	Permanent	Master's in Business administration from Institute of Management Studies, Indore	49	20 Years	ICICI Bank Limited	11-July-22	160.62	0.00	No
6	Mr. Ripudaman Bandral	Chief Credit Officer	Permanent	Masters in Finance & Control from Punjabi University, Patiala.	50	27 years	Indiabulls Housing Finance Limited	01-Jun-21	156.53	0.00	No
7	Mr. Anshul Bhargava	Chief People Officer	Permanent	Certification in Business Management from IIM Calcutta	58	34 years	Power System Operation Corporation Limited	07-May-22	150.33	0.00	No
8	Mr. Rajaram Balasubramaniam	Chief Strategy Officer and Head of Analytics	Permanent	Chartered Accountant and Bachelor of Commerce	47	21 years	Citibank	24-Nov-21	127.88	0.00	No

S. 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)
9	Mr. Surendra Kumar Sihag	Chief Collections Officer	Permanent	Bachelor of arts and LLB degree - both from University of Rajasthan and Master of Business Administration from the Periyar University	51	21 years	Bajaj Finance Limited	02-Jan-17	114.60	0.04	No
10	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 -USA.	46	25 years	Kinara Capital	12-Apr-21	111.30	0.00	No

Notes:

- *Resigned w.e.f. May 03, 2023. Remuneration includes salary, bonus for the FY 2022-2023, ex-gratia payment for 6 months, gratuity and was in receipt of remuneration, at a rate which, in the aggregate, was not less than ₹8.50 lakh per month for part of the year.
- **Appointed as MD & CEO w.e.f May 03, 2023.
- Remuneration comprises of salary (fixed and variable), allowances, perquisites/ taxable value of perquisites but doesn't include perquisite value of ESOPs exercised.
- No employee of the Company, employed throughout the Financial year 2023-24 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 holds by himself or along with his spouse and dependent children, more than 2 % of the Equity Shares of the Company.

For and on behalf of the Board of Directors

AAVAS FINANCIERS LIMITED

Sachinderpalsingh Jitendrasingh Bhinder

Managing Director and CEO

(DIN: 08697657)

Manas Tandon

Promoter Nominee Director

(DIN: 05254602)

Date: April 25, 2024

Place: Mumbai

Annexure-9

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief Outline on CSR Policy Of The Company.

The Company has made the effort to support numerous initiatives that meet the needs of the community and society while also benefiting stakeholders on a social level. The organization wants to concentrate on environmental issues in addition to social ones.

CSR initiatives undertaken by the Company also benefit the community and society. The primary focus areas are Environment, Health, Education, Rural Development. The Company's goal is to conduct CSR activities in a wider range of sectors and areas. The corporation manages a number of corporate social responsibility projects for the benefit of different stakeholders, society, and the community. The projects have a beneficial effect and ensure that, in the event that money is invested in a specific project, the benefits will undoubtedly reach the people.

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"). To achieve the greatest possible impact, every CSR action is designed and carried out with a targeted approach towards the intended recipients. The Company's CSR initiatives are either directly carried out through projects managed by project management teams, through its foundation, or in collaboration with reliable implementation agencies.

The Company has established 'Aavas Foundation' ("The Foundation") in order to advance the Company's CSR Vision and carry out social programs in a much more cooperative and participatory manner.

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)	3	3
2.	Mrs. Kalpana Kaushik Mazumdar	Member (Independent Director)	3	3
3.	Mr. Vivek Vig	Member (Non-Executive Nominee Director)	3	2
4.	*Mr. Sachinderpalsingh Jitendrasingh Bhinder	Member (Managing Director and Chief Executive Officer)	3	2

* Mr. Sushil Kumar Agarwal Ceased to be Member w.e.f. May 03, 2023 and Mr. Sachinderpalsingh Jitendrasingh Bhinder appointed as member w.e.f. May 03, 2023.

3. Provide the web-link(s) where composition of csr committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company.

- (i) The composition of CSR Committee is available at Our Team (aavas.in).
- (ii) The CSR Policy of the Company is available at <https://www.aavas.in/codes-and-policies>.
- (iii) The CSR projects approved by the Board: <https://www.aavas.in/img/pdf/csr-approved-projects-2023-24.pdf>.

4. Provide the executive summary along with web-link(s) 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. : N/A

5. a) Average net profit of the Company as per sub-section (5) of section 135.

₹45,239.26 lakh

b) Two percent of average net profit of the Company as per sub-section (5) of section 135.

₹904.79 lakh

c) Surplus arising out of the CSR projects or programmes or activities of the previous Financial years.

NO

d) Amount required to be set off for the Financial year, if any.

₹32.62 lakh

e) Total CSR Obligation For The Financial Year [(b)+(c)-(d)].

₹872.17 lakh

6. a) Amount spent on CSR projects (both ongoing project and other than ongoing project).

₹877.01 lakh

b) Amount spent in administrative overheads.

₹26.5 lakh

c) Amount spent on impact assessment, if applicable.

NO

d) Total amount spent for the Financial Year [(a)+(b)+(c)].

₹903.51 lakh

e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in lakh)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
903.51	N/A	N/A	N/A	N/A	N/A

f) Excess amount for set off, if any:

Sl. No. (1)	Particular (2)	Amount (in lakh) (3)
(i)	Two percent of average net profit of the Company as per sub-section (5) Section 135	₹872.17
(ii)	Total amount spent for the Financial Year	₹903.51
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹31.34
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	N/A
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	₹31.34

7. Details of unspent corporate social responsibility amount for the preceding three Financial Year:

1 Sl. No.	2 Preceding Financial Year(s)	3 Amount transferred to Unspent CSR Account under sub- section (6) of section 135 (in lakh)	4 Balance Amount in Unspent CSR Account under sub- section (6) of section 135 (in lakh)	5 Amount Spent in the Financial Year (in lakh)	6 Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub- section (5) of section 135, if any		7 Amount remaining to be spent in succeeding Financial Years (in ₹)	8 Deficiency, if any
					Amount (in lakh)	Date of Transfer		
1	FY-1 2020-21	0	0	0	0	0	0	0
2	FY-2 2021-22	48.43	0	0	0	0	0	0
3	FY-3 2022-23	0	0	48.43	0	0	0	0

8. Whether any capital assets have been created or acquired through corporate social responsibility amount spent in the Financial Year:

☐ Yes ☒ No

If Yes, enter the number of Capital assets created/ acquired

The details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
NIL							

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

N/A

For and on behalf of the Board of Directors

AAVAS FINANCIERS LIMITED

Sachinderpalsingh Jitendrasingh Bhinder
Managing Director and CEO

(DIN: 08697657)

Date: April 25, 2024

Place: Mumbai

Kartikkeya Dhruv Kaji
Promoter Nominee Director and
Chairperson of CSR Committee

(DIN: 07641723)

Manas Tandon
Promoter Nominee Director

(DIN: 05254602)

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 the Act and Rules made thereunder and SEBI (LODR) Regulations.

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/Decrease 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;
 - (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; and
 - (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 Act, 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) Regulations, “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 Company 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 Company 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 Company 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 regulation 15(2) of the SEBI (LODR) Regulations 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) Regulations 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 Act, 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 Year:

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 of the Company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Act;
- ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of turnover of the Company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Act;
- iii) leasing of property any kind amounting to ten percent or more of the turnover of the Company, as mentioned in clause (c) of sub-section (1) of section 188 of Act; and
- 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 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;

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 shall review the policy at least once in three years" and at such interval as may be approved by the Board in line with the applicable law.

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 the Company and Wholly Owned Subsidiary Company whose accounts are consolidated with such the Company and placed before the shareholders at the general meeting for approval;
- c. transactions entered into between two wholly-owned subsidiaries of the Company, whose accounts are consolidated with such 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.

Annexure-11

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT**Section A:****General Disclosures****I. Details of the listed entity**

1.	Corporate Identity Number (CIN) of the Listed Entity:	L65922RJ2011PLC034297
2.	Name of the Listed Entity:	Aavas Financiers Limited
3.	Year of incorporation:	2011
4.	Registered office address:	201-202, 2 nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur - 302020, Rajasthan, India
5.	Corporate address:	Same as Above
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 2023-24
10.	Name of the Stock Exchange(s) where shares are listed:	Equity shares are listed on the National Stock Exchange of India Limited (NSE) & BSE Limited.
11.	Paid-up Capital:	₹79,13,97,050/- as on 31 March 2024
12.	Name and contact details of the person who may be contacted in case of any queries on the BRSR report:	Mr. Sharad Pathak, Company Secretary and Chief Compliance officer Email- investorrelations@aavas.in
13.	Reporting boundary:	Disclosures made in this report are on a standalone basis and pertain only to Aavas.
14.	Name of the Assurance provider:	Grant Thornton Bharat LLP
15.	Type of Assurance obtained:	Limited Assurance (attached as Annexure-A)

II. Products/services**16. 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 Services	Other Financial Activities	100%

17. 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, construction, renovation and repair of residential properties. In addition to home loans, the Company offers mortgage-backed MSME and home equity loans.	64910	100%

III. Operations

18. 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.*	375**	375**
International		-	-

*The Company is a Non-Banking Financial Company - Housing Finance Company (NBFC-HFC) and hence does not undertake any manufacturing activity.

**The Company has 367 branches and 8 offices then the total number of offices will be 375.

19. Markets served by the entity:

a. Number of locations

Location	Number of offices
National (No. of States)	13
International (No. of Countries)	-

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The Company does not have any operations outside the Indian boundaries. Hence, there is no contribution of exports in total turnover of the entity.

c. A brief on types of customers

The Company specializes in providing home financing solutions to communities that have traditionally been underserved, unserved or overlooked by major financial institutions. Its strategic focus is on catering to the housing needs of low and middle-income groups primarily in semi-urban and rural areas. By doing so, the Company effectively bridges a critical gap in the housing finance landscape and reaches out to a niche market segment that is often neglected by larger financial institutions.

The average ticket size is ₹9.3 Lakh and the average tenure of the loan is 16.5 years.

Category	% of AUM in FY 2023-24
Salaried Customers	40.16 %
Self-employed Customers	59.84 %

Category	Income Per Annum	% of AUM in FY 2023-24
Economical Weaker Section	Up to 3 Lakh	18.59%
Low Income Group	More than 3 Lakh to 6 Lakh	35.55 %
Middle Income Group	More than 6 Lakh to 18 Lakh	34.35 %
High Income Group	More than 18 Lakh	11.51%

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and Workers (including differently abled)

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	6,075	5,788	95.27%	287	4.73%
2.	Other than Permanent (E)	2,470	2,340	94.73%	130	5.27%
3.	Total Employees (D+E)	8,545	8,128	95.11%	417	4.89%
WORKERS						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total Workers (F+G)	NA	NA	NA	NA	NA

b. Differently abled Employees and Workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	2	2	100%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total Differently Abled Employees (D+E)	2	2	100%	0	0%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total Differently Abled Workers (F+G)	NA	NA	NA	NA	NA

21. Participation/Inclusion/Representation of Women:

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22.22%
Key Management Personnel	4	0	0%

22. Turnover rate for permanent Employees and Workers:

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	52.62%	34.55%	51.80%	47.58%	28.30%	46.86%	45.82%	29.86%	45.34%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

V. Holding, Subsidiary and Associate Companies (including joint ventures)**23. 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 (under voluntary liquidation w.e.f. Nov 03, 2023)	Subsidiary	Nil	No

VI. CSR Details**24 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes**(ii) **Turnover (in ₹):** 2,020.30 Crore(iii) **Net worth (in ₹):** 3,773.32 Crore

VII. Transparency and Disclosures Compliances

25. 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 redress policy).*	FY 2023-24 Current Financial Year			FY 2022-23 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remark	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remark
Communities	Yes	Nil	Nil	-	Nil	Nil	-
Investors (other than shareholders)	Yes	Nil	Nil	-	Nil	Nil	-
Shareholders	Yes	Nil	Nil	-	2	Nil	-
Employees	Yes	Nil	Nil	-	Nil	Nil	-
Customers	Yes	380	Nil	-	225	Nil	-
Value Chain Partners	Yes	Nil	Nil	-	Nil	Nil	-

*The policies on the Company's Conduct with its stakeholders, including the grievance mechanisms are placed on the Company's website. The link to grievance redressal mechanisms for investors <https://www.aavas.in/details-of-debenture-trustee-rta-and-grievance>, 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 policies placed on the intranet of the Company for redressal of grievances of employees.

26. 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	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive & negative implications)
1.	Affordable Housing-Lending to Lower and middle income customers with undocumented income.	Opportunity as well as Risk	Opportunity: Affordable Housing is need of the 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. Risk: The Company primarily focuses on serving Lower and Middle level customer from underserved and unserved areas, that largely consist of individuals with un-documented income.	The Company possesses strong customer assessment standards which helps to moderate risks. Measures for risk mitigation include verification of credit history from credit risk 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. Using conservative loan to value parameters and strong customer assessment standards, further aids the Company in mitigating credit risk.	Positive: India's urban population is estimated to double between 2018 and 2050. This trend is driven by factors such as rising per capita income and nuclearization of families, which gives immense scope to Company under Affordable Housing. Negative: However, undocumented history of receiving income makes it difficult to determine ability of customers to receive stable income, in future.
2.	Financial and Digital Inclusion	Opportunity	The Company regards financial and digital inclusion as a significant opportunity to expand its reach, enhance customer engagement and make its services accessible to the underserved populations, thereby fostering social equity.	The Company continues to expand its reach, penetrating deeper and deeper into semi-urban and rural peripheries of India. The Company has now embarked on 'Pragati' and implemented Salesforce and Oracle in its system. The Company also launched the 'Go Green Initiative' which represents a significant stride towards leveraging cutting-edge technology to minimize paper usage within the loan processing workflow.	Positive: Focusing on financial and digital inclusion not only democratizes finance, allowing broader segments of the population to participate in the economy, but it also promotes personalized and efficient service delivery, enhancing customer satisfaction.

S. No	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive & negative implications)
3.	Diversity, Equity and Inclusion (DEI)	Opportunity	The Company is uniquely positioned to lead in DEI because investment in a diverse and inclusive work culture mirrors the diverse clientele served, positioning the Company for broader affordable market relevance and sustained growth.	The Company has developed inclusive hiring practices to attract talent from diverse genders, cultural backgrounds, qualifications, and age groups. The Company also offers targeted mentorship programs, ensures equal pay for equal work and implements equitable promotion policies to retain its diverse talent pool.	Positive: A DEI-focused workplace promotes a sense of belongingness and respect, leading to higher employee morale and satisfaction. Diverse teams also bring in a variety of perspectives and ideas, fostering creative solutions to complex financing challenges.
4.	Climate Change	Risk	For any organization engaged in providing affordable housing finance, climate change presents multifaceted risks. The Company recognizes the environmental risks associated with its lending activities as well as its abilities to capitalize on opportunities in mitigating climate change by financing projects and home loans that are inclined towards sustainability.		
(a)	Physical Risks	Risk	Occurrence of extreme weather events like rising sea levels, floods, cyclones, tsunami etc.	The Company has a well-diversified portfolio across different geographies and segments, digitization of loan process and implementation of Business Continuity Management Policy (BCMP).	Negative: Potential for erosion of capital damage to infrastructure and assets leading to financial losses for the Company as well as its clients.

S. No	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive & negative implications)
(b)	Transition Risk	Risk	Shifting regulatory landscapes and policies aimed at combating climate change, which may include restrictions on business/ financing activities that directly or indirectly cause an adverse impact on the environment.	The Company is making reasonable efforts to reduce and eliminate its direct and indirect adverse impacts on the environment by moderating resource consumption, encouraging sustainable and digitized operations with 'Go Green Initiative', promoting Green Offices/Branches and also, developing ecosystem for financing Green Affordable Housing.	Negative: Potential risk of asset devaluation for properties that are not built as per sustainable standards. Increased operational costs associated with adapting investment strategies to meet new market demands and regulatory requirements. Potential for increased compliance costs as environmental regulations become stricter.
5.	Green Self-Built Housing	Opportunity	The Company is providing loans for construction of environment-friendly homes and supporting its customers in building homes that are sustainable as well as affordable.	The Company is working towards Green Home Ecosystem Development by reaching out to employees, customers, masons, contractors etc. and making them aware about the benefits of green homes through direct calling, SMS, Whatsapp messages, workshops, trainings, social media, brochures, and educative short films.	Positive: Loans for self-built housing have added a sustainability dimension to our value chain, making us pioneers in introducing concept of sustainable construction of self-built homes in Indian Housing Finance space
6.	Community Wellbeing and Social Impact	Opportunity	Engaging in social welfare activities not only enhances a company's corporate goodwill and social reputation, but also enables the company to connect with the sentiments and aspirations of the community. This connection, in turn, contributes to the company's long-term sustainable growth.	The company acknowledges the significance of social responsibility and its role in positively impacting people's lives. To execute its Corporate Social Responsibility(CSR) initiatives, the company collaborates with Aavas Foundation and other implementing partners. For more information, please refer to Annexure 9 of the Director's Report.	Positive: Engaging in social activities fosters a positive reputation and cultivates public trust.

Section B:

Management and Process Disclosures

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

[illegible]

5. Specific commitments, goals and targets set by the entity with defined timelines, if any:

	Target	Timeline
Environment	Carbon Neutrality (Scope 1 & 2 Emissions)	70% by FY 2032-33 and 100% by FY 2049-50
	Scope 3 Emissions (Plastic & Paper Waste)	50% by FY 2027-28
	Carbon Offset	By FY 2029-30
	- Planting 70,000 Trees - Solar Plant 3,500 KWP - Green Housing Offset	
Social	Increase Women Workforce up to 8%	By FY 2027-28
	Increase women workforce in H.O. & related office up to 25%	By FY 2027-28
	Maintain Fresh Hire up to 20%	Every Year
	Increase the Specially Abled Employees up to 10	By FY 2027-28
	CSR:- - Engage 5,50,000 + people in Education & Holistic Development. - Increase 4,50,000+ beneficiary through women employability under Gram Siddhi Program.	By FY 2029-30
Governance	BRSR Core Assurance	From FY 2023-24
	Target to get low ESG risk ratings/score.	-
	Climate Impact reporting and became a member of CDP and attain a rating of A.	By FY 2027-28
	Sustainability Report to be aligned with international reporting frameworks.	-

6. Performance of the entity against specific commitments, goals, targets along-with reasons in case the same are not met:

Environment:
- The Company has reduced its total emissions (Scope 1 & 2) by 4.33% as compared to previous year, as first step towards achieving carbon neutrality. - The Company is phasing out the usage of Single use plastic and striving towards reducing use of plastic in its office, branches and promotional activities. - The Company under its “Go Green Initiative” digitized its operations to minimize paperwork and facilitate online applications for home loans through its web portal and mobile application. - The Company has planted more than 1,850 trees and installed 295 KWP Solar plant which result in carbon saving. - The Company has financed 150 Self-Built Green Homes and has saved more than 186 Mt Co2, 8,891 m³ water and 276 MWhe energy per year.

Social:
▪ The Company has 4.89% women employees in the current financial year and has more than 21% women employees in its Corporate Office and related offices. ▪ To advance gender equality, the Company has introduced several initiatives, including the Prerna Rise- Women Managers Empowerment Program, Prerna Webinars and Chapters, Women Wellness Leave, Workplace Hygiene and organized Women Excellence award. ▪ Under Employee health and Well-being, the Company provides flexible working hours, Group insurance, Accidental and Health insurance as well Maternity and Paternity leaves. ▪ Through its CSR program, the company established 320 Gram Siddhi centers in Rajasthan, Gujarat, and Madhya Pradesh and 52,800 people were benefitted.
Governance:
▪ The Company has reconstituted its CSR Committee as the CSR & ESG Committee to highlight its increased focus on Environmental, Social, and Governance (ESG) matters. ▪ The Company has implemented an ESG Policy to guide its actions and decision-making. ▪ The Company has obtained independent assurance of its Green House Gas (GHG) Statement and also received an Independent Auditor's Certificate for its disclosures under the GRI Reporting Standards. ▪ The Company has voluntarily complied with BRSR Core-Assurance which is annexed with its BRSR Report.

Governance, leadership and oversight

7. Statement by Director responsible for business responsibility report, highlighting ESG related challenges, targets and achievements.

We are proud to share the remarkable progress we have made in embracing green and sustainable solutions not only within our work life but also beyond. We firmly believe that charity begins at home, which is why we began by obtaining green building certification for our own Corporate Office.

In the Indian Housing Finance space, we are breaking new ground by addressing the financing gap in supporting the construction of green self-built homes by beneficiaries, particularly in the affordable segment. We enable lower and middle-income households to construct energy-efficient, independent Green Homes, aiming for a substantial 20% reduction in materials, energy consumption, and water usage. This initiative not only lowers the cost of home ownership but also elevates our commitment to environmental responsibility. This pioneering initiative is unparalleled globally and serves as a shining example of scalable, inclusive, and cost-friendly climate action.

Our commitment to fostering a welcoming environment extends to our new hires. We actively engage them in our workforce and have implemented various initiatives to advance gender equality. These include the Women Managers Empowerment Program, Prerna Webinars and Chapters and the Women Excellence award. Through these efforts, we aim to empower women in leadership positions and create a more inclusive and equitable work environment.

Our approach to sustainability encompasses a wide range of areas, from climate response and efficient resource utilization to promoting diversity and inclusion. Additionally, we prioritize digitization and the implementation of robust data security systems. Our holistic and result-oriented approach ensures that sustainability is deeply ingrained in our DNA.

We are confident that our unwavering commitment to sustainability will continue to drive positive change within our Company and beyond. Together, we are making a meaningful impact on the world around us.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Sachinderpalsingh Jitendrasingh Bhinder Managing Director and Chief Executive Officer (MD and CEO) DIN:- 08697657

10. Details of Review of NGRBCs by the Company:

	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
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.								
			The processes and compliances are subject to scrutiny by Internal Auditor, Statutory Auditor, Secreterial Auditor, Regulators and Credit Rating Agencies 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.						
			An independent assessment of the ESG Reporting of the Company has been provided by Churchgate Partners. Link - https://www.aavas.in/esg-reporting .						
			The Company has obtained independent assurance of its Green House Gas (GHG) Statement and also received an Independent Auditor's Certificate for its disclosures under the GRI Reporting Standards from Grant Thornton Bharat LLP.						

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	Yes	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next Financial Year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

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 develops customized learning paths for employees in different roles and career stages. The Company collaborates with reputed universities, colleges and professional training organisations to support career development for its employees. It also leverages technology to provide e-learning platforms in the form of webinars, virtual classrooms and self-paced online courses.

UDAAN: Taking Flight Towards Leadership Excellence- For the second consecutive year, the Company partnered with the prestigious business school at IIM Ahmedabad to implement a six month leadership development program for 33 mid-to-senior level employees, in furtherance of its commitment towards the development of future leaders. This learning opportunity was part of the Company’s commitment to invest in the growth and development of its future leaders.

‘RISE’- Women Managers Empowerment- The Company facilitated a three-day empowerment training program for a group of 75+ female employees. The training sessions were thoughtfully designed with a futuristic approach, ensuring high levels of engagement, interactivity, and enlightenment. The program aimed to provide valuable insights and empower the women employees, offering them an eye-opening experience that would contribute to their personal and professional growth.

‘Prerna Wellness Series’: The Company introduced Prerna series to enhance the health and overall wellbeing of its valued women employees. This initiative includes various strategies such as mentoring, training, coaching interventions and buddy programs. Aavas also prioritizes the health and psychological well-being of its all female employees, offering women-friendly policies and creating a safe working environment.

‘Green Home Training’: The Company organised intensive capacity building and training programs round the year to promote green home awareness among its front-line teams across all branches covering 8,400+ employees through group workshops, virtual webinars and self-paced training courses.

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
BOD	45 Hours	Familiarization Program on Cyber Security Awareness Training , Technology Update and Programme on Regulatory Updates by SEBI/MCA/NHB/RBI	100%
KMP	25 Hours	Cyber Security Awareness Training , Technology Update and Programme on Regulatory Updates by SEBI/MCA/NHB/ RBI, Insider Trading, POSH Training etc.	100%
Employees other than BOD and KMPs	1,18,404 Hours	Monday Morning Learning Hour, IIM, Prarambh Induction, Cyber Security Training, Green Homes Training, Credit & Collections Training, Refresher Training, BM-BH Program, POSH Training etc.	100%

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*	Principle 1	BSE Limited	10,000 (excluding GST)	On November 30, 2023, BSE Limited issued a notice on Company with reference to SEBI circular no. SEBI/HO/DDHS/DDHS_Div1/P/CIR/2022/0000000103 dated July 29, 2022, in terms of Regulation 60(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for delay in submission of the notice of Record Date. The Company paid the fine within the prescribed time limit.	No
Settlement	-	Nil			
Compounding Fee	-				

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	-			

*This is not being classified as material under Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015.

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
	NA

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.

The Company has implemented an Anti-bribery and Corruption Policy, which demonstrates its commitment to maintain a zero-tolerance approach towards bribery and corruption. This policy aligns with the prevailing regulations and laws on anti-bribery and anti-corruption in India. Its scope covers all individuals within the Company, including directors, senior management, employees, and anyone else who is directly associated with the Company. The objective of this policy is to establish a robust and transparent operational framework that promotes accountability in all aspects of the Company's operations. The Company also communicates and creates awareness among its employees through its internal communication practice. The policy is available on the website of the Company at <https://www.aavas.in/codes-and-policies>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 2023-24 (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

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.

NA

8. Number of days of accounts payables ((Accounts payable * 365) / Cost of goods/services procured) in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Number of days of accounts payable	10.78	4.13

9. Open-ness of business: Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Nil	Nil
	b. Number of trading houses where purchases are made from	Nil	Nil
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Nil	Nil
Concentration of Sales	a. Sales to dealers/ distributors as % of total sales	Nil	Nil
	b. Number of dealers/distributors to whom sales are made	Nil	Nil
	c. Sales to top 10 dealers/ distributors as % of total sales to dealers/ distributors	Nil	Nil
Share of RPTs in	a. Purchases (Purchases with related parties/ Total Purchases)	0.005%	Nil
	b. Sales (Sales to related parties/ Total Sales)	Nil	Nil
	c. Loans & Advances (Loans & Advances given to related parties/ Total Loans & Advances)	0.002%	0.002%
	d. Investments (Investments in related parties/ Total Investments made)	Nil	Nil

Leadership Indicators

1. Awareness programs conducted for value chain partners on any of the Principles during the Financial Year:

During the year, the Company organized various programs and has taken various initiatives for its value chain partners as well as to improve awareness of green homes built up across diverse locations and branches across India. These include:

Total Number of Awareness Programs Held	Topics/Principles covered under the training	% age of value chain partners covered (by the value of business done with such partners) under the awareness programmes.
One	Women Managers Empowerment Program	The Company facilitated a three-day empowerment training program for a group of 75+ female employees. The training sessions were thoughtfully designed with a futuristic approach, ensuring high levels of engagement, interactivity, and enlightenment. The program aimed to provide valuable insights and empower the women employees, offering them an eye-opening experience that would contribute to their personal and professional growth.

Total Number of Awareness Programs Held	Topics/Principles covered under the training	% age of value chain partners covered (by the value of business done with such partners) under the awareness programmes.
Two	Prerna Wellness Series	The Company introduced Prerna series to enhance the health and overall well-being of its valued women employees. This initiative includes various strategies such as mentoring, training, coaching interventions and buddy programs. Aavas also prioritizes the health and psychological well-being of its female employees, offering women-friendly policies and creating a safe working environment.
Three	Green Samvaad in Raipur, Bangalore and Bhopal	To foster green home awareness among the supplier community and support the ecosystem for green self-built homes, the Company organized 'Green Samvaad' in Raipur, Bangalore and Bhopal engaging more than 190 members from the supplier community including builders, masons, contractors, architects, developers etc.
Regular and round the year	Green Home Training for Employees	The Company organized training sessions round the year on Green Homes, engaging 4,900 employees covering Relationship Officers (RO's), Disbursement Officers (DO's), Branch Heads, and other frontline employees across all branches by organizing two webinars on Green Home. The Company also engaged 3,600+ employees in self-paced virtual training course on green housing. The Company has also developed an in-house team of EDGE experts through intensive engagement with the International Finance Corporation (IFC) to foster green home ecosystem development.
Two	Transforming Mindsets with Green Home Documentaries	To bring an ecosystem-level shift towards green housing, the Company developed and disseminated two compelling documentaries capturing real-life experiences of households (Bhilwara, Rajasthan and Botad, Gujarat) who have embraced green and sustainable housing. These documentaries serve as a testament to the success of green homes, inspiring wider adoption by illustrating the enduring benefits and dispelling common misconceptions.
Regular and across the customer base	In-house Green Home Advisory and Assistance Services	Regular outreach to customers through messages, emails and calling to customers on green home along with in-person technical guidance.

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.

Yes, the Company has a Code of Conduct for the Board of Directors and the Senior Management Personnel which specifies that the members of the Board and Senior Management shall not engage in any transaction or activity that may conflict with the interests of the Company. The link to the Code of Conduct can be accessed on the website- <https://www.aavas.in/img/pdf/code-of-conduct-for-the-board-of-directors-and-the-senior-management-personnel.pdf>.

The Company also has a policy on the Materiality of Related Party Transactions and on Dealing with Related Party Transaction which addresses the issue of conflict of interest. Link to the Policy on Materiality of Related party transactions and on dealing with Related party transactions can be accessed on the website- <https://www.aavas.in/img/pdf/Policy-on-Materiality-of-related-party-transactions-and-on-dealing-with-related-party-transactions.pdf>.

Principle

2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	Details of improvements in environmental and social impacts
R &D	-	-	Green Housing Program: The Company has set pioneering in India's affordable housing finance space by supporting international certification of 150 green self-built homes, being the first ever EDGE certified self-built units globally by UK-based certifier, Sintali. As per projections by the International Finance Corporation (IFC), a member of the World Bank Group, these homes are designed to collectively save - • 8,891 m³ of water per year • 276 MWh of energy per year • 186 tons CO₂ of GHG emissions per year • ₹23,06,435/- cost per year The Company is actively nurturing an entire ecosystem for green affordable housing in India's housing finance space by engaging all key stakeholders from the green housing value chain including customers, employees, suppliers, government bodies, partners etc. through seminars, workshops, webinars, conferences, emailers, documentaries and other awareness and outreach initiatives on the concept, features and benefits of green homes.
Capex	2.81%	1.91%	In the Financial Year 2023-24, 2.81% of the total revenue of the Company was allocated towards IT hardware and software. This investment in IT facilitated enhanced digital initiatives, leading to increased efficiencies and a reduction in paper usage across the Company's operations.

2. a. Does the entity have procedures in place for sustainable sourcing? b. If yes, what percentage of inputs were sourced sustainably?

Yes, as the nature of business of the Company is providing housing finance, the consumption of resources is limited but the Company proactively ensures sustainable operations and moderated use of resources. Under its ESG Policy, the Company has committed to strive towards procuring inputs that are environment-friendly and locally sourced from small vendors, especially women-led MSMEs.

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. The Company also aspires to take initiatives for:

- Phasing out the use of single-use plastic and striving towards reducing plastic use in its office, branches and promotional activities, as far as practicable.
- Striving towards making offices and branches eco-friendly.
- Reducing paperwork with digitized App-based operations and automation.
- Promoting sustainable lifestyles by trainings and awareness programs amongst its employees.
- Promoting sustainability among value chain partners.
- Supporting transition to renewable/clean energy.

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 generated by the Company. In the Current Financial Year, approximately 4.825 metric tons of waste was generated at the Corporate Office, out of which 0.24 metric tons of plastic waste was put to reuse.

The Company has launched the 'Go Green Initiative' to reduce paper consumption, thereby reducing paper waste. The Company monitors and regulates the printing and photocopy operations. The Company also strives to adopt measures to segregate waste and ensure recycling/reuse of waste, wherever practicable.

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.

NA

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?

NIC Code	Name of the product/service	% of total turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent External Agency (Yes/no)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
64910	Housing Finance Activities	100%	FY 2023-24	No	The Company primarily offers housing loans, for which the loan cycle is a sequential process ranging from sourcing of the loan to approval, disbursement, servicing, and repayment of the loan. The said cycle is designed to create customer delight with focus on ease and speed. The loan process flow is available on the website of the Company at https://www.aavas.in/product .

- NA

- NA

- NA

- NA

3

Businesses should respect and promote the well-being of all employees, including those in their value chains

1. a. Details of measures for well-being of employees.

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care Facilities	
		NO. (B)	% (B/A)	NO. (C)	% (C/A)	NO. (D)	% (D/A)	NO. (E)	% (E/A)	NO. (F)	% (F/A)
Permanent Employees											
Male	5,788	5,788	100%	5,788	100 %	NA	NA	5,788	100%	Nil	Nil
Female	287	287	100 %	287	100 %	287	100%	NA	NA	Nil	Nil
Total	6,075	6,075	100 %	6,075	100 %	287	100%	5,788	100%	Nil	Nil
Other than Permanent Employees											
Male	2,340	2,340	100%	2,340	100 %	NA	NA	2,340	100%	Nil	Nil
Female	130	130	100%	130	100 %	130	100%	NA	NA	Nil	Nil
Total	2,470	2,470	100 %	2,470	100 %	130	100%	2,340	100%	Nil	Nil

- b. Details of measures for well-being of workers.**

[illegible]

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Cost incurred on well-being measures as a % of total revenue of the Company	1.37%	-

2. Details of retirement benefits for Current Financial Year and Previous Financial Year.

Benefits	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	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*	100.00%	NA	Y	95.40%	NA	Y
Gratuity	100.00%	NA	Y	100.00%	NA	Y
ESI**	47.00%	NA	Y	36.00%	NA	Y
Others	NA	NA	NA	NA	NA	NA

*All employees except apprentice trainees 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.

3. Accessibility of Workplaces

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.

Yes, as per its Equal Opportunity Policy, the Corporate Office of the Company is equipped with easily accessible facilities and infrastructure to enable differently abled employees to effectively discharge their duties. The Company also endeavors to make all events and meetings inclusive and ensures that specially-abled employees are put in roles where they can work without any barriers and utilize their skills at the optimum level.

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 is committed to a diverse and inclusive work environment free from all forms of discrimination based on age, gender, caste, race, religion, or disability. This practice is duly enshrined in the Company's Equal Opportunity Policy, which can be accessed on the website at <https://www.aavas.in/codes-and-policies>.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees	
	Return to Work Rate	Retention Rate
Male	100%	100%
Female	100%	100%
Total	100%	100%

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	
Permanent Employees	Yes*
Other than Permanent Employees	

*The Company believes in open and receptive channels of communication within its workflow and encourages employees to freely share their concerns with their departmental heads, HR or members of the senior management. To address the instances of unresolved employee grievances, the Company has put in place a mechanism under its Employee Grievance Redressal Policy which allows all employees an adequate opportunity to have their grievances resolved effectively and at the earliest possible stage. The said policy is available on the intranet portal of the Company where it is accessible to all 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, however, it recognizes the right to freedom of association and does not discourage collective bargaining.

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (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)
Total Permanent Employees	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total Permanent Workers	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA

8. Details of training given to employees and workers:

Benefits	FY 2023-24 (Current Financial Year)					FY 2022-23 (Previous Financial Year)				
	Total (A)	On health and safety measures		On Skill Upgradation		Total (D)	On health and safety measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	8,128	8,128	100%	8,128	100%	6,767	6,767	100%	6,767	100%
Female	417	417	100%	417	100%	298	298	100%	298	100%
Total	8,545	8,545	100%	8,545	100%	7,065	7,065	100%	7,065	100%
Workers										
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

Note: Some of the training programs offered under health and safety/wellness and skill upgradation are mandatory. Hence, all employees have been considered under such training programs.

9. Details of performance and career development reviews of employees and workers:

Policies for career growth and progress are in place for all employees. All employees undergo an annual performance appraisal process based on their defined KRAs and ratings are given on a 5-point scale, based on which their annual increments and bonus are determined.

Benefits	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total (A)	No.(B)	%(B/A)	Total (C)	No. (D)	%(D/C)
Employees						
Male	8,128	8,128	100%	6,767	6,767	100%
Female	417	417	100%	298	298	100%
Total	8,545	8,545	100%	7,065	7,065	100%
Workers						
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?

The Company is in the business of providing housing finance services. Hence, there are no occupational health and safety risks due to the nature of the work. However, as a responsible corporate, the Company is committed to ensuring a safe and healthy working environment for all its employees under its Human Rights Policy.

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, under its Human Rights Policy, the Company ensures that all parameters of health and safety are complied with at all its workspaces and takes sufficient measures to avoid any workplace hazards.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks? (Yes/No)

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 Accidental Policy and, majority of the employees are covered under its Health Insurance Policy.

11. Details of safety related incidents, in the following format:

Safety Incident/Numbers	Category	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
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.

Providing safe working environment to our staff and customers is a matter of great importance for the company. Fire extinguishers are placed in every branch and office, which are checked and refilled periodically. The company has security guards and officers for 100% of its branches and offices.

To ensure a healthy workplace, all the branches and offices have provisions of Medical Kit and a renowned doctor is available in-house for consultation at Corporate Office for employees and their family members for free health check-ups on a weekly basis.

The Company has also taken a step forward towards health and wellbeing of women within its workforce by implementing a Women's Wellness Policy to provide an additional monthly paid leave to those women who experience discomfort or health issues due to menstruation.

The Company also launched 'Prerna Wellness Series' dedicated to enhance overall health and well-being of its women employees under which educative sessions were organized on topics such as 'Fostering Gender Diversity', 'Body Clock', 'Breathing & Sleep Optimization', 'Healthy Food Habits', 'Financial Planning' and 'How Overthinking Can Be Productive'.

13. Number of Complaints on the following made by employees:

	FY 2023-24 (Current Financial Year)			FY 2022-23 (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 & 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 provides adequate safeguard to families of deceased employees through its health/accidental/term insurance Policy. Benefits like Provident fund, Gratuity and ESIC, as applicable, are settled on a priority basis. Additionally, employee stock options granted immediately vest with the nominee upon death of an employee and the Company assists the family in exercising such options.

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 the same business responsibility principles and values of transparency and accountability as are observed by the Company.

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 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Employees	Nil	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 which include 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 with high influence that contributes to the organizational chain of the Company is identified as a key stakeholder. This inter alia includes customers, employees, shareholders, investors, partners, regulators, government, suppliers and community at large.

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 yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement, key topics and concerns raised during such engagement
Customers	Some customers may be identified as vulnerable or marginalized group, if they qualify specific criteria with regard to their income, gender etc.	Physical- Branches, notice boards, pamphlets, personal visits, letters Digital/Electronic- Mobile app, website, email, SMS, WhatsApp, direct calling, customer care, ChatBot feature on website, surveys and feedback.	Need basis	Maintain contact with the customer during the loan period, address the customer's potential problems to ensure quality service.
Employees	No	Direct interactions and other communication mechanisms such as email, SMS, HRMS portal & App., physical and virtual meetings, awards & recognition programs, appraisal process, employee engagement initiatives, online surveys, trainings etc.	Regular and need basis	Develop a culture that promotes meritocracy, provides adequate growth opportunity and ensures a diverse, equitable and inclusive workplace.
Shareholders/ Investors	No	Annual General Meeting, Annual Report, Quarterly Reports, Website, Quarterly Earning Calls, Regular investor meetings/conference calls, Stock Exchange Disclosures, Social/Print Media	Frequently 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	Ensure effective communication for quality and efficient service.

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 yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement, key topics and concerns raised during such engagement
Regulators and Government	No	Email, one-to-one meetings, conference calls, mandatory fillings with regulators, policy updates, circulars, guidelines and directives.	Ongoing and need basis	Adherence to all relevant laws and responsiveness towards regulatory changes.
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 Company has always maintained continuous and proactive engagement with key stakeholders which enables it to better communicate its strategies and results to the Board. In the Financial Year under review, the Company has taken a major step towards inculcation of economic, environmental and social topics into its core strategic framework by reconstituting the CSR Committee as CSR & ESG Committee.

The Company has also engaged CARE Analytics & Advisory Pvt. Ltd. as ESG consultant for providing a broad scope of services such as ESG gap analysis, peer benchmarking, setting ESG related targets, capacity building, policy review and development, GHG footprinting and preparing data sets for ESG assurance readiness.

The Board and its various Statutory Committees are kept abreast of developments and feedback on economic, environmental, and social issues on a quarterly basis by updating ESG related progress to the CSR & ESG Committee as well as by inculcation of sustainability related updates in investor and risk presentation respectively. ESG updates are also uploaded on the Company's website at the end of every quarter and for wider access by various stakeholders, intimations on major milestones are sent to the Stock Exchanges. The Company has also onboarded Churchgate Partners for third party assessment of ESG activities of the Company.

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.

Yes, the Company engages with various stakeholders to ensure sustain and long-term value creation for all of them. The following are certain instances where input from stakeholders have been incorporated to bring positive change-

- With the Green Housing initiative, the Company has taken a decisive step towards responsible housing development by engaging with the entire ecosystem around the green home value chain, including customers, frontline employees, suppliers, technical experts as well as international certifiers through stakeholder engagement initiative such as Green Samvaad, capacity building workshops, social media awareness campaigns etc. In the pioneering initiative, the Company bridges a critical gap between global vision and local reality by conveying ground-level challenges and real-world feedback to international visionaries and experts while also addressing local myths around eco-friendly housing among home owners.
- The Company conducted the 'REACH' employee engagement survey to gauge employee's sentiments and obtain candid feedback/suggestions to improve the workplace and enhance employee satisfaction. The survey was anonymous and strictly confidential to capture unbiased and neutral responses from employees. The Company also empaneled Korn Ferry a global leading consulting firm for Talent & Leadership Development to conduct a highly

credible survey of employees who closely work with functional heads and have experience their leadership style. Both of the said surveys have contributed immensely towards organization building and leadership development.

3. The Company also monitors customer ratings of its services on various Customer Apps.

To further enhance opportunities for stakeholder feedback, the Company, under its ESG Policy has established a management-level ESG Steering Committee and a functional Social & Governance Working Group to obtain feedback from relevant internal and external stakeholders on the Company's ESG practices wherever necessary.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company has taken a comprehensive approach towards addressing the concerns of vulnerable communities through education, empowerment, outreach and direct support initiatives.

- Under project 'Vishwakarma', the Company actively reaches out to construction workers, a group often lacking in social protections. By providing direct engagement and training, we aim to enhance their skills, safety knowledges and livelihood opportunities, offering a tangible pathway towards stability and growth in their vulnerable community. The program has 15,600+ beneficiaries during the year.
- Under project 'Gram Siddhi', we engage with rural women from remote villages, focusing on their unique life challenges and aiming for their social upliftment. By understanding their needs, we tailor training and support to empower them, fostering self-reliance and improving their quality of life within their communities. During the year more than 52,800 people were benefitted under the program.
- The Company also demonstrates its commitment for supporting specially abled individuals by initiatives focused on enhancing self-reliance, skill development, inclusivity in sports, addressing specific needs and promoting overall wellbeing. The Company donated paper plate making machine to 'Utthan Talim Kendra' in Ahmedabad to support specially abled individuals. The Company also provided financial support to Rajasthan Deaf Cricket Association by facilitating the participation of its members in a national championship.
- The Company facilitated yoga and self-awareness sessions, emphasizing rehabilitation and personal growth for engaging with open jail prisoners and their families. This initiative underscores a deep empathy for this vulnerable group, aiming to inspire positive life choices and support their journey towards integration and well-being within society.

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.

In the year under review, the Company upheld its commitment to a safe, dignified and harassment-free workplace by organizing 326 Prevention of Sexual Harassment (POSH) trainings, covering 5,409 employees, in addition to a mandatory training for the members of Internal Complaints Committee (ICC). POSH training sessions are also an integral part of our induction process to empower employees to take proactive steps towards a respectful and inclusive work environment.

In observance of Sexual Harassment at Workplace Prevention Week organized by Ministry of Women and Child Development, the Company organized POSH webinar attended by 739 employees and also launched POSH learning series on its intranet portal covering all employees.

Category	FY 2023-24 (Current Financial Year)			FY 2022-23 (Previous Financial Year)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	6,075	6,075	100%	6,034	6,034	100%
Other than Permanent	2,470	2,470	100%	1,031	1,031	100%
Total Employees	8,545	8,545	100%	7,065	7,065	100%
Workers						
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 and workers, in the following format:

Category	FY 2023-24 (Current Financial Year)					FY 2022-23 (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)
Employees										
Permanent	6,075	281	4.62%	5,794	95.38%	6,034	271	4.49%	5,763	95.51%
Male	5,788	270	4.66%	5,518	95.34%	5,788	265	4.58%	5,523	95.40%
Female	287	11	3.84%	276	96.16%	246	6	2.45%	240	97.96%
Other than permanent	2,470	95	3.84%	2375	96.16%	1,031	92	8.92%	939	91.08%
Male	2,340	91	3.88%	2,249	96.12%	976	92	9.40%	884	90.6%
Female	130	4	3.07%	126	96.93%	55	0	-	55	100%
Workers										
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

a. Median remuneration:

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 (KMP)	4*	2,42,83,704	0	0
Employees other than BoD and KMP**	5,784	2,69,937	287	2,95,873

*Mr. Sachinderpalsingh Jitendrasingh Bhinder, MD and CEO, is categorized as part of Key Managerial Personnel for the purposes of this table.

**The Employees considered for this table is permanent employees of the Company.

b. Gross wages paid to females as % of total wages paid by the entity:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Gross Wages paid to females as % of total wages	4.56%*	-

* The Gross wages paid to females are calculated only of the permanent female employees.

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, the Chief People Officer (CPO) oversees the related function and is responsible for addressing the same. The Company has also put in place a comprehensive ESG Policy which addresses human rights issues and impacts, particularly equality of opportunity, employee health & wellbeing, Diversity & Inclusion, positive work environment etc.

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 2023-24 (Current Financial Year)			FY 2022-23 (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	-	3	1	The pending case was received in the month of March 2023 and has been resolved in the beginning of FY 2023-24.
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. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	3
Complaints on POSH as a % of female employees/ workers	0.00%	1.22%

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Complaints on POSH upheld	0	3

8. 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, Vigil Mechanism/Whistle Blower Policy, and Vishakha Policy which provides a mechanism to prevent discrimination and harassment at workplace. As per the said policies, all the disclosures made shall be treated as sensitive, confidential and non-retaliatory.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, in certain business agreements and contracts where relevant.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child Labour	Nil
Forced/involuntary labour	
Sexual Harassment	
Discrimination at Workplace	
Wages	
Others-please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

NA

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

The Company is of the belief that it has upheld basic principles of human rights in all its dealings in alignment with its Human Rights Policy. Hence, no significant change is necessitated with respect to the business process.

2. Details of the scope and coverage of any Human rights due diligence conducted.

The Company has adopted 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 necessary. Link of the policy- <https://www.aavas.in/img/pdf/Vigil-Mechanism-Policy.pdf>

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 Corporate 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 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.

NA

Principle

6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) 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 (From non-renewable sources)	Unit of measurement	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
From Renewable Sources			
Total electricity consumption (A)	-	Nil	Nil
Total fuel consumption (B)	-	Nil	Nil
Energy Consumption through other sources (C)	-	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	-	Nil	Nil
From non-renewable Sources			
Total electricity consumption (D)	Giga Joule	11,874.65	12,338.86
Total fuel consumption*(E)	Giga Joule	74.37	43.59
Energy Consumption through other sources (F)	-	Nil	Nil
Total energy consumed from non-renewable sources (D+E+F)	Giga Joule	11,949.02	12,382.45
Total energy consumed (A+B+C+D+E+F)	Giga Joule	11,949.02	12,382.45**
Energy Intensity per rupee of turnover (Total energy consumption/turnover in rupees)	Giga Joule per ₹	0.00000059	0.00000076
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed/Revenue from operations adjusted for PPP)	-	-	-
Energy Intensity (optional) - (Total energy consumed/full time employees)	Giga Joule per employee	1.39	1.75

*The Company uses Diesel Generators in Corporate Office only, which is included under fuel consumption.

**The energy consumption data of the previous year FY 2022-23 has been restated because of improved methodology and calculations.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/ No) If yes, name of the external agency.

Yes, the assessment of GHG Emissions was carried out by independent consultant firm, Care Analytics and Advisory Pvt. Ltd. Additionally, Independent GHG Assurance of the GHG Statement of the Company for the year ended December 2023 was issued by an Independent Auditor.

- 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.**

NA

- 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 Corporate office, censor taps are used in washrooms to economize water consumption.

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water Withdrawn from source (in kiloliters)		
(i) Surface water	Nil	-
(ii) Groundwater (borewall)	4,671*	-
(iii) Third party water	Nil	-
(iv) Seawater/desalinated water	Nil	-
(v) Others	Nil	-
Total volume of water withdrawal (in kilolitres) (i+ii+iii+iv+v)	4,671	-
Total volume of water consumption (in kiloliters)	4,671	-
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	0.00000023 kiloliters per ₹	-
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	-	-
Water intensity in terms of physical Output	-	-
Water intensity (optional) (Total water consumption / Full time employee)	0.54	-

*The Company started recording water withdrawal and water consumption data from June 01, 2023. Thus the data reported for FY 2023-24 is of 10 months and the data pertains to Corporate office only.

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. Provide the following details related to water discharged:**

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/No) If yes, name of the external agency.

No.

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
NOx	-	-	-
SOx	-	-	-
Particulate matter (PM)	-	-	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others– please specify	-	-	-

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.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 1 emissions	MTCO ₂ e	20.22	35.82
Total Scope 2 emissions	MTCO ₂ e	2,361.74	2,454.06
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions/ Revenue from operations)	MT Co ₂ e/₹	0.00000011	0.00000015
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	MTCO ₂ e/Revenue from operations adjusted for PPP	26.41	34.64
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	-	-
Total Scope 1 and Scope 2 emission intensity (Total Scope 1 and Scope 2 emissions/full time employees)	MTCO ₂ e/FTE	0.28	0.35

Note- MT denotes Metric tonnes

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 of GHG Emissions was carried out by an independent consultant firm, "Care Analytics and Advisory Pvt. Ltd."

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company is striving to minimize its GHG emissions where feasible. The Corporate Office of the Company was certified LEED Gold in May 2022. Further, through its Corporate Social Responsibility initiatives, the Company is taking forward its commitment to an eco-friendly and sustainable future by proactively undertaking various projects on environmental sustainability like Tree plantation drive – 'Each One Plant One' initiative and Plantation drive initiated by NHB falls under 'Meri Maati Mera Desh' initiative led by Government of India, investment in clean energy, and Green Housing Initiative.

Savings from	Carbon Reduction (MT Co2 -e)
295 KWP solar plants	430.7
1,850 + Tree Plantation	59.67
Total Savings	490.37

9. 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 product is plastic.

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	4.825*	3.933*
E-waste (B)	-	-
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive Waste (F)	-	-
Other hazardous waste. Please specify if any. (G)	-	-
Other non-hazardous waste generated. Please specify, if any. (H)	-	-
Total (A+B+C+D+E+F+G+H)	4.825	3.933
Waste intensity per rupee of turnover (Total waste generated/ Revenue from operations) MT/₹	0.00000000022	0.00000000024
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/ Revenue from operations adjusted for PPP)	-	-
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – (Total waste generated /Full Time Employees) MT/FTE	0.00056	0.00056
For each category of waste generated, total waste recovered through recycling, reusing or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled	-	-
(ii) Re-used	0.24	0.59
(iii) Other Recovery Operations	-	-
Total	0.24	0.59

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	4.58	3.34
Total	4.58	3.34

*Computed with respect to the Corporate Office which is the only owned premises 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.

10. 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.

Given the nature of the business, there is no usage of toxic and hazardous chemicals by the Company. The only key waste product is plastic. In the Financial Year under review, approximately 4.825 metric tonnes of waste was generated at the Company's Corporate Office, out of which 0.24 metric tonnes of plastic waste was put to reuse.

11. 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 in the following format.

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.
Nil			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current Financial Year.

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
Nil					

13. 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
Nil				

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area- Not Applicable
- Nature of operations- Not Applicable
- Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional) –the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) Into Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) Into Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Yes/ No) If yes, name of the external agency.

No.

2. Please provide details of total Scope 3 emissions & its intensity in the following format:

Parameter	Unit	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Total Scope 3 emissions	MT Co2e	13,387	6,272.11
Total Scope 3 emissions per rupee of turnover	-	-	-
Total Scope 3 emission 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? (Yes/ No) If yes, name of the external agency.

Yes, the assessment of GHG Emissions was carried out by an independent consultant firm, "Care Analytics and Advisory Pvt. Ltd".

3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

NA.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S.No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	GATI	Aavas is committed to continuous improvement and has recently embarked on a digital-first initiative called Project 'GATI'. The project involves building a single platform to streamline the entire loan origination and customer service journey, providing customers with a more seamless experience.	The new system will significantly reduce manual data entry, paper work and project assessment time, thereby ensuring a seamless customer experience.

5. 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.

6. 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.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

NA.

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 3 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
3.	Confederation of Indian Industry (CII)	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.

NA.

Name of authority	Brief of the case	Corrective action taken
	NA	

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.

S.No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/Half yearly/ Quarterly / Others -please specify)	Web Link, if available
			Nil		

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.

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
NA					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

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 ₹)
NA						

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 are given in Section A: General Disclosure of this report.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24 (Current Financial Year)	FY 2022-23 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	21.14%	26.98%
Sourced directly from within India	97.90%	91.78%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2023-24* (Current Financial Year)		FY 2022-23 (Previous Financial Year)	
	Permanent	Other than Permanent	Permanent	Other than Permanent
Rural	0.27%	0.10%	-	-
Semi-Urban	10.38%	3.12%	-	-
Urban	21.77%	3.46%	-	-
Metropolitan	57.05%	3.85%	-	-

* The places are categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan and Census 2011.

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):

Details of negative social impact identified	Corrective action taken
NA	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount Spent (₹)
NA			

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?

Although the Company does not have a specific procurement policy but it covers the procurement practice under its ESG Policy. The Company strives to procure, as far as possible, inputs, which are locally sourced from small vendors/ MSMEs, especially women-led MSMEs

The Company expects its value chain partners to adhere to the same laws, regulations, and human rights standards as are observed by the Company, including laws pertaining to safety & wellness at workplace, prohibition of forced labour, human trafficking, environment protection etc.

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:

S.No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Nil				

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.

Name of authority	Brief of the Case	Corrective action taken
Nil		

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 & Community Development - Vishwakarma - Gram Siddhi - Community Infra	15,600 52,800 1,00,000	100% (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 social economic condition of these communities.)
2.	Health Care & Wellness - Food Distribution at Hospitals (Aavas Foundation, under its 'Annadan' Initiative) - Heart Surgeries of Children - Hospital in Uttarkashi - Open Jail Activity	2,72,000	
3.	Environment Environment (Solar and Plants)	3,05,850	
4.	Education & Holistic Development - Road safety awareness - Education and Holistic Development	36,000 1,17,000	
	Total	8,99,250 lives touched	

Principle**9**

Businesses should engage with and provide value to their customers 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 about:

	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. Our MITCs are available in 8 languages, including English, Hindi and 6 other regional languages.
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2023-24 (Current Financial Year)		Remarks	FY 2022-23 (Previous Financial Year)		Remarks
	Received	Pending resolution		Received	Pending resolution	
Data privacy	Nil	Nil	-	Nil	Nil	-
Advertising						
Cyber-security						
Delivery of Essential Services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other						

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	NA	
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 which is headed by Independent Director 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. The policy can be accessed on the website - <https://www.aavas.in/privacy-policy>.

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/taken on the above parameters.

7. Provide the following information relating to data breaches:

- Number of instances of data breaches- Nil
- Percentage of data breaches involving personally identifiable information of customers- Nil
- Impact, if any, of the data breaches - Nil

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 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 (MITCs), Schedule of Charges. Abovesaid documents 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. The Company provides the product information through the most important terms and conditions (MITCs).

No, the Company does not carry out any survey with regard to customer satisfaction relating to the major services of the Company.

Annexure-A

Independent Practitioner's Limited Assurance Report on Identified Sustainability Information in Aavas Financiers Limited's Business Responsibility and Sustainability Report (BRSR) for the Financial Year ended March 31, 2024

To,
The Board of Directors
Aavas Financiers Limited
Jaipur, Rajasthan, India

- We have been engaged to perform a limited assurance engagement for Aavas Financiers Limited ('Aavas' or 'the Company') vide our engagement letter dated March 19, 2024, in respect of the non-financial information pertaining to Core attributes of BRSR (the "Identified Sustainability Information") in accordance with the criteria stated below. This Identified Sustainability Information is as included in the Business Responsibility and Sustainability Report (BRSR) of the Company for the financial year ended 31 March 2024.

Identified Sustainability Information

- The Identified Sustainability Information for the financial year ended 31 March 2024 is summarised below:

Attribute	Principle	Key Performance Indicator
Energy footprint	Principle 6 – 1	- Total energy consumption (in Joules or multiples) and energy intensity % of energy consumed from renewable sources - Energy intensity
Water footprint	Principle 6 – 3	- Total water consumption - Water consumption intensity
Greenhouse (GHG) footprint	Principle 6 – 7	Greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity
Embracing circularity - details related to waste management by the entity	Principle 6 – 9	- Details related to waste generated by the entity (category wise) - Waste intensity - Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations - For each category of waste generated, total waste disposed by nature of disposal method
Enhancing Employee Wellbeing and Safety	Principle 3 – 1(c)	Spending on measures towards well-being of employees and workers (including permanent and other than permanent)
	Principle 3 – 11	Safety related incidents: - Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) - Total recordable work-related injuries - No. of fatalities - High consequence work-related injury or ill-health (excluding fatalities)

Attribute	Principle	Key Performance Indicator
Enabling Gender Diversity in Business	Principle 5 – 3(b)	Gross wages paid to females as % of total wages paid by the entity
	Principle 5 – 7	Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
Enabling Inclusive Development	Principle 8 – 4	Percentage of input material (inputs to total inputs by value) sourced from suppliers
	Principle 8 – 5	Job creation in smaller towns – Wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the locations, as % of total wage cost
Fairness in Engaging with Customers and Suppliers	Principle 1 – 8	Number of days of accounts payables
	Principle 9 – 7	Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events
Open-ness of business	Principle 1 – 9	Details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties

- Boundary of the report covers Aavas and its operation in India which includes the Corporate Office, Regional Offices and Branches.
- Our limited assurance engagement is with respect to the financial year ended 31 March 2024 information only unless otherwise stated and we have not performed any procedures with respect to earlier periods or any other elements included in the BRSR and therefore, do not express any conclusion thereon.

Criteria

- The criteria used by the Company to prepare the Identified Sustainability Information for the financial year ended 31 March 2024 is summarised below ('BRSR Framework'):
 - Regulation 34(2)(f) of the Securities and Exchange Board of India (the "SEBI") (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended;
 - Business Responsibility and Sustainability Reporting Requirements for listed entities as per Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated 11 July 2023; and
 - SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated 12 July 2023 and clarifications thereto issued by SEBI.

Management's Responsibilities

- The Company's management is responsible for selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable laws and regulations, if any, related to reporting on the Identified Sustainability Information,

identification of key aspects, engagement with stakeholders, content, preparation and presentation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the BRSR and the measurement of Identified Sustainability Information, which is free from material misstatement, whether due to fraud or error.

Inherent limitations

- The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Auditor's Independence and Quality Control

- We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants' ('IESBA') and have the required competencies and experience to conduct this assurance engagement.
- Our firm applies International Standard on Quality Management (ISQM) 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibility

10. Our responsibility is to express a limited assurance in the form of a conclusion on the Identified Sustainability Information based on the procedures we have performed and evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') issued by the International Auditing and Assurance Standards Board ('IAASB'). This standard requires that we plan and perform our engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.
11. A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information, identifying areas where material misstatement is likely to arise in the Identified Sustainability Information whether due to fraud or error, designing and performing procedures to address identified risk areas as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information.
12. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.
13. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, analytical procedures and agreeing or reconciling with underlying records.
14. Given the circumstances of the engagement, in performing the procedures listed above, we:
 - Carried out discussions at the corporate office for data and document verification;
 - Interviewed senior executives to understand the reporting process, governance, systems and controls in place during the reporting period;
 - Reviewed the records and relevant documentation including information from audited financial statements or statutory reports submitted by

the Company to support relevant performance disclosures within our scope;

- Evaluated the suitability and application of Criteria and that the Criteria have been applied appropriately to the subject matter;
- Selected key parameters and representative sampling, based on statistical sampling tables and agreeing claims to source information to check accuracy and completeness of claims such as source data, meter data, etc;
- Re-performed calculations to check accuracy of claims;
- Reviewed data from independent sources, wherever available;
- Reviewed data, information about sustainability performance indicators and statements in the report;
- Reviewed and verified information/ data as per the BRSR framework; and
- Reviewed accuracy, transparency and completeness of the information/ data provided.

Exclusions:

15. Our limited assurance engagement scope excludes the following and therefore we do not express an opinion on the same:
 - Any disclosure other than those mentioned in the Scope section above;
 - Data and information outside the defined reporting period;
 - Data related to Company's financial performance, strategy and other related linkages expressed in the Report;
 - The Company's statements that describe expression of opinion, belief, aspiration, expectation, forward looking statements provided by the Company and assertions related to Intellectual Property Rights and other competitive issues; and
 - Mapping of the Report with reporting frameworks other than those mentioned in Reporting Criteria above.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

The procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Conclusion

16. Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information included in the BRSR for the financial year ended 31 March 2024 is not prepared, in all material respects, in accordance with the Criteria.

Restriction on use

17. Our limited assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the Company solely, to assist the Company in reporting on the Company's sustainability

performance and activities. Accordingly, the Assurance Statement may not be suitable for any other purpose and should not be used by any other party other than the Board of Directors of the Company. Further, we do not accept or assume any duty of care or liability for any other purpose or to any other party to whom the assurance report is shown or into whose hands it may come.

Grant Thornton Bharat LLP

Abhishek Tripathi

Partner

Dated: 1st July, 2024

Place: Plot No. 19A, 2nd Floor, Sector - 16A,

Noida - 201301,

Uttar Pradesh, India



The background of the slide is a grayscale photograph of a hand holding a pen, poised to write on a document. A large, light gray, stylized letter 'A' is superimposed over the right side of the image. The document in the foreground contains some text, including 'Business activity of company and subdivisions' and 'The net proceeds of activity'.

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 2024, 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 notes to the standalone financial statements, including material accounting policy information 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 2024, 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 Matter

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 year. 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 matter	How our audit addressed the key audit matter
At 31 March 2024, the Company reported total gross loans of ₹1,408,919 lakh (2023: ₹1,154,788 lakh) and ₹8,482 lakh of expected credit loss provisions (2023: ₹7,161 lakh).	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:
Refer note 1 for material accounting policies and notes 4 and 28 for financial disclosures in the accompanying standalone financial statements. 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 loan assets. Expected credit loss cannot be measured precisely but can only be estimated through use of statistics.	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 restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/guidelines in earlier years and ensured classification of such Loans is in compliant with the requirements of the RBI circulars / guidelines;

Key audit matter	How our audit addressed the key audit matter
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 restructuring. 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.	▪ 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 2024) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized; ▪ Tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2024 by reconciling it with the balance as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system. We tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage; ▪ Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions; ▪ Tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis. For exposure determined to be individually impaired, we tested samples of loans and advances and examined management’s estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations; ▪ Performed an overall assessment of the ECL provision levels at each stage, including management’s assessment and provision on account of the Company’s portfolio, risk profile, credit risk management practices as well as the macroeconomic environment; ▪ 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 nonperforming assets (NPAs); 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 / guidelines.

Key audit matter	How our audit addressed the key audit matter
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. Amongst 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, impairment on loans, computation of daily DPD, assignment of loans 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. Implementation of IT systems during the year The Company has implemented a new IT system “Salesforce” w.e.f. 1 April 2023 for end to end loan origination process starting from application of a loan to completion of credit assessment before disbursements are initiated. Migration of IT systems during the year During the year, the Company has migrated to a new IT system “Oracle Fusion” w.e.f. from 1 September 2023 for accounting of certain financial statements line items and overall preparation and presentation of the financial statements and continues to use its existing accounting system “Omnifin” for the remaining financial statement line items.	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 that are relevant to our audit; ▪ On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: a. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel; b. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments; and 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. Apart from above, below procedures were performed in relation to migration of IT systems which included: ▪ Obtained an understanding of the migration process and evaluated the controls established by the Company for such migration activity; ▪ Verified general ledger wise balance transfer, vendor wise balance transfer, system access controls reconciliations, etc to ensure accuracy and completeness of transfer of data between the systems; and ▪ Read the certificate obtained by the management to ensure completeness of movement of balances to the new IT system.

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 is 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors is 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 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 Board of Directors' 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; and
 - 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.
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.

Report on Other Legal and Regulatory Requirements

15. 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.
16. 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 statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. 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 2024 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 2024 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 37 and 38(b) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2024;
 - 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 2024;
 - 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 2024;
 - iv. a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 49.13(a) to the standalone financial statements, 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, as disclosed in note 49.13(b) to the standalone financial statements, 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 notice that has caused 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 2024.
- vi. Based on our examination which included test checks, the Company, in respect of financial year commencing on 1 April 2023, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No.: 105117

UDIN: 24105117BKDANC9004

Place: Mumbai

Date: 25 April 2024

Annexure A referred to in paragraph 16 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 2024

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 programme 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 including 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 Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (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 at any point of time during 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 loans or 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, such 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 instances as below:

Particulars – Days Past Due	Aggregate amount outstanding for overdue loans as at 31 March 2024 (₹ In lakh)	No. of Cases
(upto 30 days)	15,425.14	3,014
(31-60 days)	13,702.45	2,528
(61- 90 days)	1,447.85	208
More than 90 days	13,110.85	2,781

Having regard to the nature of business of the Company and volume of the transactions, it is impractical to furnish the item-wise listing for the above-mentioned cases of delay in repayment of principal and interest.

Annexure A (Contd.)

- (d) According to the information and explanations given to us, the total amount which is overdue for 90 days or more in respect of loans and advances in the nature of loans given in the course of the business operations of the Company aggregates to ₹13,110.85 lakh as at 31 March 2024 in respect of 2,781 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) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.
- (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 and investments made and guarantees and security provided by it, 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 ('the NHB'), and also the Company has not accepted any deposits from public or there are no amounts which have been deemed to be deposits 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/ services / business activities. 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, the Company is regular in depositing 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, with the appropriate authorities. 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 previously 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 certain banks 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 government or any government authority.
- (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, prima facie, 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

Annexure A (Contd.)

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 and on the basis of our examination of the records of the Company, 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 no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, 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 whistle-blower 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 which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (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 its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) 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 clauses 3(xvi) (a) and (b) of the Order are not applicable to the Company.
- (a) 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.
- (b) 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 CIC.

Annexure A *Contd.*

- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (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 in 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 indicating 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) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- (xxi) The reporting under clause 3(xxi) of the Order 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: 24105117BKDANC9004

Place: Mumbai

Date: 25 April 2024

Annexure B referred to in paragraph 17(f) 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 2024.

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 2024, 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

Annexure B *Contd.*

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, 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 2024, based on 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: 24105117BKDANC9004

Place: Mumbai
Date: 25 April 2024

Standalone Balance Sheet

as at March 31, 2024

(₹ in lakh)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	2	2,055.80	17,666.88
Bank balance other than cash and cash equivalents	2	1,77,726.36	1,20,495.82
Receivables	3	1,221.93	122.34
Loans	4	14,00,436.68	11,47,627.45
Investments	5	18,215.63	12,308.06
Other financial assets	6	36,442.72	30,269.70
Total financial assets		16,36,099.12	13,28,490.25
Non-financial assets			
Current tax assets (net)		1,176.31	298.89
Property, plant and equipment	7(a)	2,966.40	3,158.58
Capital work-in-progress	7(b)	-	-
Intangible assets under development	7(c)	1,120.53	2,036.69
Intangible assets	7(d)	3,061.20	416.20
Right-of-use assets	8	5,571.98	4,261.91
Other non-financial assets	9	1,758.88	1,140.22
Total non-financial assets		15,655.30	11,312.49
Assets held for sale	10	190.94	1,250.36
Total assets		16,51,945.36	13,41,053.10
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	11		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		30.65	3.64
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,063.29	855.98
Debt securities	12	1,40,351.31	1,42,451.90
Borrowings (other than debt securities)	13	10,93,298.26	8,31,624.91
Subordinated liabilities	14	-	9,992.26
Lease liabilities	15	6,181.14	4,658.79
Other financial liabilities	16	20,142.83	16,595.36
Total financial liabilities		12,63,067.48	10,06,182.84
Non-financial liabilities			
Provisions	17	840.30	660.18
Deferred tax liabilities (net)	18	6,024.78	5,017.76
Other non-financial liabilities	19	4,681.28	2,226.32
Total non-financial liabilities		11,546.36	7,904.26
Total liabilities		12,74,613.84	10,14,087.10
Equity			
Equity share capital	20	7,913.97	7,905.69
Other equity	21	3,69,417.55	3,19,060.31
Total equity		3,77,331.52	3,26,966.00
Total liabilities and equity		16,51,945.36	13,41,053.10

Summary of material 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

Firm Registration No. 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: April 25, 2024

For and on behalf of the Board of Directors of

AAVAS FINANCIERS LIMITED

Manas Tandon

(Non-executive Promoter

Nominee Director)

DIN-05254602

Ghanshyam Rawat

(President and Chief

Financial Officer)

Sachinderpalsingh

Jitendrasingh Bhinder

(Managing Director and CEO)

DIN-08697657

Sharad Pathak

(Company Secretary and Chief Compliance Officer)

FCS-9587

Standalone Statement of Profit and Loss for the year ended March 31, 2024

(₹ in lakh)

Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations			
Interest income	22	1,73,465.04	1,38,818.50
Fees and commission income	23	8,671.68	5,867.64
Gain on derecognition of financial instruments under amortised cost category		17,954.91	15,182.36
Net gain on fair value changes	24	1,658.19	961.67
Total revenue from operations		2,01,749.82	1,60,830.17
Other income	25	279.82	184.39
Total income		2,02,029.64	1,61,014.56
Expenses			
Finance costs	26	82,836.07	59,104.75
Fees and commission expense	27	755.31	620.75
Impairment on financial instruments	28	2,447.37	1,242.24
Employee benefits expense	29	35,591.03	30,059.03
Depreciation, amortization and impairment	7&8	3,265.98	2,871.95
Other expenses	30	14,688.90	12,216.24
Total expenses		1,39,584.66	1,06,114.96
Profit before tax		62,444.98	54,899.60
Tax expense:	18		
(1) Current tax		12,368.54	10,410.18
(2) Deferred tax		1,007.02	1,482.21
Profit after tax for the year		49,069.42	43,007.21
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	29	20.26	113.34
Income tax effect	18	(5.10)	(28.52)
Impairment loss on investment in subsidiary	5	-	(264.15)
b) Items that will be reclassified to profit or loss		-	-
Other comprehensive income/(Loss), net of income tax		15.16	(179.33)
Total comprehensive income for the year		49,084.58	42,827.88
Earnings per equity share	31		
Basic (₹)		62.03	54.44
Diluted (₹)		61.93	54.32
Nominal value per share (₹)		10.00	10.00

Summary of material 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
Firm Registration No. 001076N/N500013

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

Manish Gujral
Partner
Membership No. 105117

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Place: Mumbai
Date: April 25, 2024

Ghanshyam Rawat
(President and Chief
Financial Officer)

Sharad Pathak
(Company Secretary and Chief Compliance Officer)
FCS-9587

Statement of Changes in Equity for the year ended March 31, 2024

a. Equity Share Capital

(₹ in lakh)

Particulars	Amount
Balance as at April 01, 2022	7,893.65
Changes in equity share capital during the year	12.04
Balance as at March 31, 2023	7,905.69
Changes in equity share capital during the year	8.28
Balance as at March 31, 2024	7,913.97

b. Other Equity

(₹ in lakh)

Particulars	Share application money pending allotment	Reserves and Surplus				Total
		Securities premium	Share based payments reserve	Special Reserve	Retained earnings	
Balance as at April 01, 2022	40.59	1,34,887.21	3,072.53	26,281.55	1,08,688.81	2,72,970.69
Profit for the year (A)	-	-	-	-	43,007.21	43,007.21
Other comprehensive income for the year (B)	-	-	-	-	(179.33)	(179.33)
Total comprehensive income for the year (A+B)	-	-	-	-	42,827.88	42,827.88
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act, 1961	-	-	-	8,565.57	(8,565.57)	-
Any other change :						
Application money received/ (adjusted) during the year	(33.91)	-	-	-	-	(33.91)
Issue of share capital	-	775.60	-	-	-	775.60
Share based payments	-	-	1,641.69	-	-	1,641.69
Share options exercised during the year	-	300.40	(300.40)	-	878.36	878.36
Balance as at March 31, 2023	6.68	1,35,963.21	4,413.82	34,847.12	1,43,829.48	3,19,060.31
Profit for the year (C)	-	-	-	-	49,069.42	49,069.42
Other comprehensive income for the year (D)	-	-	-	-	15.16	15.16
Total comprehensive income for the year (C+D)	-	-	-	-	49,084.58	49,084.58
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act, 1961	-	-	-	9,816.92	(9,816.92)	-

Statement of Changes in Equity for the year ended March 31, 2024

(₹ in lakh)

Particulars	Share application money pending allotment	Reserves and Surplus				Total
		Securities premium	Share based payments reserve	Special Reserve	Retained earnings	
Any other change:						
Application money received/ (adjusted) during the year	(6.68)	-	-	-	-	(6.68)
Issue of share capital	-	223.60	-	-	-	223.60
Share based payments	-	-	860.46	-	-	860.46
Share options exercised during the year	-	120.13	(120.13)	-	195.28	195.28
Balance as at March 31, 2024	-	1,36,306.94	5,154.15	44,664.04	1,83,292.42	3,69,417.55

Refer Note No. 1 of Summary of material accounting policies

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
(President and Chief
Financial Officer)

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief
Compliance Officer)
FCS-9587

Standalone Statement of Cash Flow for the year ended March 31, 2024

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
A Cash flow from operating activities:			
Net profit before tax as per statement of profit and loss		62,444.98	54,899.60
Adjustments for			
Depreciation and amortisation property, plant and equipment and right of use assets	7 & 8	3,265.98	2,871.95
Interest on lease liabilities		627.86	383.52
Net gain on derecognition on assigned loans		(5,191.91)	(4,427.36)
Loss on voluntary liquidation of Subsidiary company		59.50	-
Provision for expected credit loss (ECL)	28	2,387.87	1,242.24
Provision for employee benefits		191.67	320.58
Net gain on fair value changes		(1,658.19)	(961.67)
Share based payments	29	860.46	1,641.69
Operating profit before working capital changes		62,988.22	55,970.55
Changes in working capital			
(Increase) in loans		(2,54,636.13)	(2,43,505.44)
(Increase)/Decrease in financial and other assets		(2,192.21)	1,202.55
Increase in financial and other liabilities		8,236.76	3,643.35
Total of changes in working capital		(2,48,591.58)	(2,38,659.54)
Direct taxes paid		(13,055.77)	(9,293.05)
Net cash flow (used) in operating activities (A)		(1,98,659.13)	(1,91,982.04)
B Cash flow from investing activities:			
Inflow (outflow) on account of :			
Proceeds from voluntary liquidation of Subsidiary company		1,176.34	-
Net gain on sale/ purchase of Mutual Fund		1,658.19	961.67
Purchase of government securities		(7,143.42)	(5,820.48)
(Investment)/ Redemption of fixed deposits		(57,230.54)	28,296.15
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	7	(3,274.41)	(3,895.17)
Proceeds from sale of Property, plant and equipment		133.52	50.50
Net cash flow (used) in /from investing activities (B)		(64,680.32)	19,592.67
C Cash flow from financing activities:			
Issue of equity shares (including share premium)		225.20	753.75
Share / debenture issue expenses		(4.99)	-
Proceeds from borrowings		4,50,973.46	3,81,135.47
Repayment of borrowings		(2,01,387.97)	(1,94,316.14)
Repayment of lease liabilities (Including Interest)		(2,077.33)	(1,747.49)
Net Cash flow generated from financing activities (C)		2,47,728.37	1,85,825.59

Standalone Statement of Cash Flow for the year ended March 31, 2024

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Net (decrease)/increase in cash and cash equivalents (A+B+C)		(15,611.08)	13,436.22
Cash and cash equivalents as at the beginning of the year		17,666.88	4,230.66
Cash and cash equivalents as at the end of the year	2	2,055.80	17,666.88
Components of cash and cash equivalents			
Cash on hand		336.11	290.55
Balance in franking machine*		0.95	0.95
Balance with banks			
In current accounts		15.81	118.08
In cash credit		1,202.93	2,157.30
In deposit account		500.00	15,100.00
Total cash and cash equivalents	2	2,055.80	17,666.88
Operational Cash Flow from Interest			
Interest Received		1,67,334.71	1,35,574.90
Interest Paid		(77,560.11)	(54,807.53)

Summary of material 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".
- Refer note no. 13(g) for changes in liabilities arising from financing activities.

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
(President and Chief
Financial Officer)

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief
Compliance Officer)
FCS-9587

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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 Bombay Stock Exchange 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 by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act (as amended from time to time).

The financial statements are prepared and presented as per the relevant provisions of the Companies Act, 2013 and the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank (NHB) to the extent applicable.

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 Rupees (INR) and all values are rounded to the nearest lakh, except when otherwise indicated.

The financial statements have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 25, 2024

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. 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:

a) 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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')."

b) 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.

c) 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.

d) 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.

e) 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

1 Summary of material accounting policies

1.1 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.

1.2 Revenue recognition

1.2.1 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.

1.2.2 Other charges and other interest

1.2.2.1 Overdue interest in respect of loans is recognized upon realisation.

1.2.2.2 Other ancillary charges are recognized upon realisation.

1.2.3 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 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).

1.4 Property, plant and equipment (PPE) and Intangible assets

Property, plant and equipment

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as “capital work-in-progress”.

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.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

1.5 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.

Property, plant and equipment (PPE) and Intangible assets	Useful Life (In Years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Motor Vehicles	8
Servers	6
Office equipment	5
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.

1.6 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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

- (i) Increased by interest on lease liability;
- (ii) Reduce by lease payment made; and

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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.

The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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.

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 , Contingent assets and Commitments

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.

Commitments are future contractual liabilities, classified and disclosed as follows:

- The estimated amount of contracts remaining to be executed on capital account and not provided for;
- Undisbursed commitment relating to loans; and
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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 .

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 costs

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.

Other Long term benefits wherein the Company's liability is ascertainable and is payable over a period more than a year is charged to the Profit & loss account on proportionate basis.

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 33.

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 year, 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. Trade Receivable is measured at their transaction price (as defined in Ind AS 115) on initial recognition.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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.

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.

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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.

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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.

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 (12m ECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in Note 4(a)(3)(v).

The 12m ECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12m ECL 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 4(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 4(a)(3)(v).

Notes to the Standalone Financial Statements for the year ended March 31, 2024

Based on the above process, the Company group its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL. 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 Company records an allowance for the LTECL. 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 4(a)(3)(i)). The Company records an allowance for the LTECL.

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 ECL

The Company calculates ECL 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 ECL 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 ECL for undisbursed loan commitments are assessed as set out in Note 4(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 4(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 4(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 LTECL that represent the ECL 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 LTECL. 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 4(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%.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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 possess collateral, wherever required 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 are not continued under loans and advances and are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date. With effect from April 01, 2022, the Company has discontinued the treatment of accounting and disclosing such cases as asset held for sale (AFS) and such cases continue to be included as part of the loan portfolio (EAD) as at the balance sheet date. Considering the impracticability involved in verifying the cases under SARFESI till March 31, 2022, the change is effected prospectively by the Company in these financials statement.

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, 2024

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 New Technical Pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The Company adopted these amendments from annual periods beginning on or after April 1, 2023.

There is no such notification which would have been applicable from April 01, 2024.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

2 Cash and bank balances

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents		
Cash on hand (refer note 2(a))	337.06	291.50
Balance with banks		
In Current accounts	15.81	118.08
In Cash credit accounts	1,202.93	2,157.30
In Deposits with original maturity of less than three months	500.00	15,100.00
	2,055.80	17,666.88
Bank balances other than above (refer note 2(b))		
Deposit with original maturity of more than 3 months less than 12 months	1,76,842.28	1,19,304.00
Deposit with original maturity of more than 12 months	884.08	1,191.82
	1,77,726.36	1,20,495.82
Total	1,79,782.16	1,38,162.70

2(a) Cash on hand includes of ₹0.95 lakh (P.Y. ₹0.95 lakh) balance of franking machine.

2(b) Other Bank Balance in deposit accounts include deposits under lien aggregating to ₹2,596.58 lakh (P.Y. Rs 1,290.82 lakh) towards the first loss guarantee provided by the Company under the securitization agreements.

3 Receivables

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(I) Trade Receivables		
(i) Undisputed Trade receivables -considered good	1,221.93	122.34
(ii) Undisputed Trade receivables-which have significant increase in credit risk	-	-
(iii) Undisputed Trade receivables- credit Impaired	-	-
(iv) Disputed Trade receivables-considered goods	-	-
(v) Disputed Trade receivables-which have significant increase in credit risk	-	-
(vi) Disputed Trade receivables- credit Impaired	-	-
	1,221.93	122.34

3(i) Trade receivables includes amounts due from the related parties amounting to ₹5.00 lakh as on March 31, 2024 (P.Y. ₹0.04 lakh) (refer Note 36)

3(ii) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

3(iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

3(iv) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

3(v) Receivables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Revenue	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024								
(i) Undisputed Trade receivables -considered good	-	-	1,221.93	-	-	-	-	1,221.93
Total	-	-	1,221.93	-	-	-	-	1,221.93

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Revenue	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023								
(i) Undisputed Trade receivables -considered good	-	-	122.34	-	-	-	-	122.34
Total	-	-	122.34	-	-	-	-	122.34

4 Loans

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Housing and Other Loan Assets - Term Loans	14,08,918.57	11,54,788.47
Total Gross	14,08,918.57	11,54,788.47
Less: Impairment loss allowance	(8,481.89)	(7,161.02)
Total Net	14,00,436.68	11,47,627.45
Secured by tangible assets (Property including land and building)	14,08,918.57	11,54,788.47
Total Gross	14,08,918.57	11,54,788.47
Less: Impairment loss allowance	(8,481.89)	(7,161.02)
Total Net	14,00,436.68	11,47,627.45
Loans in India		
Public Sector	-	-
Others	14,08,918.57	11,54,788.47
Total Gross	14,08,918.57	11,54,788.47
Less: Impairment loss allowance	(8,481.89)	(7,161.02)
Total Net	14,00,436.68	11,47,627.45

- 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.
- 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 ₹35,026.27 lakh at March 31, 2024 (P.Y. 22,634.53 lakh)
- Loans sanctioned but undisbursed amount is ₹60,625.86 lakh as on March 31, 2024 (P.Y. ₹59,372.75 lakh)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

4. Loans *Contd.*

- 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 loans amounting to ₹1,38,107.04 lakh (P.Y. ₹1,05,955.78 lakh) by way of a direct assignment transaction 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 (refer Note no. 47).
- vii) The Company has transferred a pool of loans amounting to ₹433.00 lakh (P.Y. Nil) by way of a Co-lending transaction during the year.
- viii) The Company has granted loans to staff secured by equitable mortgage/registered mortgage of the property amounting to ₹4,488.76 lakh as on March 31, 2024 (P.Y. ₹4,094.01 lakh).
- ix) As per RBI Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016, Loan assets include two loans of ₹26.18 lakh (P.Y. two loan of ₹42.97 lakh), which became doubtful due to fraudulent misrepresentation by the borrowers and same has been provided for.
- x) Refer to note 1.15.4, loan assets includes cases admitted under SARFESI aggregating ₹ 4,299.55 (P.Y. ₹3,138.43 lakh) with effect from April 01, 2022

4(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 of loans and the corresponding ECL allowances in relation to loans are, as follows:

(₹ in lakh)

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,23,184.24	20,935.24	10,668.99	11,54,788.47	8,75,710.09	27,027.84	9,035.95	9,11,773.88
New assets originated	5,20,067.09	-	-	5,20,067.09	4,85,506.22	-	-	4,85,506.22
Assets derecognised or repaid	(2,58,933.07)	(4,056.16)	(2,483.85)	(2,65,473.08)	(2,35,799.73)	(4,348.68)	(1,910.67)	(2,42,059.08)
Transfers from Stage 1	(13,745.49)	8,922.59	4,822.90	-	(9,536.49)	6,572.09	2,964.40	-
Transfers from Stage 2	3,566.83	(5,698.13)	2,131.30	-	5,589.24	(9,163.60)	3,574.36	-
Transfers from Stage 3	934.56	555.09	(1,489.65)	-	1,714.91	847.59	(2,562.50)	-
Amounts written off	-	-	(463.91)	(463.91)	-	-	(432.55)	(432.55)
Gross carrying amount closing balance	13,75,074.16	20,658.63	13,185.78	14,08,918.57	11,23,184.24	20,935.24	10,668.99	11,54,788.47

Notes to the Standalone Financial Statements for the year ended March 31, 2024

4. Loans *Contd.*

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	2,596.40	1,694.09	2,870.53	7,161.02	2,168.07	2,180.09	2,083.36	6,431.52
ECL Remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	585.22	(83.27)	818.92	1,320.87	440.87	(148.22)	436.85	729.50
Transfers from Stage 1	(35.63)	23.00	12.63	-	(32.06)	22.15	9.91	-
Transfers from Stage 2	9.33	(176.22)	166.89	-	15.02	(409.82)	394.80	-
Transfers from Stage 3	2.42	67.39	(69.81)	-	4.50	49.89	(54.39)	-
Amounts written off	-	-	-	-	-	-	-	-
ECL closing balance	3,157.74	1,524.99	3,799.16	8,481.89	2,596.40	1,694.09	2,870.53	7,161.02

4(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	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	53,729.88	142.72	29.00	53,901.60	40,063.65	138.14	-	40,201.79
New assets originated	51,747.09	-	-	51,747.09	48,215.88	-	-	48,215.88
Assets disbursed or cancelled	(44,865.69)	(128.14)	(29.00)	(45,022.83)	(34,394.40)	(121.67)	-	(34,516.07)
Transfers from Stage 1	(142.32)	142.32	-	-	(156.22)	129.62	26.60	-
Transfers from Stage 2	6.97	(6.97)	-	-	0.97	(3.37)	2.40	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	60,475.93	149.93	-	60,625.86	53,729.88	142.72	29.00	53,901.60

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	123.64	2.63	6.87	133.14	74.54	8.17	-	82.71
ECL Remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	15.87	(0.28)	(6.87)	8.72	49.32	(5.61)	6.72	50.43
Transfers from Stage 1	(0.33)	0.33	-	-	(0.22)	0.20	0.02	-
Transfers from Stage 2	0.02	(0.02)	-	-	0.00	(0.13)	0.13	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
ECL closing balance	139.20	2.66	0.00	141.86	123.64	2.63	6.87	133.14

Notes to the Standalone Financial Statements for the year ended March 31, 2024

4(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 material accounting policies.

4(a)(3)(i) Definition of default

The Company considers a loan assets 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 (DPD) 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 (PD) 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.

4(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.

4(a)(3)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the loan assets 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 loan assets.

4(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.

4(a)(3)(v) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether a loan asset or a portfolio of loan assets 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 .

During the financial year ended March 31, 2022, RBI issued resolution framework 2.0 dated May 05, 2021 accordance with that Company 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). The Company continues to monitor such cases and takes necessary action based on the repayments and the resolution framework 2.0.

When estimating ECL 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

4(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.

4(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 loan assets that are measured at amortised cost.

The Company did not hold any loan assets for which no loss allowance is recognised because of collateral at March 31, 2024. Refer note 44(C) for risk concentration based on Loan to value(LTV).

5 Investments

(₹ in lakh)

Particulars	Amortised Cost	At fair Value			Others	Total
		Through other comprehensive income	Through profit or loss	Subtotal		
As at March 31, 2024						
Government Securities (Refer note 5(a))	18,215.63	-	-	-	-	18,215.63
Subsidiary - Aavas Finserv Limited (Refer note no. 5(b))	-	-	-	-	-	-
Total Gross (A)	18,215.63	-	-	-	-	18,215.63
Investments outside India	-	-	-	-	-	-
Investments in India	18,215.63	-	-	-	-	18,215.63
Total (B)	18,215.63	-	-	-	-	18,215.63
Total (A) to tally with (B)	18,215.63	-	-	-	-	18,215.63
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-
Total Net D = (A) -(C)	18,215.63	-	-	-	-	18,215.63
As at March 31, 2023						
Government Securities (Refer note 5(a))	11,072.21	-	-	-	-	11,072.21
Subsidiary - Aavas Finserv Limited	-	1,500.00	-	1,500.00	-	1,500.00
Total Gross (A)	11,072.21	1,500.00	-	1,500.00	-	12,572.21
Investments outside India	-	-	-	-	-	-
Investments in India	11,072.21	1,500.00	-	1,500.00	-	12,572.21
Total (B)	11,072.21	1,500.00	-	1,500.00	-	12,572.21
Total (A) to tally with (B)	11,072.21	1,500.00	-	1,500.00	-	12,572.21
Less: Allowance for Impairment loss (C)	-	(264.15)	-	(264.15)	-	(264.15)
Total Net D = (A) -(C)	11,072.21	1,235.85	-	1,235.85	-	12,308.06

Notes to the Standalone Financial Statements for the year ended March 31, 2024

5(a) Detail of investment in government securities.

(₹ in lakh)

Particulars	ISIN No	Deal Date	Maturity Date	Issue price	As at March 31, 2024	As at March 31, 2023
9.15% GOI 2024	IN0020110048	30-Nov-21	14-Nov-24	110.60	2,886.56	2,986.26
8.02% GOI 2025	IN0020120047	01-Dec-21	24-Sep-25	109.09	2,078.36	2,125.83
6.18% GOI 2024	IN0020190396	09-Oct-22	04-Nov-24	98.07	2,548.37	2,525.18
5.22% GOI 2025	IN0020200112	01-Dec-22	15-Jun-25	96.13	3,486.11	3,434.94
6.99% GOI 2026	IN0020230028	09-Jun-23	17-Apr-26	100.09	3,097.54	-
8.33% GOI 2026	IN0020120039	05-Nov-23	09-Jul-26	102.41	2,599.22	-
8.27% GJ SDL 2026	IN1520150104	27-Feb-24	13-Jan-26	101.68	496.25	-
7.39% MH SDL 2026	IN2220160104	28-Feb-24	09-Nov-26	100.18	515.48	-
7.06% RJ SDL 2026	IN2920160214	28-Feb-24	14-Dec-26	99.43	507.74	-
				Total	18,215.63	11,072.21

5(b) The Board of Directors of the Company in its meeting held on October 26, 2023 approved Voluntary Liquidation of wholly owned Subsidiary - Aavas Finserv Limited. Effective from November 03, 2023, the control of the subsidiary has been transferred to the official liquidator. The Company has received money amounting ₹1,172.02 lakh towards its carrying value of the Investment.

6 Other financial assets

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued on Bank Deposits	2,699.22	1,767.97
Security Deposit	529.04	490.11
EIS Receivable (Refer note 6(a))	33,337.07	28,145.16
Total Gross	36,565.33	30,403.24
Less: Impairment loss allowance (on EIS Receivable assets)	(122.61)	(133.54)
Total Net	36,442.72	30,269.70

6 (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.

7(a) Property, plant and equipment

(₹ in lakh)

Particulars	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Cost							
As at April 01, 2022	1,041.53	2,220.12	2,009.29	779.28	898.24	4.95	6,953.41
Purchase	-	688.47	469.20	304.89	289.94	-	1,752.50
Disposals	-	(13.90)	(11.96)	(153.22)	(16.28)	-	(195.36)
As at March 31, 2023	1,041.53	2,894.69	2,466.53	930.95	1,171.90	4.95	8,510.55
Purchase	-	476.15	279.11	300.11	228.43	-	1,283.80
Disposals	-	(155.64)	(42.50)	(310.89)	(38.44)	-	(547.47)
As at March 31, 2024	1,041.53	3,215.20	2,703.14	920.17	1,361.89	4.95	9,246.88
Accumulated depreciation							
As at April 01, 2022	234.91	1,638.62	1,300.87	402.67	681.99	-	4,259.06
Charge for the year	39.28	542.36	323.15	161.26	171.72	-	1,237.77

Notes to the Standalone Financial Statements for the year ended March 31, 2024

7(a) Property, plant and equipment *Contd.*

(₹ in lakh)

Particulars	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Disposals	-	(13.20)	(11.52)	(105.04)	(15.10)	-	(144.86)
As at March 31, 2023	274.19	2,167.78	1,612.50	458.89	838.61	-	5,351.97
Charge for the year	37.41	591.43	321.52	171.56	220.53	-	1,342.45
Disposals	-	(147.85)	(38.91)	(191.81)	(35.37)	-	(413.94)
As at March 31, 2024	311.60	2,611.36	1,895.11	438.64	1,023.77	-	6,280.48
Net Block							
As at March 31, 2023	767.34	726.91	854.03	472.06	333.29	4.95	3,158.58
As at March 31, 2024	729.93	603.84	808.03	481.53	338.12	4.95	2,966.40

7(b) Capital work-in-progress (refer note 7(b)(i))

(₹ in lakh)

Particulars	PPE	Total
Gross block		
As at April 01, 2022	-	-
Capitalised during the year	-	-
Purchase	-	-
As at March 31, 2023	-	-
Capitalised during the year	-	-
Purchase	-	-
As at March 31, 2024	-	-

7(c) Intangible assets under development (refer note 7(c)(i))

(₹ in lakh)

Particulars	Software	Total
Gross block		
As at April 01, 2022	209.98	209.98
Capitalised during the year	(0.72)	(0.72)
Purchase	1,827.43	1,827.43
As at March 31, 2023	2,036.69	2,036.69
Capitalised during the year	(3,168.08)	(3,168.08)
Purchase	2,251.92	2,251.92
As at March 31, 2024	1,120.53	1,120.53

7(d) Intangible assets

(₹ in lakh)

Particulars	Software / Other intangible assets	Total
Gross block		
As at April 01, 2022	1,160.84	1,160.84
Purchase	315.98	315.98
Disposals	-	-
As at March 31, 2023	1,476.82	1,476.82
Purchase	2,906.77	2,906.77
Disposals	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024

7(d) Intangible assets *Contd.*

(₹ in lakh)

Particulars	Software / Other intangible assets	Total
As at March 31, 2024	4,383.59	4,383.59
Accumulated amortization		
As at April 01, 2022	791.90	791.90
Charge for the year	268.72	268.72
As at March 31, 2023	1,060.62	1,060.62
Charge for the year	261.77	261.77
As at March 31, 2024	1,322.39	1,322.39
Net block		
As at March 31, 2023	416.20	416.20
As at March 31, 2024	3,061.20	3,061.20

7(b)(i) Capital-Work-in Progress (CWIP)

- (a) CWIP aging schedule- There is no balance of Capital-Work-in-Progress(CWIP) available as on March 31, 2024 and March 31, 2023.
- (b) No case of capital-work-in progress in which completion is overdue or has exceeded its cost compared to its original plan.

7(c)(i) Intangible assets under development

- (a) Intangible assets under development aging schedule

(₹ in lakh)

Particulars	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	
As at March 31, 2024					
Projects in progress	823.45	297.08	-	-	1,120.53
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2023					
Projects in progress	1,827.43	209.26	-	-	2,036.69
Projects temporarily suspended	-	-	-	-	-

- (b) No case of intangible assets under development in which completion is overdue or has exceeded its cost compared to its original plan.

8 Right-of-use assets

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Value of Right of Use Asset	8,800.05	6,725.52
Addition	3,234.38	2,106.48
Disposal	(262.56)	(31.95)
Gross Carrying Value	11,771.87	8,800.05
Depreciation		
Opening Accumulated Depreciation	4,538.14	3,172.67
Depreciation for the year	1,661.75	1,365.47
Closing Accumulated Depreciation	6,199.89	4,538.14
Net Carrying value	5,571.98	4,261.91

Notes to the Standalone Financial Statements for the year ended March 31, 2024

- 8 (a)** The Company has only one class of assets i.e. Office Premises. Depreciation is computed on straight line basis over the period of lease.

9 Other non-financial assets

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid Expenses	1,137.34	496.08
Advance to staff	212.69	192.52
Advance to vendors	296.44	287.73
Other Recoverable	112.41	163.89
Total	1,758.88	1,140.22

10 Assets held for sale

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Asset obtained by taking possession of collateral (Refer Note 10(a) & Note 1.15.4)	1,294.92	1,791.15
Total Gross	1,294.92	1,791.15
Less: Impairment loss allowance*	(1,103.98)	(540.79)
Total Net	190.94	1,250.36

*The Company has accounted additional provision basis its past experience on realization and time value of money

10(a) Assets obtained by taking possession of collateral

The Company obtained the following assets 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, 2024	As at March 31, 2023
Residential properties	1,294.92	1,791.15
Total assets obtained by taking possession of collateral	1,294.92	1,791.15

11 Payables

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	30.65	3.64
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	3,063.29	855.98
Total	3,093.94	859.62

11(a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024							
(i) MSME	-	15.68	14.97	-	-	-	30.65
(ii) Others	2,589.98	7.86	453.31	2.79	4.49	4.86	3,063.29

Notes to the Standalone Financial Statements for the year ended March 31, 2024

11(a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023							
(i) MSME	-	3.64	-	-	-	-	3.64
(ii) Others	759.92	-	76.97	12.50	6.59	-	855.98
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

11 (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, 2024.

12 Debt Securities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured*		
Debentures (Refer note 12(a))	94,532.23	91,699.17
Unsecured		
Debentures (Refer note 12(a))	45,819.08	50,752.73
Total	1,40,351.31	1,42,451.90
Debt securities in India	94,532.23	91,699.17
Debt securities outside India	45,819.08	50,752.73
Total	1,40,351.31	1,42,451.90

*Exclusive charge on specified loan assets/ receivables and in case of debenture issued vide ISIN INE216P07167 additional first pari passu charge created on Company's Immovable property in favour of security Trustee as stated in the respective Debenture Trust Deed.

12(a). Detail of Redeemable Non-Convertible Debentures

(₹ in lakh)

ISIN No.	Date of allotment	Date of redemption	Rate of Interest	As at March 31, 2024	As at March 31, 2023	Secured/ Unsecured	Terms of redemption
INE216P07167	16-Sep-19	15-Sep-24	8.39%*	34,456.03	34,365.85	Secured	Redeemable at par
XS1923066390	20-Dec-18	20-Dec-25	8.93%**	9,981.33	14,958.86	Unsecured	Redeemable at par
INE216P07209	31-Dec-20	31-Dec-25	8.88%**	3,498.64	5,496.86	Secured	Redeemable at par
INE216P07217	26-Nov-21	26-Nov-26	8.75%	9,895.35	9,893.78	Secured	Redeemable at par
INE216P07225	25-Mar-22	25-Mar-27	8.50%**	5,996.61	7,994.19	Secured	Redeemable at par
INE216P07175	30-Mar-20	30-Mar-28	8.645%*	27,189.33	33,948.48	Secured	Redeemable at par
XS2449330336	10-Mar-22	10-Mar-29	9.25%**	35,837.75	35,793.88	Unsecured	Redeemable at par
INE216P07233	20-Jul-23	20-Jul-28	8.35%**	13,496.27	-	Secured	Redeemable at par
			Total	1,40,351.31	1,42,451.90		

*ROI p.a (payable half yearly)

**ROI p.a (payable quarterly)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

12 Debt Securities *Contd.*

Terms of repayment of Debentures outstanding as at March 31, 2024

(₹ in lakh)

Particulars Original maturity of loan	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
Quarterly											
Above 3 years	8%-10%	12	6,977.17	19	11,470.73	6	4,488.55	-	-	37	22,936.45
Half yearly											
Above 3 years	8%-10%	4	11,798.33	10	36,580.51	6	24,773.71	-	-	20	73,152.55
Bullet end											
Above 3 years	8%-10%	1	34,387.51	3	9,874.80	-	-	-	-	4	44,262.31
Total		17	53,163.01	32	57,926.04	12	29,262.26	-	-	61	1,40,351.31

Terms of repayment of Debentures outstanding as at March 31, 2023

(₹ in lakh)

Particulars Original maturity of loan	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
Quarterly											
Above 3 years	8%-10%	8	3,939.72	15	7,476.77	4	1,993.81	-	-	27	13,410.30
Half yearly	6%-8%	-	-	2	8,972.13	4	17,944.26	2	8,972.13	8	35,888.52
Above 3 years	8%-10%	4	11,658.55	8	23,600.53	4	13,631.50	-	-	16	48,890.58
Bullet end											
Above 3 years	8%-10%	-	-	1	34,393.16	3	9,869.34	-	-	4	44,262.50
Total		12	15,598.27	26	74,442.59	15	43,438.91	2	8,972.13	55	1,42,451.90

Notes to the Standalone Financial Statements for the year ended March 31, 2024

13 Borrowings (other than debt securities)

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured		
Term loans (refer note 13(i))		
From National Housing Bank (NHB) (Refer note 13(a))	3,04,157.86	2,60,287.19
From Banks (Refer note 13(b))	7,27,328.14	5,57,105.10
From Financial institutions (Refer note 13(c))	4,990.19	7.52
From Insurance Companies (Refer note 13(d))	4,372.52	5,621.09
Others		
Cash Credit (refer note 13(e))	13,341.85	2,742.11
Others (refer note 13(f))	39,107.70	5,861.90
Total	10,93,298.26	8,31,624.91
Borrowings in India	10,93,298.26	8,31,624.91
Borrowings outside India	-	-
Total	10,93,298.26	8,31,624.91

- 13(a) Secured term loans from National Housing Bank (NHB) carry rate of interest in the range of 2.80% to 8.50% p.a. The loans are having tenure of 7 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.
- 13(b) Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 6.80% to 9.40% 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 also include auto loans of ₹382.18 lakh (P.Y. ₹370.43 lakh) carrying rate of interest in the range of 7.35% to 10.10% p.a. which are secured by hypothecation of Company's vehicles.
- 13(c) Secured loans from financial institutions include loan from Small Industries Development Bank of India (SIDBI) of ₹4,990.19 lakh (P.Y. Nil) carrying rate of interest at the rate of 8.20% p.a. which are secured by hypothecation of receivables. Secured loans from financial institutions include auto loans of ₹ Nil (P.Y. ₹7.52 lakh) carrying rate of interest in the range of 8.75 % p.a. which are secured by hypothecation of Company's vehicles.
- 13(d) Secured term loan from Insurance Company carry rate of interest of 9.25% 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.
- 13(e) Cash credit borrowings from bank are repayable on demand and carry interest rates ranging from 8.70% to 10.90%
- 13(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.

13(g) Changes in liabilities arising from financing activities

(₹ in lakh)

Particulars**	As at March 31, 2023	Cash flows	Other*	As at March 31, 2024
Debt securities (refer note no 12)	1,42,451.90	(2,336.92)	236.33	1,40,351.31
Borrowings	8,31,624.91	2,61,715.82	(42.47)	10,93,298.26
Subordinate liabilities (refer note no 14)	9,992.26	(10,000.00)	7.74	-
Total	9,84,069.07	2,49,378.90	201.60	12,33,649.57

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in lakh)

Particulars**	As at March 31, 2022	Cash flows	Other*	As at March 31, 2023
Debt securities (refer note no 12)	1,70,946.09	(28,836.92)	342.73	1,42,451.90
Borrowings	6,16,321.15	2,15,353.81	(50.05)	8,31,624.91
Subordinate liabilities (refer note no 14)	9,982.50	(0.00)	9.76	9,992.26
Total	7,97,249.74	1,86,516.89	302.44	9,84,069.07

*Other column includes amortisation of transaction cost.

**For lease liabilities, refer note 15

13(h) The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in lakh)

13 (i) Terms of repayment of long term borrowings outstanding as at March 31, 2024

Particulars Original maturity of loan	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	
Monthly repayment schedule												
Above 3 years	8%-10%	609	41,684.85	1,006	88,311.19	549	67,692.40	195	72,644.10	-	-	2,359
	10%-12%	24	4.69	7	1.33	-	-	-	-	-	-	31
Quarterly repayment schedule												
Above 3 years	2%-4%	48	14,826.60	128	39,554.03	91	26,985.60	2	959.38	-	-	269
	4%-6%	63	14,292.53	134	31,853.11	104	27,207.50	48	12,646.58	-	-	349
	6%-8%	40	6,940.43	95	16,601.52	73	12,899.29	60	11,910.85	-	-	268
	8%-10%	306	85,828.78	550	1,63,341.45	444	1,36,967.06	450	1,58,214.78	16	5,109.00	1,766
Half yearly repayment schedule												
Above 3 years	8%-10%	2	1,248.68	4	2,498.39	1	624.59	-	-	-	-	7
Total		1,092	1,64,826.56	1,924	3,42,161.02	1,282	2,72,376.44	755	2,56,375.69	16	5,109.00	5,049
												10,40,848.71

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 ₹39,107.71 lakh (Due within 1 year ₹5,874.04 lakh and due more than 1 year ₹33,233.66 lakh)

Terms of repayment of long term borrowings outstanding as at March 31, 2023

(₹ in lakh)

Particulars Original maturity of loan	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	
Monthly repayment schedule												
Above 3 years	6%-8%	100	13,291.99	144	22,156.65	114	15,548.81	21	1,602.30	-	-	379
	8%-10%	474	20,239.98	694	41,419.70	419	37,919.58	194	45,344.90	-	-	1,781
	10%-12%	168	4,027	203	53.60	1	0.25	-	-	-	-	372
Quarterly repayment schedule												
Above 3 years	2%-4%	49	14,876.39	128	39,550.88	124	37,827.03	34	9,891.16	-	-	335
	4%-6%	31	5,275.37	76	12,631.45	30	4,726.98	24	3,736.99	-	-	161
	6%-8%	172	29,701.30	362	71,200.69	313	61,755.28	273	58,821.02	-	-	1,120
	8%-10%	119	33,355.96	305	84,785.89	224	67,066.32	260	74,971.54	36	9,608.76	944
Half yearly repayment schedule												
Above 3 years	8%-10%	2	1,248.03	4	2,498.19	3	1,873.64	-	-	-	-	9
Total		1,115	1,18,029.29	1,916	2,74,297.05	1,228	2,26,717.89	806	1,94,367.91	36	9,608.76	5,101
												8,23,020.90

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 ₹5,861.90 lakh (Due within 1 year ₹896.71 lakh and due more than 1 year ₹5,416.34 lakh)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

14 Subordinated Liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At Amortised cost		
Debentures (Refer note 14(a))	-	9,992.26
Total	-	9,992.26
Subordinated Liabilities in India	-	9,992.26
Subordinated Liabilities Outside India	-	-
Total	-	9,992.26

14(a) Detail of Subordinated Liabilities

(₹ in lakh)

ISIN No.	Date of allotment	Date of redemption	Rate of Interest p.a.	As at March 31, 2024	As at March 31, 2023	Secured/ Unsecured	Terms of redemption
INE216P08017	22-Dec-17	22-Dec-23	9.24%	-	9,992.26	Unsecured	Redeemed during the year

Terms of repayment of Subordinated liabilities outstanding as at March 31, 2024

(₹ in lakh)

Particulars		Due within 1 year		Due 1 to 3 years		Total	
Original maturity of loan	Interest rate	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
At the end of tenure							
Above 3 years	8%-10%	-	-	-	-	-	-

Terms of repayment of Subordinated liabilities outstanding as at March 31, 2023

(₹ in lakh)

Particulars		Due within 1 year		Due 1 to 3 years		Total	
Original maturity of loan	Interest rate	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount
At the end of tenure							
Above 3 years	8%-10%	1	9,992.26	-	-	1	9,992.26

15 Lease liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities	6,181.14	4,658.79
Total	6,181.14	4,658.79

Disclosures as required by Ind AS 116 'Leases' are stated below

Movement of Lease Liability

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	4,658.79	3,948.24
Add: Addition during the year	3,054.41	2,067.37
Interest on Lease Liability	545.27	390.67
Less: Repayment of lease liabilities (Including Interest)	(2,077.33)	(1,747.49)
Closing Balance	6,181.14	4,658.79

Notes to the Standalone Financial Statements for the year ended March 31, 2024

The following is the breakup of current and non-current portion of lease liability as on March 31, 2024

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Current	1,573.09	1,295.79
Non-Current	4,608.05	3,363.00
Total lease liability	6,181.14	4,658.79

16 Other financial liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due		
Secured non convertible debentures	683.70	388.36
Unsecured non convertible debentures	220.95	443.66
Bank- term loan	452.08	359.60
Financial Institution- term loan	4.49	0.03
Due to assignees towards collections in derecognised assets	8,482.25	5,392.66
Employee benefits payable	4,616.71	2,538.04
Others	5,682.65	7,473.01
Total	20,142.83	16,595.36

17 Provisions

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Leave availment	389.78	324.51
Gratuity	308.66	202.53
ECL on undisbursed loan commitment	141.86	133.14
Total	840.30	660.18

18 Tax Expenses

The major components of income tax expense for the year ended March 31, 2024

Profit or loss section

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current income tax:		
Current income tax charge	12,368.54	10,410.18
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	1,007.02	1,482.21
Income tax expense reported in the statement of profit or loss	13,375.56	11,892.39

OCI

Deferred tax related to items recognised in OCI during the year:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net loss/(gain) on re-measurements of defined benefit plans	5.10	28.52
Income tax charged to OCI	5.10	28.52

Notes to the Standalone Financial Statements for the year ended March 31, 2024

18 Tax Expenses *Contd.*

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2024:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Accounting profit before tax from continuing operations	62,444.98	54,899.60
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	62,444.98	54,899.60
Tax at statutory Income Tax rate of 25.17% (P.Y. 25.17%)	15,716.15	13,817.13
Expenses Disallowed in Income tax Act	344.47	295.26
Other permanent difference	(451.76)	(387.14)
Expenses Disallowed u/s 43B of Income tax Act	16.43	18.32
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	(2,240.85)	(1,840.06)
Incremental deferred tax liabilities /(assets) on account of Financial assets and other items	(8.89)	(11.12)
Tax at effective Income Tax rate (a)	13,375.55	11,892.39
Tax on Other comprehensive income (b)	5.10	28.52
Total Tax expenses (a+b)	13,380.65	11,920.91
Relating to origination and reversal of temporary differences	1,007.02	1,482.21
Tax at effective Income Tax rate (a)	13,375.55	11,892.39
Tax on Other comprehensive income (b)	5.10	28.52
Total Tax expenses (a+b)	13,380.65	11,920.91

(₹ in lakh)

Deferred Tax liabilities / (assets)	As at March 31, 2024	As at March 31, 2023
Deferred tax liability		
Unamortized Borrowings cost	285.84	336.58
Upfront EIS income	8,390.27	7,083.57
Gross deferred tax liability	8,676.11	7,420.15
Deferred tax asset		
Expected credit loss (ECL)	(1,506.77)	(1,266.87)
Unamortized Processing fee	(487.78)	(548.44)
Fair Valuation of SARFAESI	(46.92)	(64.69)
Provision for gratuity and Leave availment	(76.58)	(75.18)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(298.51)	(347.32)
Loss on voluntary liquidation of Subsidiary company (refer Note no. 46.12)	(81.46)	-
Other adjustments	(153.31)	(99.89)
Gross deferred tax asset	(2,651.33)	(2,402.39)
Net Deferred Tax Liability	6,024.78	5,017.76

Notes to the Standalone Financial Statements for the year ended March 31, 2024

18 Tax Expenses *Contd.*

(₹ in lakh)

Deferred Tax charged to statement of profit and loss account	Year ended March 31, 2024		Year ended March 31, 2023	
	Profit and Loss	OCI	Profit and Loss	OCI
Unamortized Borrowings cost	(50.74)	-	(76.12)	-
Upfront EIS income	1,306.70	-	1,114.28	-
Expected credit loss (ECL)	(239.91)	-	8.99	-
Unamortized Processing fee	60.67	-	483.66	-
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	48.81	-	(74.17)	-
Loss on voluntary liquidation of Subsidiary company	(81.46)	-	-	-
Other adjustments	(37.05)	5.10	25.57	28.52
Deferred Tax charged to statement of profit and loss account	1,007.02	5.10	1,482.21	28.52

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 ₹10,15,984.73 lakh (PY ₹8,31,620.29 lakh).

19 Other Non-financial Liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Dues Payable	854.81	359.98
Provision for Expenses	2,535.60	1,582.95
GST payable	450.00	65.65
Others	840.87	217.74
Total	4,681.28	2,226.32

20 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized share Capital		
8,50,00,000 (P.Y. 8,50,00,000) Equity Shares of ₹10/- each	8,500.00	8,500.00
	8,500.00	8,500.00
Issued, Subscribed & Paid up capital		
Issued and Subscribed Capital		
7,91,39,705 (P.Y. 7,90,56,874) Equity Shares of ₹10/- each	7,913.97	7,905.69
Called-Up and Paid Up Capital		
Fully Paid-Up		
7,91,39,705 (P.Y. 7,90,56,874) Equity Shares of ₹10/- each	7,913.97	7,905.69
Total	7,913.97	7,905.69

Notes to the Standalone Financial Statements for the year ended March 31, 2024

20(a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ In lakh	No. of shares	₹ In lakh
Equity Share at the beginning of year	7,90,56,874	7,905.69	7,89,36,451	7,893.65
Add:				
Equity Share Allotted during year				
Shares issued under ESOP	82,831	8.28	1,20,423	12.04
Equity share at the end of year	7,91,39,705	7,913.97	7,90,56,874	7,905.69

20(b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	1,23,46,641	15.60%	1,81,86,219	23.00%
1,23,46,641 Equity Shares of ₹10/- each fully paid				
SBI Mutual Fund through various funds	70,12,611	8.86%	3,315	0.00%
70,12,611 Equity Shares of ₹10/- each fully paid				
Partners Group ESCL Limited	59,78,718	7.55%	88,68,091	11.22%
59,78,718 Equity Shares of ₹10/- each fully paid				
Smallcap World Fund, Inc	15,16,749	1.92%	63,18,330	7.99%
15,16,749 Equity Shares of ₹10/- each fully paid				
Total	2,68,54,719	33.93%	3,33,75,955	42.21%

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.

20(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.

20(d) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-	-

20(e) For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 33

Notes to the Standalone Financial Statements for the year ended March 31, 2024

20 Equity share capital *Contd.*

20(f) Shareholding of Promoters

Shares held by promoters at the end of March 31, 2024

Promoter name	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,23,46,641	15.60%	-32.11%
Partners Group ESCL Limited	59,78,718	7.55%	-32.58%
Partners Group Private Equity Master Fund LLC	26,23,753	3.32%	-32.58%
Total	2,09,49,112	26.47%	

Shares held by promoters at the end of March 31, 2023

Promoter name	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.00%	0.00%
Partners Group ESCL Limited	88,68,091	11.22%	0.00%
Partners Group Private Equity Master Fund LLC	38,91,752	4.92%	0.00%
Total	3,09,46,062	39.14%	

21 Other equity

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium (refer note 21(a))	1,36,306.94	1,35,963.21
Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36(1) (viii) of income tax Act, 1961 (refer note 21(a))	44,664.04	34,847.12
Share Based Payments Reserve (refer note 21(a))	5,154.15	4,413.82
Retained earnings	1,83,292.42	1,43,829.48
Share Application money received	0.00	6.68
Total	3,69,417.55	3,19,060.31

21(a) Nature and purpose of reserve

Securities premium

Securities premium 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, 2024, The Company has transferred an amount of ₹8,903.57 lakh (P.Y. ₹7,311.11 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 ₹ 913.34 lakh (P.Y. Rs. 1,254.46 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

22 Interest income

(₹ in lakh)

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	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 22(a))	-	1,59,326.67	-	-	1,29,684.13	-
Interest on deposits with Banks	-	13,195.68	-	-	8,679.33	-
Interest on Government securities	-	930.94	-	-	434.84	-
Interest on Treasury Bill	-	11.75	-	-	-	-
Interest on Inter Corporates Loan	-	-	-	-	20.20	-
Total	-	1,73,465.04	-	-	1,38,818.50	-

22(a) Loan origination income included in interest income on loan is disclosed net of the direct incremental costs of ₹8,034.25 lakh for year ended March 31, 2024 (P.Y. ₹7,768.07 lakh) associated with the origination of the underlying loans.

23 Fees and commission Income

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Insurance commission	2,689.64	754.02
Other fee income	5,982.04	5,113.62
Total	8,671.68	5,867.64

24 Net gain on fair value changes

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Net gain on financial instruments at fair value through profit and loss		
i) On trading portfolio		
Investments in mutual fund	1,658.19	961.67
b) Others		
Derivatives	-	-
Total Net gain on fair value changesw	1,658.19	961.67
Fair value changes		
Realised	1,658.19	961.67
Unrealised- MTM gain	-	-
Total Net gain on fair value changes	1,658.19	961.67

25 Other income

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net gain on derecognition of property, plant and equipment	30.80	28.37
Other income	249.02	156.02
Total	279.82	184.39

Notes to the Standalone Financial Statements for the year ended March 31, 2024

26 Finance Costs

(₹ in lakh)

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	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	-	67,518.30	-	44,738.90
Interest on debt securities	-	12,406.10	-	12,565.04
Interest on Subordinated liabilities	-	678.59	-	941.98
Interest on Securitised pool	-	1,687.81	-	468.15
Interest on lease liability	-	545.27	-	390.68
Total	-	82,836.07	-	59,104.75

27 Fees and commission expense

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Resource mobilisation expenses	555.00	322.95
Bank charges and commission	180.41	188.70
Brokerage and Commission	19.90	109.10
Total	755.31	620.75

28 Impairment on financial instruments

(₹ in lakh)

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	On financial instruments measured at fair value through OCI	On financial liabilities measured at Amortised cost	On financial instruments measured at fair value through OCI	On financial liabilities measured at Amortised cost
Investment in subsidiary Company (refer Note 46.12)	-	59.50	-	-
Loan Assets	-	1,318.66	-	792.39
Provision on SARFAESI Cases	-	563.19	-	(40.93)
Write offs	-	463.91	-	432.55
Assets acquired under SARFAESI	-	42.11	-	58.23
Total	-	2,447.37	-	1,242.24

29 Employee Benefits Expenses

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	32,566.13	26,413.76
Contribution to provident and other funds	1,449.39	1,357.28
Share Based Payments to employees	860.46	1,641.69
Staff welfare expenses	715.05	646.30
Total	35,591.03	30,059.03

Notes to the Standalone Financial Statements for the year ended March 31, 2024

29 Employee Benefits Expenses *Contd.*

Defined Contribution plan

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions. The Company's contribution to provident fund aggregating ₹1,278.66 lakhs (P.Y. ₹1,172.08 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

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.

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, 2024	Year ended March 31, 2023
Current service cost	414.21	379.52
Interest cost	15.19	4.83
Expected Return on plan assets	-	-
Net remeasurement (gain) / loss recognized in the year	-	-
Net expense	429.40	384.35

Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Actuarial loss/(gain) due to change in financial assumptions	30.68	(54.02)
Actuarial loss/(gain) due to change in demographic assumption	-	-
Actuarial loss/ (gain) due to experience adjustments	(44.80)	(80.80)
Return on plan assets excluding amounts included in interest income	(6.14)	21.48
Remeasurement (gain) / loss arising during the year	(20.26)	(113.34)

Actual Return on plan asset

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Expected return on plan asset	-	-
Interest Income on Plan Asset	53.55	48.17
Actuarial gain/(loss)	6.14	(21.48)
Actual Return on plan asset	59.69	26.69

Notes to the Standalone Financial Statements for the year ended March 31, 2024

29 Employee Benefits Expenses *Contd.*

Balance Sheet

Net defined benefit liability

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Present value of defined benefit obligation	1,114.04	928.09
Fair value of plan assets	(805.37)	(725.56)
Plan liability	308.67	202.53

Changes in the present value of the defined benefit obligation are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening defined benefit obligation	928.09	758.09
Current service cost	414.21	379.52
Interest cost	68.74	53.00
Benefits paid during the year	(282.88)	(127.70)
Remeasurement (gain)/loss on obligation	(14.12)	(134.82)
Closing defined benefit obligation	1,114.04	928.09

Changes in the present value of the plan assets are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan asset at the beginning	725.56	690.02
Interest Income on Plan Asset	53.55	48.17
Expected return on plan asset	-	-
Contribution made	303.00	134.00
Benefit paid during the year	(282.88)	(125.15)
Actuarial Gain/(Loss) on plan assets	6.14	(21.48)
Fair value of plan asset at the end of the year	805.37	725.56

The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	7.30%	7.50%
Salary escalation rate	6.00%	6.00%
Employee Turnover	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%
Mortality Rates	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

29 Employee Benefits Expenses *Contd.*

Experience adjustment for the reported years are as below:

(₹ in lakh)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligation	1,114.04	928.09	758.09	659.25	517.23
Plan assets	(805.37)	(725.56)	(690.02)	(604.95)	-
(Surplus)/Deficit	308.67	202.53	68.07	54.30	517.23
Experience adjustments on plan liabilities (Gain)/ Loss	(44.80)	(80.80)	(70.12)	(91.54)	6.97
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, 2024	Year ended March 31, 2023
a) Effect of 1% change in assumed discount rate		
- 1% increase	972.08	810.42
- 1% decrease	1,287.56	1,071.85
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,274.32	1,060.83
- 1% decrease	977.87	811.78

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 Corporation 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.

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, 2024	Year ended March 31, 2023
1 st Following Year	32.63	29.45
2 nd Following Year	39.69	31.09
3 rd Following Year	38.73	37.04
4 th Following Year	62.49	36.86
5 th Following Year	67.14	70.38
Sum of Years 6 to 10	330.43	260.84

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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

30 Other expenses

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Advertisement and publicity	1,084.20	1,085.29
AMC charges	143.25	115.13
Auditor's remuneration (note 30(a))	102.92	77.73
Collection and legal recovery expenses	704.15	678.32
Communication costs	683.61	639.88
CSR expenses (refer note 40)	904.79	740.13
Directors' fees and commission	130.80	130.80
Donation	-	0.50
Electricity and water	468.79	416.93
General office expenses	628.79	423.48
IT and analytics Expenses	2,072.19	1,135.51
Legal and professional charges	1,147.05	998.55
Manpower management cost	3,757.92	3,464.04
Postage and courier expenses	312.57	275.87
Printing and stationery	182.32	152.12
Rent, rates and taxes Expenses	288.44	135.77
Repairs and maintenance	271.88	294.50
Travelling and conveyance	1,805.23	1,451.69
Total	14,688.90	12,216.24

30(a) Auditor's remuneration

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Audit fees	81.12	64.65
Tax audit fees	5.45	3.27
Other services	16.35	9.81
	102.92	77.73

31 Earning per share

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS (in lakh)	791.10	790.02
Net profit for calculation of basic EPS (₹ in lakh)	49,069.42	43,007.21
Basic earning per share (In ₹)	62.03	54.44
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (in lakh)*	792.27	791.78
Net profit for calculation of Diluted EPS (₹ in lakh)	49,069.42	43,007.21
Diluted earning per share (In ₹)	61.93	54.32
Nominal value of equity shares (In ₹)	10.00	10.00

*Effect of potential issue of shares / stock rights outstanding is 1.17 lakh as on March 31, 2024 (P.Y. 1.76 lakh)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

32 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, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2,055.80	-	2,055.80	17,666.88	-	17,666.88
Bank balance other than cash and cash equivalents	1,76,842.28	884.08	1,77,726.36	1,20,495.82	-	1,20,495.82
Receivables	1,221.93	-	1,221.93	122.34	-	122.34
Loans	2,19,354.23	11,81,082.45	14,00,436.68	1,83,506.77	9,64,120.68	11,47,627.45
Investments	5,434.93	12,780.70	18,215.63	-	12,308.06	12,308.06
Other financial assets	18,297.60	18,145.12	36,442.72	14,747.18	15,522.52	30,269.70
Non-financial assets						
Current tax assets (net)	1,176.31	-	1,176.31	298.89	-	298.89
Property, plant and equipment	-	2,966.40	2,966.40	-	3,158.58	3,158.58
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	1,120.53	1,120.53	-	2,036.69	2,036.69
Intangible assets	-	3,061.20	3,061.20	-	416.20	416.20
Right-of-use assets	-	5,571.98	5,571.98	-	4,261.91	4,261.91
Other non-financial assets	1,727.35	31.53	1,758.88	1,060.01	80.21	1,140.22
Assets held for sale	190.94	-	190.94	1,250.36	-	1,250.36
Total Assets	4,26,301.37	12,25,643.99	16,51,945.36	3,39,148.25	10,01,904.85	13,41,053.10
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	30.65	-	30.65	3.64	-	3.64
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,063.29	-	3,063.29	855.98	-	855.98
Debt securities	53,163.01	87,188.30	1,40,351.31	15,598.27	1,26,853.63	1,42,451.90
Borrowings (other than debt securities)	1,84,042.45	9,09,255.81	10,93,298.26	1,21,668.11	7,09,956.80	8,31,624.91
Subordinated liabilities	-	-	-	9,992.26	(0.00)	9,992.26
Lease liabilities	1,573.09	4,608.05	6,181.14	1,295.79	3,363.00	4,658.79
Other financial liabilities	20,000.02	142.81	20,142.83	16,488.42	106.94	16,595.36
Non-financial liabilities						
Provisions	358.90	481.40	840.30	244.78	415.40	660.18
Deferred tax liabilities (net)	-	6,024.78	6,024.78	-	5,017.76	5,017.76
Other non-financial liabilities	4,681.28	-	4,681.28	2,226.32	-	2,226.32
Total Liabilities	2,66,912.69	10,07,701.15	12,74,613.84	1,68,373.57	8,45,713.53	10,14,087.10
Net Assets	1,59,388.68	2,17,942.84	3,77,331.52	1,70,774.68	1,56,191.32	3,26,966.00

Notes to the Standalone Financial Statements

for the year ended March 31, 2024

33 Stock options

I The Company has formulated various share-based payment schemes for its employees , management and directors. Details of all grants in operation during the Year ended March 31, 2024 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
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 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)	Equity stock option plan for Employees 2022 (ESOP 2022)	Equity stock option plan for Employees 2016 (ESOP 2016)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Performance stock option plan (PSOP 2023)
No. of options approved*	12,87,901		7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000	4,500	71,044
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	03-Oct-19	13-Jul-21	18-Aug-21	22-Aug-22	30-Mar-23	01-Feb-24	12-Dec-23
No. of options granted	9,80,118	4,24,687	7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000	4,500	71,044
Exercise price per option (in ₹)	215.25	328	215.25	1580.20	2887.05	2477.15	2241.25	1606.40	1476.55	10
Method of settlement	Equity	Equity	Equity	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") Vesting is based on company performance condition over the future years									
A) Fixed Vesting year is as follows on following dates :-										
1 st vesting "12 months from the date of grant"	98,012	42,469	71,908	30,000	30,000	30,000	85,000	12,500	450	17,761
2 nd vesting "On expiry of four months from the 1 st vesting date"	98,012	NA	71,908	NA	NA	NA	NA	NA	NA	NA
2 nd vesting "On expiry of one year from the 1 st vesting date"	NA	42,469	NA	30,000	30,000	30,000	85,000	12,500	450	17,761
3 rd vesting "On expiry of one year from the 2 nd vesting date"	98,012	42,469	Refer note A	30,000	30,000	30,000	85,000	12,500	450	17,761

Notes to the Standalone Financial Statements for the year ended March 31, 2024

33 Stock options *Contd.*

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
4 th vesting "On expiry of one year from the 3 rd vesting date"	98,012	42,469	-	30,000	30,000	30,000	85,000	12,500	450	17,761
5 th vesting "On expiry of one year from the 4 th vesting date"	98,011	42,469	-	30,000	30,000	30,000	85,000	12,500	450	-
B) Conditional Vesting	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 (Refer note A)	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	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	Linked with conditions over the next five years as stipulated in respective stock option plan	linked with company's Profitability-Profit After Tax and Asset Quality-Gross Non-Performing Assets
Exercise year	Four years from the date of each vesting									

*After adjusting subsequent cancellations, if any

Note:

- During year ended March 31, 2019, pursuant to the Board/Nomination and Remuneration Committee 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, 2024, pursuant to the Board/Nomination and Remuneration Committee approval dated December 12, 2023, options granted to employees under PSOP 2023.
- During year ended March 31, 2024, pursuant to the Board/Nomination and Remuneration Committee approval dated February 01, 2024, options granted to employees under ESOP 2016

Notes to the Standalone Financial Statements for the year ended March 31, 2024

33 Stock options *Contd.*

II Computation of fair value of options granted during the year ended March 31, 2024

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP 2016 I (d)	PSOP 2023
Share price on the date of grant	1476.55	1547.25
Exercise price	1476.55	10
Expected volatility (%)	35.00%	35.00%
Life of the options granted (years)		
First Vesting	1 years	1 years
Second Vesting	2 years	2 years
Third Vesting	3 years	3 years
Fourth Vesting	4 years	4 years
Fifth Vesting	5 years	
Risk-free interest rate (%)	Vesting 1 - 7.10% Vesting 2 - 7.13% Vesting 3 - 7.14% Vesting 4 - 7.13% Vesting 5 - 7.19%	Vesting 1 - 7.29% Vesting 2 - 7.32% Vesting 3 - 7.38% Vesting 4 - 7.38%
Expected dividend rate (%)	0%	0%
Fair value of the option	Tranche 1 - 378.02 Tranche 2 - 478.91 Tranche 3 - 564.95 Tranche 4 - 640.04 Tranche 5 - 709.04	Tranche 1 - 1537.95 Tranche 2 - 1538.61 Tranche 3 - 1539.24 Tranche 4 - 1539.81

Notes to the Standalone Financial Statements for the year ended March 31, 2024

33 Stock options *Contd.*

III Reconciliation of options

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
Year ended March 31, 2024										
Options outstanding at April 1, 2023	22,685	67,962	20,000	1,79,695	2,41,194	2,55,687	6,13,700	1,25,000	-	-
Granted during the year	-	-	-	-	-	-	-	-	4,500	71,044
Forfeited during the year	-	-	-	-	-	-	-	-	-	-
Exercised during the year	15,302	47,529	20,000	-	-	-	-	-	-	-
Expired / lapsed during the year	2,003	1,628	-	30,168	74,185	54,493	46,640	-	-	-
Outstanding at March 31, 2024	5,380	18,805	-	1,49,527	1,67,009	2,01,194	5,67,060	1,25,000	4,500	71,044
Exercisable at March 31, 2024	5,380	18,805	-	1,13,177	65,429	78,794	1,11,460	25,000	-	-
Weighted average remaining contractual life (in years)	0.01	0.09	-	2.41	4.52	4.62	5.63	6.22	7.09	6.45
Weighted average share price at the time of exercise*	1,457.80	1,569.66	1,475.58	-	-	-	-	-	-	-

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
Year ended March 31, 2023										
Options outstanding at April 1, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000	-	-	-	-
Granted during the year	-	-	-	-	-	-	8,50,000	1,25,000	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-	-
Exercised during the year	10,473	50,460	24,943	34,547	-	-	-	-	-	-
Expired / lapsed during the year	-	7,033	-	85,758	58,806	44,313	2,36,300	-	-	-
Outstanding at March 31, 2023	22,685	67,962	20,000	1,79,695	2,41,194	2,55,687	6,13,700	1,25,000	-	-
Exercisable at March 31, 2023	22,685	67,962	20,000	93,135	48,794.00	49,687.00	-	-	-	-
Weighted average remaining contractual life (in years)	0.05	0.75	0.06	3.15	5.26	5.38	6.40	7	-	-
Weighted average share price at the time of exercise*	2,269.33	1,984.79	2,112.09	2,126.14	-	-	-	-	-	-

* 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.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

34 Segment information

The Company has only one reportable business segment, i.e. lending to borrowers within India, 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'. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2024 and March 31, 2023.

35 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.

36 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 (upto November 02, 2023)

Entity in which director of the Company is a director

Perfios Software Solution Private Limited

2. Directors and Key Management Personnel

Mr. Sandeep Tandon	Chairperson and Independent Director
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director & 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. Sushil Kumar Agarwal	Managing Director (Upto May 03, 2023)
Mr. Ghanshyam Rawat	President & Chief Financial Officer
Mr. Ashutosh Atre	President & Chief Risk Officer
Mr. Sharad Pathak	Company Secretary & Chief Compliance Officer

3. Post Employment Benefit Plan

Aavas Gratuity Trust

4. Enterprises under significant influence of the Key Management Personnel

Aavas foundation

5. Close members of Key Managerial Personnel

None

Notes to the Standalone Financial Statements for the year ended March 31, 2024

36 Related party Contd.

- 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, 2024			March 31, 2023		
		Amount received	Amount paid	Receivable/ (Payable)	Amount received	Amount paid	Receivable/ (Payable)
Aavas Finserv Limited	Reimbursement of expenses	2.31	2.31	-	22.16	3.74	-
	Reimbursement of Statutory payments	0.11	0.07	-	108.61	37.06	0.04
	Proceeds from voluntary liquidation (Refer note no. 5)	1,172.02	-	5.00	-	-	-
	Inter Corporate Loan	-	-	-	250.00	-	-
	Interest on Inter corporate Loan	-	-	-	35.73	-	-
Mr. Sandeep Tandon	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Sushil Kumar Agarwal	Share based Payment	-	-	-	-	-	-
	Remuneration	-	292.53	-	-	334.79	-
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Share based Payment	-	211.57	-	-	1.09	-
	Remuneration	-	271.31	-	-	19.65	-
Mr. Ashutosh Atre	Share based Payment	-	144.83	-	-	26.42	-
	Remuneration	-	215.55	-	-	20.17	-
Mrs. Kalpana Iyer	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mrs. Soumya Rajan	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Ramachandra Kasargod Kamath	Issue of Equity shares	43.05	-	-	53.69	-	-
	Share based Payment	-	-	-	-	-	-
	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Vivek Vig	Issue of Equity shares	-	-	-	-	-	-
	Share based Payment	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Ghanshyam Rawat	Share based Payment	-	146.84	-	-	101.11	-
	Remuneration	-	270.59	-	-	239.57	-
Mr. Sharad Pathak	Issue of Equity shares	-	-	-	3.28	-	-
	Remuneration	-	44.44	-	-	32.83	-
	Loan given	-	-	28.43	-	30.50	30.21
	Loan repaid	1.78	-	-	0.29	-	-
	Interest on Loan	1.65	-	-	0.44	-	-
	Share based Payment	-	9.53	-	-	18.56	-
Aavas Foundation	Contribute as a Settler (CSR)	-	429.10	-	-	393.60	-
Aavas Gratuity Trust	Gratuity Contribution	-	303.00	-	-	134.00	-
Perfios Software Solution Private Limited	Purchase of Goods/Services	-	5.64	(4.13)	-	-	-

Note :

- 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.
- Issue of equity shares includes Share premium amount.
- Amount received from voluntary liquidation of Investment post November 02,2023.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

37 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 of the Company as at March 31, 2024.

38 Commitments and Contingencies

a Capital and other commitments:

(₹ in lakh)

Particulars	As at March 31, 2024		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	227.36	49.93	177.43
Other intangible assets	2,474.29	1,089.12	1,385.17

(₹ in lakh)

Particulars	As at March 31, 2023		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	222.47	83.25	139.22
Other intangible assets	3,501.75	2,036.69	1,465.06

Refer note 4(iii) for undisbursed commitment relating to loans.

b There are no Contingent Liabilities as on March 31, 2024 and March 31, 2023

39 Expenditure in Foreign currency

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest paid*	3,563.24	3,995.25
Other Expenses**	809.38	799.29

*Interest expenses does not includes provision for interest on Rupee Denominated Bond (RDB) issued on March 10, 2022 payable to CDC Group amounting to Rs 220.95 lakh (PY ₹190.50 lakh).

**Other expenses does not includes provision for royalty payable to Intralinks Inc. amounting to ₹ Nil (PY ₹10.00 lakh).

40 CSR Expenses

Operating expenses include ₹904.79 lakh for the year ended March 31, 2024 (P.Y. ₹740.13 lakh) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross amount (including excess spending/ Deficit of previous year) required to be spent by the Company during the year is ₹904.79 lakh. (P.Y. ₹788.56 lakh). The Board of Directors of the Company has approved an amount of CSR of ₹904.79 lakh.

a. The details of amount spent during the respective year towards CSR are as under:

(₹ in lakh)

Particulars	March 31, 2024			March 31, 2023		
	Amount Spent	Yet to be paid	Total	Amount Spent	Yet to be paid	Total
Construction/acquisition of any asset	10.00	Nil	10.00	Nil	Nil	Nil
On purposes other than above	893.52	0.00	893.52	821.17	0.00	821.17

b. Amount of shortfall at the end of year

No short fall during the FY 2023-24 and FY 2022-23

Notes to the Standalone Financial Statements for the year ended March 31, 2024

40 CSR Expenses *Contd.*

c. Unspent amount as per Section 135 (5) of the Companies Act, 2013

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance (A)	-	48.43
Amount required to be spent during the year (B)	-	740.13
Amount spent during the year (restricted to sum of A and B above)	-	788.56
Closing Balance - Unspent amount	-	-

d. Excess spent amount as per Companies Act, 2013

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance - Excess Spent	(32.61)	-
Amount required to be spent during the year	904.79	740.13
Amount spent during the year (including any excess for future periods)	903.52	772.74
Closing Balance - Excess Spent	(31.34)	(32.61)

e. Details of ongoing projects for financial year 2023-24

(₹ 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
32.61	-	904.79	903.52	0.00	31.34	-

During the year ended March 31, 2024, the Company has spent excess amount of CSR amounting to ₹31.34 lakh. The said pre-spent shall be carried forward in next financial year in accordance with the provisions of Companies Act, 2013.

f. Reason of shortfall at the end of year

No short fall during the FY 2023-24.

g. Nature of CSR activities

1. Plantation, Renewable Energy and Traditional Energy Sources e.g. Solar Energy, Bio Gas, and Promoting Green Home Practices.
2. Aavas Udaan: Skill Development: focusing on industry specific and new age courses.
3. Aavas Gurukul: School Infrastructure, Resources and Scholarship.
4. Khelodaya: Sports Training, Scholarship, Sponsorship.
5. Road Safety and other Awareness programs.
6. Vishwakarma: Construction Worker Development- Focus on Construction Workers and their Families, Skill Building, Health and Safety, Social Security, Decent Work Environment.
7. Aavas Aahar Program, Health Care and Wellness, improving Health Infrastructure in Rural and Peri-Urban Areas, Health Camps.
8. Gram Siddhi- Enterprise Development, E-Commerce & Digital Marketing, Refresher Training to existing Gram Siddhis.
9. Association with Academic Institutions for R&D in the field of Green Housing; Environment Friendly Material, Designs and Construction Waste Management.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

h. Details of related party transactions

The Company has paid ₹429.10 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.

41 Fair value measurement

41(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.

41(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.

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.

42 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, 2024	As at March 31, 2023
Carrying amount of transferred assets measured at amortised cost	39,737.82	6,088.60
Carrying amount of associated liabilities	(39,093.24)	(5,845.53)

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

42 Transfer of Financial assets *Contd.*

Assignment Deal:

During the year ended March 31, 2024, 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, 2024	Year ended March 31, 2023
Carrying amount of derecognised financial assets	1,38,107.04	1,05,955.78
Gain from derecognition	17,954.91	15,182.36

Co-lending Deal:

During the year ended March 31, 2024, the Company has transferred a pool of loans amounting to ₹433.00 lakh (P.Y. Nil) by way of a Co-lending transaction 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 Co-lending transaction on behalf of lender.

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, 2024	Year ended March 31, 2023
Carrying amount of derecognised financial assets	433.00	-
Gain from derecognition	-	-

43 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, 2024	As at March 31, 2023
Debts	12,35,010.79	9,85,260.71
Net worth	3,73,149.79	3,24,513.10
Debt to Net worth (in times)	3.31	3.04

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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.

44 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 types of risk Company face in businesses are liquidity risk, credit risk, 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.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.

(₹ in lakh)

Maturity profile of Financial liabilities as on March 31, 2024			
Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	3,22,744.99	3,093.93	18,638.80
Over 1 year to 3 years	5,38,848.38	-	142.81
Over 3 year to 5 years	3,80,432.03	-	-
Over 5 year	3,17,058.34	-	-
Total	15,59,083.74	3,093.93	18,781.61

Notes to the Standalone Financial Statements for the year ended March 31, 2024

44 Financial risk management objectives and policies *Contd.*

(₹ in lakh)

Maturity profile of Financial liabilities as on March 31, 2023			
Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	2,13,308.69	859.61	15,296.77
Over 1 year to 3 years	4,49,520.65	-	106.94
Over 3 year to 5 years	3,25,004.68	-	-
Over 5 year	2,47,998.42	-	-
Total	12,35,832.44	859.61	15,403.71

(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 ₹14,42,255.64 lakh and ₹11,82,933.63 lakh as of March 31, 2024 and March 31, 2023 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.

Loans to customers:

LTV wise bifurcation:

As at March 31, 2024

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	3,16,316.60	5,277.17	1,957.65	3,23,551.42
41%-60%	5,03,189.78	7,156.94	3,137.12	5,13,483.84
61%-80%	4,35,940.96	6,713.00	3,682.58	4,46,336.54
More than 80%	1,19,626.82	1,511.52	4,408.43	1,25,546.77
Total	13,75,074.16	20,658.63	13,185.78	14,08,918.57

Notes to the Standalone Financial Statements for the year ended March 31, 2024

44 Financial risk management objectives and policies *Contd.*

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,71,143.22	5,115.76	2,286.15	2,78,545.13
41%-60%	4,24,137.18	6,786.30	3,292.48	4,34,215.96
61%-80%	3,44,265.82	7,269.75	3,763.98	3,55,299.55
More than 80%	83,638.02	1,763.43	1,326.38	86,727.83
Total	11,23,184.24	20,935.24	10,668.99	11,54,788.47

Customer profile

As at March 31, 2024

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
HOUSING:				
Salaried	5,00,347.87	3,537.44	2,325.75	5,06,211.06
Self employed	5,97,489.36	10,275.02	7,540.23	6,15,304.61
NON-HOUSING:	-	-	-	-
Salaried	91,548.39	1,350.11	642.27	93,540.77
Self employed	1,85,688.54	5,496.06	2,677.53	1,93,862.13
Total	13,75,074.16	20,658.63	13,185.78	14,08,918.57

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
HOUSING:				
Salaried	3,95,592.73	3,213.86	1,854.74	4,00,661.33
Self employed	4,73,007.57	10,926.77	6,201.93	4,90,136.27
NON-HOUSING:	-	-	-	-
Salaried	76,729.64	1,330.15	441.22	78,501.01
Self employed	1,77,854.30	5,464.46	2,171.10	1,85,489.86
Total	11,23,184.24	20,935.24	10,668.99	11,54,788.47

Loan Commitments:

LTV wise bifurcation:

As at March 31, 2024

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	12,965.63	15.26	-	12,980.89
41%-60%	27,873.70	42.66	-	27,916.36
61%-80%	14,286.46	86.00	-	14,372.46
More than 80%	5,350.14	6.01	-	5,356.15
Total	60,475.93	149.93	-	60,625.86

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	12,866.86	23.18	0.53	12,890.57
41%-60%	26,480.93	78.40	12.71	26,572.04
61%-80%	11,682.87	29.48	9.01	11,721.36
More than 80%	2,699.22	11.66	6.75	2,717.63
Total	53,729.88	142.72	29.00	53,901.60

Notes to the Standalone Financial Statements for the year ended March 31, 2024

44 Financial risk management objectives and policies *Contd.*

Customer profile

As at March 31, 2024

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	24,658.06	49.84	-	24,707.90
Self employed	35,817.87	100.09	-	35,917.96
Total	60,475.93	149.93	-	60,625.86

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	23,077.41	48.41	14.97	23,140.79
Self employed	30,652.47	94.31	14.03	30,760.81
Total	53,729.88	142.72	29.00	53,901.60

(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.

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:

- Changes in Regulatory or Market Conditions affecting the interest rates
- Short term volatility
- Prepayment risk translating into a reinvestment risk
- 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 and equity:

Notes to the Standalone Financial Statements for the year ended March 31, 2024

44 Financial risk management objectives and policies *Contd.*

(₹ in lakh)

Particulars	Basis Points	Effect on Profit before tax and equity	
		As at March 31, 2024	As at March 31, 2023
Loans			
Increase in basis points	50	4,888.77	3,743.86
Decrease in basis points	-50	(4,889.94)	(3,744.86)
Borrowings			
Increase in basis points	50	(3,447.26)	(2,920.12)
Decrease in basis points	-50	3,447.26	2,920.12

(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.

45 In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/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

(₹ in lakh)

Type of Borrower	As at March 31, 2024				
	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2023 (A)	of (A) aggregate debt that slipped into NPA during the half year ended March 31, 2024	Of (A) amount written off during the half year ended March 31, 2024	Of (A) amount paid by the borrower during the half year ended March 31, 2024*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2024
Personal Loan	7,975.61	244.34	43.84	345.95	7,341.48
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	7,975.61	244.34	43.84	345.95	7,341.48

* Amount paid by the borrower during the half year is net of additions.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

Impairment loss allowance on account of Covid-19 restructuring 2.0. is ₹844.07 lakh as on March 31, 2024 (P.Y. ₹1,077.20 lakh)

(₹ in lakh)

Type of Borrower	As at September 30, 2023				
	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2023 (A)	of (A) aggregate debt that slipped into NPA during the half year ended September 30, 2023	Of (A) amount written off during the half year ended September 30, 2023	Of (A) amount paid by the borrower during the half year ended September 30, 2023*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2023
Personal Loan	9,026.79	770.56	68.83	211.80	7,975.61
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	9,026.79	770.56	68.83	211.80	7,975.61

* Amount paid by the borrower during the half year is net of additions.

(₹ in lakh)

Type of Borrower	As at March 31, 2023				
	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2022 (A)	of (A) aggregate debt that slipped into NPA during the half year ended March 31, 2023	Of (A) amount written off during the half year ended March 31, 2023	Of (A) amount paid by the borrower during the half year ended March 31, 2023*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2023
Personal Loan	10,125.08	861.10	53.98	183.20	9,026.79
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	10,125.08	861.10	53.98	183.20	9,026.79

* Amount paid by the borrower during the half year is net of additions.

(₹ in lakh)

Type of Borrower	As at September 30, 2022				
	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at March 31, 2022 (A)	of (A) aggregate debt that slipped into NPA during the half year ended September 30, 2022	Of (A) amount written off during the half year ended September 30, 2022	Of (A) amount paid by the borrower during the half year ended September 30, 2022*	Exposure to accounts classified as standard consequent to implementation of resolution plan - position as at September 30, 2022
Personal Loan	13,610.45	2,525.03	60.01	900.33	10,125.08
Corporate Loan	-	-	-	-	-
Of Which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	13,610.45	2,525.03	60.01	900.33	10,125.08

* Amount paid by the borrower during the half year is net of additions.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

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 – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (as amended)

46.1 Summary of Material Accounting Policies

The accounting policies regarding key areas of operations are disclosed as note 1 to the Standalone Financial Statement for the year ended March 31, 2024.

Disclosure:

46.2 Capital

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
CRAR (%)	43.98%	46.96%
CRAR - Tier I capital (%)	43.76%	46.66%
CRAR - Tier II capital (%)	0.23%	0.30%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of perpetual Debt instruments	-	-

46.3 Reserve Fund u/s 29C of NHB Act, 1987

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Reserve u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	34,847.12	26,281.55
Additional during the year	9,816.92	8,565.57
Appropriation during the year	-	-
Closing Balance	44,664.04	34,847.12

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Special Reserve u/s 29C of The National Housing Bank Act, 1987 read with section 36 (1) (viii) of Income Tax Act, 1961		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4,070.18	2,815.72
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	30,776.94	23,465.83
c) Total	34,847.12	26,281.55
Addition /Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	913.34	1,254.46
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	8,903.58	7,311.11

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.3 Reserve Fund u/s 29C of NHB Act, 1987 *Contd.*

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Less:		
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	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	4,983.52	4,070.18
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	39,680.52	30,776.94
Total	44,664.04	34,847.12

46.4 Investments

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Value of Investment		
Gross Value of Investment	18,215.63	12,572.21
In India	18,215.63	12,572.21
Outside India	-	-
Provision for Depreciation	-	(264.15)
In India	-	(264.15)
Outside India	-	-
Net Value of Investment	18,215.63	12,308.06
In India	18,215.63	12,308.06
Outside India	-	-
Movement of Provision held towards depreciation on Investment		
Opening Balance	(264.15)	-
Add: Provisions made during the year	-	(264.15)
Less: Write off/Write Back Excess provision during the year	264.15	-
Closing Balance	-	(264.15)

46.5 Derivatives

- 1) The company has no transactions/exposure in derivatives in the current and previous year.
- 2) The company has unhedged foreign currency exposure on March 31, 2024 of ₹156.30 lakh (P.Y. Nil)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.6 Securitisation

- a. Disclosure as per Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021, assignment /securitisation transactions as an originator:

(₹ in lakh)

Particulars	No. / Amount	
	As at March 31, 2024	As at March 31, 2023
1. No of SPVs sponsored by the HFC for securitisation transactions	4	2
2. Total amount of securitised assets as per books of the SPVs sponsored	39,737.82	6,088.60
3. 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)	2,596.58	1,290.82
Series A PTCs	644.58	243.06
4. 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	-	-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
6. Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
Liquidity Support		
Number of transaction		
Outstanding Value		
Post Securitisation Assets servicing		
Number of transaction	4.00	2.00
Outstanding Value	39,737.82	6,088.60
7. Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.		
Credit enhancement facility		
No of Transaction	4.00	2.00
a) Amount paid	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.6 Securitisation *Contd.*

(₹ in lakh)

Particulars	No. / Amount	
	As at March 31, 2024	As at March 31, 2023
b) Repayment received	-	-
c) Outstanding amount	3,027.28	1,578.00
Servicing Agent		
No of Transaction	4.00	2.00
a) Amount paid	-	-
b) Repayment received	-	-
c) Outstanding amount	39,737.82	6,088.60
8. Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
Asset Class- RMBS	0.93%	0.92%
9. Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
Asset Class- RMBS		
Number of additional/ Top Up Loan	358.00	12.00
Amount of additional/ Top Up Loan	1,504.30	77.41
10. Investor complaints		
a) Directly/Indirectly received and	-	-
b) Complaints outstanding	-	-

* Second Loss facility

b. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
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	-	-

c. Details of Assignment transactions undertaken by company

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Number of accounts	16,934	12,658
Aggregate value (net of provisions) of accounts assigned*	1,24,296.34	95,387.07
Aggregate consideration	1,24,296.34	95,387.07
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

* Represents amount related to share of assignee.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.6 Securitisation *Contd.*

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 as on March 31, 2024

(₹ 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	-	1,393.14	-	-	14,837.16	-	5,300.00	-
8 to 14 Days	-	-	-	-	4,727.36	-	25,700.00	-
15 Days to 30/31 Days	-	5,085.64	711.61	-	8,990.31	-	22,100.00	-
Over 1 month to 2 month	-	7,088.94	-	-	17,153.16	-	76,200.00	-
Over 2 month to 3 month	-	14,924.50	3,480.90	-	17,126.33	-	46,202.04	-
Over 3 month to 6 month	-	46,608.20	39,614.18	-	52,356.75	-	126.62	-
Over 6 month to 1 year	-	1,08,942.03	9,356.32	-	1,04,163.16	5,434.93	1.12	-
Over 1 year to 3 years	-	3,53,018.31	57,899.89	-	3,90,942.39	12,780.70	-	-
Over 3 year to 5 years	-	2,81,938.44	29,288.41	-	3,36,896.32	-	-	-
Over 5 years	-	2,74,299.07	-	-	4,61,725.63	-	-	-
Total	-	10,93,298.27	1,40,351.31	-	14,08,918.57	18,215.63	1,75,629.78	-

Maturity pattern as on March 31, 2023

(₹ 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	-	1,232.18	-	-	12,430.80	-	-	-
8 to 14 Days	-	-	-	-	3,966.54	-	14,800.00	-
15 Days to 30/31 Days	-	4,412.50	-	-	7,331.39	-	25,100.00	-
Over 1 month to 2 month	-	4,403.86	-	-	14,373.04	-	35,001.00	-
Over 2 month to 3 month	-	9,701.51	3,437.37	-	14,345.80	-	51,700.00	-
Over 3 month to 6 month	-	31,055.75	4,355.14	-	43,851.44	-	7,701.84	-
Over 6 month to 1 year	-	70,862.31	17,798.02	-	87,207.76	-	2.16	-
Over 1 year to 3 years	-	2,76,273.92	74,397.51	-	3,26,532.13	11,072.21	-	-
Over 3 year to 5 years	-	2,28,167.53	43,466.49	-	2,79,874.69	-	-	-
Over 5 years	-	2,05,515.35	8,989.63	-	3,64,874.88	1,235.85	-	-
Total	-	8,31,624.91	1,52,444.16	-	11,54,788.47	12,308.06	1,34,305.00	-

* 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)

Category	As at March 31, 2024	As at March 31, 2023
(A) Direct exposure-		
i) Residential mortgages :		
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 : ₹5,75,952.38 lakh (PY ₹4,90,187.19 lakh)	13,94,514.27	11,43,704.02

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.8 Exposure *Contd.*

a. Exposures to real estate sector

(₹ in lakh)

Category	As at March 31, 2024	As at March 31, 2023
ii) Commercial real estate :		
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. (It includes CRE-RH loans of ₹14,164.19 Lakh (P.Y. ₹10,869.09 Lakhs).	14,404.31	11,084.45
iii) Investments in mortgage backed securities (MBS) and other securitized exposures :		
(a) Residential	-	-
(b) Commercial real estate.	Nil	Nil
(B) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		
Total Exposures to real estate sector	14,08,918.58	11,54,788.47

b. Exposure to Capital Market

The Company has no exposure to capital market directly or indirectly in the current and previous year.

c. Sectoral exposure

(₹ in lakh)

Sectors	Year ended March 31, 2024			Year ended March 31, 2023		
	Total Exposure (includes on balance sheet and off- balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off- balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
i. Micro and Small	1,67,402.24	804.94	0.48%	82,633.42	250.85	0.30%
Total of Industry	1,67,402.24	804.94	0.48%	82,633.42	250.85	0.30%
3. Services						
i. Commercial real estate*	18,236.47	33.77	0.19%	13,727.50	23.27	0.17%
Total of Services	18,236.47	33.77	0.19%	13,727.50	23.27	0.17%
4. Personal Loans						
i. Housing Loan (including priority sector Housing)	11,19,537.42	9,486.43	0.85%	8,97,256.87	7,770.40	0.87%
ii. Loan against property	1,64,368.30	2,860.64	1.74%	2,20,543.45	2,624.47	1.19%
Total of Personal Loans (i+ii)	12,83,905.72	12,347.07	0.96%	11,17,800.32	10,394.87	0.93%
5. Others, if any (please specify)	-	-	-	-	-	-
Total	14,69,544.43	13,185.78	0.90%	12,14,161.24	10,668.99	0.88%

*It includes CRE-RH loans of Rs. 17,977.50 lakh (P.Y. Rs. 13,506.84 lakh)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.8 Exposure *Contd.*

d. Details of financing of parent company products

There is no financing of parent company products.

e. 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.

f. Unsecured Advances

The company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc as collateral security.

g. Exposure to group companies engaged in real estate business

The company has no exposure to group companies engaged in real estate business in current and previous year.

46.9 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, 2024	Year ended March 31, 2023
1. Provisions for depreciation on investment	-	-
2. Provision made towards Income tax	12,368.54	10,410.18
3. Provision towards NPA	1,487.04	940.01
4. Provision for Standard Assets (with details like teaser loan , CRE , CRE-RH etc.)*	394.81	740.85
5. Other Provision and contingencies**	-	(929.41)

*Provision for Standard Assets includes CRE of ₹(1.29) lakh (PY Rs 1.29 lakh) , CRE-RH of ₹8.93 lakh (PY ₹11.51 lakh) and Non CRE of ₹384.59 lakh (PY ₹728.05 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, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Standard Assets				
a) Total Outstanding Amount	10,71,059.11	8,50,813.15	3,24,673.68	2,93,306.35
b) Provisions made	3,443.01	3,074.66	1,239.72	1,215.83
Sub-Standard Assets				
a) Total Outstanding Amount	4,745.78	4,550.13	2,068.78	1,878.85
b) Provisions made	1,123.80	1,077.47	489.89	444.91
Doubtful Assets - Category - I				
a) Total Outstanding Amount	2,425.33	1,529.38	931.38	501.76
b) Provisions made	592.33	375.01	226.59	121.90
Doubtful Assets - Category - II				
a) Total Outstanding Amount	2,014.18	1,571.08	595.71	438.73
b) Provisions made	812.35	559.50	222.96	152.72
Doubtful Assets - Category - III				
a) Total Outstanding Amount	265.71	131.60	68.13	24.47
b) Provisions made	214.33	80.39	46.13	15.66

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.9 Additional Disclosures *Contd.*

(₹ in lakh)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Loss Assets				
a) Total Outstanding Amount	68.06	11.16	2.72	31.81
b) Provisions made	68.06	11.16	2.72	31.81
TOTAL				
a) Total Outstanding Amount	10,80,578.17	8,58,606.50	3,28,340.40	2,96,181.97
b) Provisions made	6,253.88	5,178.19	2,228.01	1,982.83

b. Draw Down from Reserves

There has been no draw down from reserves during the year ended March 31, 2024 (P.Y. Nil)

c. Concentration of Public Deposits , Advances , Exposures and NPAs

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Concentration of Public Deposits		
Total Deposits of twenty largest depositors	NA	NA
(%) of Deposits of twenty largest depositors to Total Deposits of the Company	NA	NA
Concentration of Advances		
Total Loans & Advances to twenty largest borrowers	4,048.15	4,171.13
(%) of Loans & Advances to twenty largest borrowers to Total Advances of the Company	0.29%	0.36%
Concentration of all Exposures (including off-balance sheet exposure)		
Total Exposures to twenty largest borrowers/Customers	4,714.11	4,843.17
(%) of Exposures to twenty largest borrowers/Customers to Total Exposures of the Company on borrowers/customers	0.23%	0.29%
Concentration of NPAs		
Total Exposures to top ten NPA accounts	588.52	590.63

Sector-Wise NPAs

(₹ in lakh)

Sector	% of NPAs to total Advances in that sector	
	As at March 31, 2024	As at March 31, 2023
A. Housing Loans:		
1 Individuals*	0.88%	0.90%
2 Builders/Project Loans	0.00%	0.00%
3 Corporates	0.00%	0.00%
4 Others	0.00%	0.00%
B. Non Housing Loans:		
1 Individuals*	1.12%	0.97%
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, 2024

46.9 Additional Disclosures *Contd.*

d. Movement of NPAs

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(I) Net NPAs to Net Advances (%)	0.67%	0.68%
(II) Movement of NPAs (Gross)		
a) Opening Balance	10,668.99	9,035.93
b) Additions during the year	6,755.42	6,347.99
c) Reductions during the year	(4,238.63)	(4,714.93)
d) Closing Balance	13,185.78	10,668.99
(III) Movement of Net NPAs		
a) Opening Balance	7,798.46	6,952.57
b) Additions during the year	4,731.47	4,499.75
c) Reductions during the year	(3,143.31)	(3,653.86)
d) Closing Balance	9,386.62	7798.46
(IV) Movement of Provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	2,870.53	2,083.36
b) Provisions made during the year	2,023.94	1,848.24
c) Write-off/Write-Back of excess provisions	(1,095.31)	(1,061.07)
d) Closing Balance	3,799.16	2,870.53

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.

46.10 Miscellaneous

a. Registration obtained from other Financial sector regulators

Regulator	Registration No.
Insurance Regulatory and Development Authority of India:	CA0537
As Corporate Agent (Composite)	

b. Disclosure of penalties imposed by NHB or RBI and any other regulator/ supervisor/ enforcement authority

During FY 2023-24, BSE Limited has imposed penalty of ₹10,000 excluding GST on the Company for delay in submission of the intimation of Record Date as per Regulation 60(2) of the SEBI (Listing Obligation and Disclosure requirement) Regulations, 2015. Apart from this there were no penalties imposed by NHB or RBI and any other regulator/ supervisor/ enforcement authority.

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.10 Miscellaneous *Contd.*

c. Related Party Transactions

Related Party/ Items	Subsidiaries		Key Management Personnel		Enterprises under significant influence of the Key Management Personnel		Others		Total	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Advances (Received)/Paid (Inter Corporate Loan) #	-	(250.00)	-	-	-	-	-	-	-	(250.00)
Interest (Received)/Receivable (Inter Corporate Loan)	-	(35.73)	-	-	-	-	-	-	-	(35.73)
Proceeds from voluntary liquidation	1,172.02	-	-	-	-	-	-	-	1,172.02	-
Issue of Equity shares	-	-	43.05	56.97	-	-	-	-	43.05	56.97
Share based Payment	-	-	512.77	147.17	-	-	-	-	512.77	147.17
Remuneration	-	-	1,094.43	647.01	-	-	-	-	1,094.43	647.01
Commission	-	-	130.80	130.80	-	-	-	-	130.80	130.80
Loan given	-	-	-	30.50	-	-	-	-	-	30.50
Loan outstanding #	-	-	28.43	30.21	-	-	-	-	28.43	30.21
Loan repaid	-	-	(1.78)	(0.29)	-	-	-	-	(1.78)	(0.29)
Interest on Loan	-	-	(1.65)	(0.44)	-	-	-	-	(1.65)	(0.44)
Contribute as a Settler (CSR)	-	-	-	-	429.10	393.60	-	-	429.10	393.60
Gratuity Contribution	-	-	-	-	-	-	*303.00	*134.00	303.00	134.00
Receivable from voluntary liquidation	5.00	-	-	-	-	-	-	-	5.00	-
Others (Received)/Receivable	(2.42)	(130.81)	-	-	-	-	-	-	(2.42)	(130.81)
Others (payable)/Paid	2.38	40.80	-	-	-	-	**(-4.13)	-	(1.75)	40.80
Total	1,176.98	(375.74)	1,806.05	1,041.93	429.10	393.60	298.87	134.00	3,711.00	1,193.79

*Post Employment Benefit Plan

**Entity in which director of the Company is a director

Maximum Amount outstanding for inter corporate loan including interest during the current year is ₹ Nil (P.Y. ₹285.73 lakh)

Maximum Amount outstanding for loan given to key management personnel during the current year is ₹30.07 lakh (P.Y. ₹30.36 lakh)

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.10 Miscellaneous *Contd.*

d. Ratings assigned by credit rating agencies and migration of ratings during the year:

During the year, CARE has reaffirmed long term rating of AA/Stable and short term rating of A1+ to the company. ICRA has reaffirmed long term rating of AA/Stable and 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 :

S. No.	Name of the Rating Agency	Programme	Rating Assigned	Migration of ratings during the year
1	CARE	Long Term Banking Facilities	CARE AA/ Stable	-
		Non-Convertible Debentures	CARE AA/ Stable	-
		Commercial Paper	CARE A1+	-
2	ICRA	Non- Convertible Debenture	ICRA AA/ Stable	-
		Long Term Bank Lines	ICRA AA/ Stable	-
		Commercial Paper	ICRA A1+	-
		PTC Securitization (Prime home Loan Trust I)	ICRA AAA(SO)	-
		PTC Securitization (Prime home Loan Trust II)	ICRA AAA(SO)	-
		PTC Securitization (Prime home Loan Trust III)	ICRA AA(SO)	-
		PTC Securitization (Prime home Loan Trust IV)	ICRA AA(SO)	-
3	India Ratings	Short Term Debts	IND A1+	-

e. Intra-group exposures

There are no Intra-group exposures in the current and previous year.

f. Remuneration of Directors

Details of Remuneration of Directors are disclosed in Note no. 36 Related party transactions.

g. Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items and changes in accounting policies 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. Consolidated Financial Statements (CFS)

Refer to the Consolidated Financial Statements for the relevant disclosures.

46.11 Disclosure of Complaints

a. Customers Complaints

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	0	0
2	Number of complaints received during the year	380	225
3	Number of complaints disposed during the year	380	225
3.1	Of which, number of complaints rejected by the NBFC	0	0
4	Number of complaints pending at the end of the year	0	0

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.11 Disclosure of Complaints *Contd.*

a. Customers Complaints

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	0	0
5.1	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	0	0
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	0	0
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

Top five grounds of complaints received by the NBFCs from customers

Sr. No.	Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
	1	2	3	4	5	6
	As at March 31, 2024					
1	Deliverables	0	96	Increased by 191%	0	0
2	Disbursement related	0	72	Increased by 260%	0	0
3	Related to waiver(Overdue, foreclosure charges etc.)	0	31	Increased by 158%	0	0
4	Post Disbursement/After closure services	0	28	Increased by 833%	0	0
5	Property papers/NOC/ SPDC	0	23	Increased by 188%	0	0
6	Others	0	130		0	0
	Total	0	380		0	0
	As at March 31, 2023					
1	PMAY subsidy	0	41	Decreased by 63%	0	0
2	Deliverables	0	33	Increased by 200%	0	0
3	ROI Related	0	29	Increased By 21%	0	0
4	Disbursement related	0	20	Decreased by 34%	0	0
5	Levy of charges without prior notice/ excessive charges/ foreclosure charges	0	18	Increased by 38%	0	0
6	Others	0	84		0	0
	Total	0	225		0	0

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.12 Diagrammatic representation of group structure



*The Board of Directors of the Company in its meeting held on October 26, 2023 approved Voluntary Liquidation of wholly owned Subsidiary - Aavas Finserv Limited. Effective from November 03, 2023, the control of the subsidiary has been transferred to the official liquidator.

46.13 Liquidity Risk Management Framework

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Number of significant counter parties	19	19
Amount	11,87,579.56	9,42,259.93
Percentage of funding concentration to total deposits	NA	N/A
Percentage of funding concentration to total liabilities*	93.17%	92.92%

* Total liabilities excludes net worth

(ii) Top 20 large deposits

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
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, 2024	As at March 31, 2023
Total amount of top 10 borrowings	9,84,095.45	7,55,552.63
Percentage of amount of top 10 borrowings to total borrowings	79.68%	76.69%

(iv) Funding Concentration based on significant instrument/product

(₹ in lakh)

Particulars	As at March 31, 2024	Percentage of total liabilities	As at March 31, 2023	Percentage of total liabilities
Borrowings from Banks	7,27,780.22	57.10%	5,57,464.69	54.97%
Borrowings from National Housing Bank (NHB)	3,04,157.86	23.86%	2,60,287.19	25.67%
Debt securities	95,215.93	7.47%	92,087.53	9.08%
External Commercial Borrowings (including Rupee Denominated Bonds)	46,040.03	3.61%	50,943.23	5.02%
Borrowings from Financial institutions	4,994.68	0.39%	7.55	0.00%
Subordinated liabilities	-	0.00%	10,245.41	1.01%
Securitisation	39,107.70	3.07%	5,861.90	0.58%
Borrowings from Insurance Companies	4,372.52	0.34%	5,621.09	0.55%
Cash Credit	13,341.85	1.05%	2,742.11	0.27%

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(v) Stock ratio

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
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	20.94%	16.60%
Other short term liabilities as a percentage of total assets	16.16%	12.55%

(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. 44 of standalone financials statement

46.14 Loans against security of shares - Nil

Refer to the note no. 4(v) of Loans

46.15 Loans against security of single product - gold jewellery - Nil

Refer to the note no. 4(iv) of Loans

46.16 Institutional set-up for liquidity risk management

Quarter on quarter Liquidity Coverage Ratio for the financial year ended March 31, 2024 :

(₹ in lakh)

Sr No	Particulars	As at June 30, 2023		As at September 30, 2023		As at December 31, 2023		As at March 31, 2024	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	HIGH QUALITY LIQUID ASSETS								
1	**Total High Quality Liquid Assets (HQLA)	12,723.21	12,723.21	15,131.02	15,131.02	17,280.71	17,280.71	18,420.37	18,420.37
	CASH OUTFLOWS								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	1,148.67	1,320.97	269.55	309.98	4,665.70	5,365.55	273.12	314.09
4	Secured wholesale funding	12,375.63	14,231.98	15,314.36	17,611.51	14,627.53	16,821.66	17,017.92	19,570.60
5	Additional requirements, of which	-	-	-	-	-	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.16 Institutional set-up for liquidity risk management *Contd.*

Quarter on quarter Liquidity Coverage Ratio for the financial year ended March 31, 2024 :

(₹ in lakh)

Sr No	Particulars	As at June 30, 2023		As at September 30, 2023		As at December 31, 2023		As at March 31, 2024	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
(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	23,914.73	27,501.94	27,006.62	31,057.61	30,032.03	34,536.83	39,168.34	45,043.60
6	Other contractual funding obligations	4,994.51	5,743.68	5,866.85	6,746.88	6,054.35	6,962.50	5,673.08	6,524.04
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	42,433.54	48,798.57	48,457.38	55,725.98	55,379.61	63,686.54	62,132.46	71,452.33
	CASH INFLOWS								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	25,199.53	18,899.65	25,607.06	19,205.30	26,783.39	20,087.54	28,504.40	21,378.30
11	Other cash inflows	1,30,891.36	98,168.52	1,42,713.73	1,07,035.30	1,31,925.85	98,944.38	1,17,929.40	88,447.05
12	TOTAL CASH INFLOWS	1,56,090.89	1,17,068.17	1,68,320.79	1,26,240.60	1,58,709.24	1,19,031.92	1,46,433.80	1,09,825.35
	Total Adjusted Value			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13	TOTAL HQLA		12,723.21		15,131.02		17,280.71		18,420.37
14	TOTAL NET CASH OUTFLOWS		12,199.64		13,931.50		15,921.64		17,863.08
15	LIQUIDITY COVERAGE RATIO (%)		104.29%		108.61%		108.54%		103.12%

**Component of HQLA

(₹ in lakh)

Sr No	**High Quality Liquid Assets (HQLA)	As at June 30, 2023		As at September 30, 2023		As at December 31, 2023		As at March 31, 2024	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	Assets to be included as HQLA without any Haircut	12,723.21	12,723.21	15,131.02	15,131.02	17,280.71	17,280.71	18,420.37	18,420.37
2	Assets to be considered For HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3	Assets to be considered For HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.16 Institutional set-up for liquidity risk management *Contd.*

Quarter on quarter Liquidity Coverage Ratio for the financial year ended March 31, 2023 :

(₹ in lakh)

Sr No	Particulars	As at June 30, 2022		As at September 30, 2022		As at December 31, 2022		As at March 31, 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	HIGH QUALITY LIQUID ASSETS								
1	**Total High Quality Liquid Assets (HQLA)	1,09,988.08	1,09,988.08	36,612.25	36,612.25	9,588.22	9,588.22	12,322.61	12,322.61
	CASH OUTFLOWS								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	1,178.76	1,355.57	335.54	385.88	1,471.06	1,691.72	294.37	338.53
4	Secured wholesale funding	17,650.25	20,297.79	9,207.06	10,588.12	10,014.20	11,516.33	14,213.90	16,345.98
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	32,769.57	37,685.00	24,705.16	28,410.94	29,458.76	33,877.58	22,936.01	26,376.41
6	Other contractual funding obligations	9,550.17	10,982.69	5,542.39	6,373.75	4,673.91	5,375.00	4,905.56	5,641.39
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	61,148.75	70,321.05	39,790.15	45,758.69	45,617.93	52,460.63	42,349.84	48,702.31
	CASH INFLOWS								
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	20,186.07	15,139.56	21,143.58	15,857.68	22,372.81	16,779.61	22,740.21	17,055.16
11	Other cash inflows	32,182.29	24,136.72	74,791.15	56,093.36	99,660.29	74,745.22	1,28,527.39	96,395.55
12	TOTAL CASH INFLOWS	52,368.36	39,276.28	95,934.73	71,951.04	1,22,033.10	91,524.83	1,51,267.60	1,13,450.71
	Total Adjusted Value			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13	TOTAL HQLA		1,09,988.08		36,612.25		9,588.22		12,322.61
14	TOTAL NET CASH OUTFLOWS		31,044.78		11,439.67		13,115.16		12,175.58
15	LIQUIDITY COVERAGE RATIO (%)		354.29%		320.05%		73.11%		101.21%

Quarter on quarter Liquidity Coverage Ratio for the financial year ended March 31, 2023 :

(₹ in lakh)

Sr No	High Quality Liquid Assets (HQLA)	As at June 30, 2022		As at September 30, 2022		As at December 31, 2022		As at March 31, 2023	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
1	Assets to be included as HQLA without any Haircut	1,09,988.08	1,09,988.08	36,612.25	36,612.25	9,588.22	9,588.22	12,322.61	12,322.61
2	Assets to be considered For HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3	Assets to be considered For HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.16 Institutional set-up for liquidity risk management *Contd.*

Qualitative Disclosure of LCR

RBI had issued guidelines on liquidity risk management for NBFCs/HFCs vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 wherein RBI introduced Liquidity Coverage Ratio (LCR). The objective of the guidelines is to ensure that NBFCs/HFCs maintains a liquidity buffer in terms of LCR in addition to various process related aspects of liquidity risk management framework. LCR has to be maintained in the form sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for subsequent 30 calendar days. LCR is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. Further, RBI vide Circular No. RBI/2020-21/60 DOR. NBFC (HFC).CC. No.118/03.10.136/2020-21 dated October 22, 2020, provided non deposit taking HFCs with time extension for minimum LCR of 50% to be maintained by December 01, 2021 which is to be gradually increased to 100% by December 01, 2025. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The liquidity risk management including LCR of the Company is governed by the Liquidity Risk Management (LRM) Policy approved by the board. The Asset Liability Committee (ALCO) is responsible for managing the LCR of the Company in line with the LRM Policy. Company regularly reviews the position of inflows, outflows and the liquidity buffers and ensures maintenance of sufficient quantum of High Quality Liquid Assets.

For computation of stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, stressed cash inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%. Finally, Net Cash Outflow is arrived by deducting the stressed cash inflows from stressed cash outflow. However, total net cash outflows will be subjected to a minimum of 25% of total stressed cash outflows. The LCR is computed by dividing the stock of HQLA by its total net stressed cash outflows over next 30 days

Cash outflow under secured wholesale funding majorly includes contractual obligations under Term loans, NHB Re-Finance, NCDs, Interest payable within next 30 days. Outflow under credit and liquidity facilities, the Company considers the expected cash outflow of the committed credit facilities contracted with the customers. Outflow under other contractual funding obligations primarily includes outflow on account of expected operating expenses and other dues. In Inflows from fully performing exposures, Company considers the collection from performing advances in next 30 days. Other Cash inflows includes investments in mutual funds, FDs which can be liquidate within 30 days including interest receivable thereon. Company has no currency mismatch in LCR and Company is not expecting any cash outflow within next 30 days on account of derivative exposure and potential collateral requirement. For concentration of funding sources refer disclosure on the Liquidity Risk Management Framework as per note 46.13.

Tabled above the Intra-period changes as well as changes over time in the various components of the LCR, HQLA & average LCR. The Average LCR for the quarter ended March 31, 2024 was 103% which is well above present prescribed minimum requirement of 70% and the average LCR of previous periods during the year were also well above the prescribed minimum requirement of respective period.

As on March 31, 2024 most of the HQLAs of the Company are in the form of unencumbered government securities and unencumbered Cash and Bank balances and composition of unencumbered government securities in the HQLA was 94.2% for the quarter ended March 31, 2024.

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, 2024

46.17 Principal Business Criteria for HFCs *Contd.*

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Assets*	16,18,730.90	13,13,041.48
Less: Intangible assets	(4,181.73)	(2,452.89)
Net total Assets	16,14,549.17	13,10,588.59
Housing Finance	10,74,324.29	8,53,428.33
Individual Housing Finance	10,60,083.88	8,42,442.38
Percentage of housing finance to total assets (netted off intangible assets)	66.54%	65.12%
Percentage of individual housing finance to total assets (netted off intangible assets)	65.66%	64.28%
Percentage of individual housing finance to housing finance	98.67%	98.71%

*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	As at March 31, 2024					
	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)
Performing Assets						
Standard	Stage 1	13,35,578.37	3,066.45	13,32,511.92	3,915.32	(848.87)
	Stage 2	20,381.25	1,511.77	18,869.48	809.34	702.43
Subtotal		13,55,959.62	4,578.22	13,51,381.40	4,724.66	(146.44)
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,699.89	1,586.53	5,113.36	1,007.94	578.59
Doubtful - up to 1 year	Stage 3	3,335.24	813.84	2,521.40	852.21	(38.37)
1 to 3 years	Stage 3	2,530.91	1,005.28	1,525.63	1,044.52	(39.24)
More than 3 years	Stage 3	312.31	238.94	73.37	313.06	(74.12)
Subtotal for doubtful		6,178.46	2,058.06	4,120.40	2,209.79	(151.73)
Loss	Stage 3	70.78	70.78	-	70.78	-
Subtotal for NPA		12,949.13	3,715.37	9,233.76	3,288.51	426.86
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	1,32,873.13	313.24	1,32,559.89	-	313.24
	Stage 2	726.49	23.41	703.08	-	23.41
	Stage 3	373.12	116.11	257.01	-	116.11
Subtotal		1,33,972.74	452.76	1,33,519.98	-	452.76
Total	Stage 1	14,68,451.50	3,379.69	14,65,071.81	3,915.32	(535.63)
	Stage 2	21,107.74	1,535.18	19,572.56	809.34	725.84
	Stage 3	13,322.27	3,831.49	9,490.77	3,288.51	542.98
	Total	15,02,881.51	8,746.36	14,94,135.14	8,013.17	733.19

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in lakh)

Asset Classification as per RBI Norms	As at March 31, 2023					
	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)
Performing Assets						
Standard	Stage 1	11,17,508.25	2,584.01	11,14,924.24	3,305.41	(721.40)
	Stage 2	20,806.66	1,689.04	19,117.62	1,011.95	677.09
Subtotal		11,38,314.91	4,273.05	11,34,041.86	4,317.36	(44.31)
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,369.90	1,508.39	4,861.51	960.03	548.37
Doubtful - up to 1 year	Stage 3	1,935.04	472.35	1,462.70	492.13	(19.78)
1 to 3 years	Stage 3	1,977.81	701.94	1,275.87	802.27	(100.33)
More than 3 years	Stage 3	134.45	85.24	49.21	134.81	(49.57)
Subtotal for doubtful		4,047.30	1,259.53	2,787.78	1,429.21	(169.68)
Loss	Stage 3	42.97	42.97	-	42.97	-
Subtotal for NPA		10,460.17	2,810.89	7,649.29	2,432.21	378.69
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	87,008.48	204.30	86,804.18	-	204.30
	Stage 2	677.16	40.56	636.60	-	40.56
	Stage 3	374.54	98.89	275.64	-	98.89
Subtotal		88,060.18	343.75	87,716.42	-	343.75
Total	Stage 1	12,04,516.73	2,788.31	12,01,728.42	3,305.41	(517.10)
	Stage 2	21,483.82	1,729.60	19,754.22	1,011.95	717.65
	Stage 3	10,834.71	2,909.78	7,924.93	2,432.21	477.58
	Total	12,36,835.26	7,427.69	12,29,407.57	6,749.57	678.13

46.19 Schedule to the balance sheet of an HFC

(₹ in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side				
1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	95,215.93	-	92,087.53	-
Unsecured	46,040.03	-	50,943.23	-
(other than falling within the meaning of public deposits)				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	10,41,305.28	-	8,23,380.52	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	-	-	-	-

Notes to the Standalone Financial Statements for the year ended March 31, 2024

46.19 Schedule to the balance sheet of an HFC

(₹ in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
Liabilities side				
(f) Public Deposits	NA	-	NA	-
(g) Other Loans (Cash credit, Securitization and Subordinated Liabilities)	52,449.55	-	18,849.43	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of Unsecured debentures	NA	NA	NA	NA
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NA	NA	NA	NA
(c) Other public deposits	NA	NA	NA	NA

(₹ in lakh)

Assets side	As at March 31, 2024		As at March 31, 2023	
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:				
(a) Secured	14,08,918.57		11,54,788.47	
(b) Unsecured	-		0.00	
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities				
(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	-		-	
(5) Break-up of Investments				
Current Investments				
1. Quoted				
(i) Shares				
(a) Equity	-		-	
(b) Preference	-		-	
(ii) Debentures and Bonds	-		-	
(iii) Units of mutual funds	-		-	
(iv) Government Securities	5,434.93		-	
(v) Others	-		-	
2. Unquoted				
(i) Shares				
(a) Equity	-		-	
(b) Preference	-		-	

Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in lakh)

Assets side	As at March 31, 2024	As at March 31, 2023
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Long Term investments		
1. Quoted		
(i) Share		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	12,780.70	11,072.21
(v) Others (please specify)	-	-
2. Unquoted		
(i) Shares		
(a) Equity	-	1,235.85
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

(₹ in lakh)

	Amount net of provisions		
	Secured	Unsecured	Total
6 Borrower group-wise classification of assets financed as in (3) and (4) above:			
As at March 31, 2024			
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	28.89	-	28.89
2. Other than related parties	14,00,407.79	-	14,00,407.79
Total	14,00,436.68	-	14,00,436.68

(₹ in lakh)

As at March 31, 2023	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	30.21	-	30.21
2. Other than related parties	11,47,597.24	-	11,47,597.24
Total	11,47,627.45	-	11,47,627.45

Notes to the Standalone Financial Statements for the year ended March 31, 2024

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in lakh)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	-	-	1,235.85	1,235.85
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	-	-	1,235.85	1,235.85

8. Other information

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
i Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	13,185.78	10,668.99
ii Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	9,386.62	7,798.45
iii Assets acquired in satisfaction of debt	190.94	1,250.36

47 Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

(a) Details of transfer through assignment in respect of loans not in default during the year.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Entity	NBFC (Housing Finance Company)	NBFC (Housing Finance Company)
Count of loan accounts assigned	16,934 loans	12,658 loans
Amount of loan accounts assigned	₹ 1,38,107 lakh	₹ 1,05,986 lakh
Weighted average maturity	134 months	131 months
Weighted average holding period	11 months	14 months
Retention of beneficial economic interest (MRR)	10%	10%
Coverage of tangible security coverage	100%	100%
Rating wise distribution of rated loans	Unrated	Unrated

(b) The Company has not transferred or acquired, any stressed loans during the year.

(c) The Company has not acquired, any loans not in default during the year."

(d) Details of transfer through Co-lending in resepct of loans not in default during the year ended March 31, 2024

Notes to the Standalone Financial Statements for the year ended March 31, 2024

Particulars	Year ended March 31, 2024
Entity	NBFC (Housing Finance Company)
Count of loan accounts assigned	30 loans
Amount of loan accounts assigned	₹541 lakh
Weighted average maturity	127 months
Weighted average holding period	2 months
Retention of beneficial economic interest (MRR)	20%
Coverage of tangible security coverage	100%
Rating wise distribution of rated loans	Unrated

48 Loans to Directors, Senior Officers and relatives of Directors

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	270.87	275.15

49 Additional Regulatory Information

49.1 There is no such immovable property whose title deeds are not held in the name of the Company in current year and previous year.

49.2 There are no investment property as on March 31, 2024 (P.Y. ₹ Nil)

49.3 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 in current year and previous year.

49.4 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 in current year and previous year.

49.5 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

As on March 31, 2024

(₹ in lakh)

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	-	0.00%
Related Parties (Aavas Finserv Limited)	-	0.00%

As on March 31, 2023

(₹ in lakh)

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	-	0.00%
Related Parties (Aavas Finserv Limited)	-	0.00%

49.6 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) as amended and rules made thereunder in current year and previous year.

49.7 The Company has not taken borrowings from banks or financial institutions on the basis of security of current assets in current year and previous year.

49.8 The Company has not been declared wilful defaulter by any bank or financial Institution or other lender in current year and previous year.

49.9 Transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

As on March 31, 2024

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
-	-	-	-

As on March 31, 2023

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
HEMLATA INVESTMENT PRIVATE LIMITED	Shares held by struck off Company	363	Shareholder

49.10 No charges or satisfaction yet to be registered with ROC beyond the statutory period.

49.11 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

49.12 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

49.13 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) in current year and previous year 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:-
- 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
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(b) The Company has not received any fund in current year and previous year 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

49.14 There are no such transaction or undisclosed income that need to be disclosed in accordance with the provision of Income Tax Act, 1961 in current year and previous year.

49.15 The Company has not traded or invested in Crypto currency or Virtual Currency during current year and previous year.

50 Breach of covenants

The Company has complied with all the material covenants of borrowing facilities throughout the year ended 31 March 2024 and 31 March 2023.

51 There has been no divergence in asset classification and provisioning requirements as assessed by NHB during the year ended 31 March 2024 and 31 March 2023.

52 Previous year figures have been regrouped/ reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
(President and Chief
Financial Officer)

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief
Compliance Officer)
FCS-9587

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, Aavas Finserv Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2024, 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 notes to the consolidated financial statements, including a material accounting policy information 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 reports 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 2024, 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 year. 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 matter	How our audit addressed the key audit matter
At 31 March 2024, the Group reported total gross loans of expected credit loss provisions (2023: ₹7,161 lakh).	₹1,408,919 lakh (2023: ₹1,154,788 lakh) and ₹8,482 lakh of
Refer note 1 for material accounting policies and notes 4 and 28 for financial disclosures in the accompanying consolidated financial statements.	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:

Key audit matter	How our audit addressed the key audit matter
▪ Ind AS 109 - Financial Instruments ('Ind AS 109'), requires the Group 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 Group's loan assets. 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 restructuring. ▪ 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 Group'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.	▪ 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 Group in accordance with the requirements of Ind AS 109. Also, obtained the policy on restructuring of loans approved by the Board of Directors pursuant to the RBI circulars/ guidelines in earlier years and ensured classification of such Loans is in compliant with the requirements of the RBI circulars / guidelines; ▪ 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 2024) and assumptions considered for calculation, recording and monitoring of the impairment loss recognized; ▪ Tested the completeness of loans and advances included in the Expected Credit Loss calculations as of 31 March 2024 by reconciling it with the balance as per loan balance register. We tested the data used in the PD and LGD model for ECL calculation by reconciling it to the source system. We tested assets in stage 1, 2 and 3 on a sample basis to verify that they were allocated to the appropriate stage; ▪ Obtained an understanding of the modelling techniques adopted by the Group including the key inputs and assumptions; ▪ Tested the appropriateness of determining Exposure at Default (EAD), PD and LGD, on sample basis. For exposure determined to be individually impaired, we tested samples of loans and advances and examined management's estimate of future cash flows, assessed their reasonableness and checked the resultant provision calculations; ▪ Performed an overall assessment of the ECL provision levels at each stage, including management's assessment and provision on account of the Group's portfolio, risk profile, credit risk management practices as well as the macroeconomic environment; ▪ 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 nonperforming assets (NPAs); and

Key audit matter	How our audit addressed the key audit matter
	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 / guidelines.
Information Technology (“IT”) Systems and Controls for the financial reporting process	
The Holding 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. Amongst other things, management also uses the information produced by the IT systems for accounting and preparation and presentation of the financial statements. The Holding 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, impairment on loans, computation of daily DPD, assignment of loans amongst others. The controls implemented by the Holding 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. Implementation of IT systems during the year The Holding Company has implemented a new IT system “Salesforce” w.e.f. 1 April 2023 for end to end loan origination process starting from application of a loan to completion of credit assessment before disbursements are initiated. Migration of IT systems during the year During the year, the Holding Company has migrated to a new IT system “Oracle Fusion” w.e.f. from 1 September 2023 for accounting of certain financial statements line items and overall preparation and presentation of the financial statements and continues to use its existing accounting system “Omnifin” for the remaining financial statement line items.	Our key audit procedures with the involvement of our IT specialists included, but were not limited to the following: ▪ Obtained an understanding of the Holding Company’s IT related control environment and conducted risk assessment and identified IT applications that are relevant to our audit; ▪ On such in-scope IT systems, we have tested key IT general controls with respect to the following domains: a. User access management which includes user access provisioning, de-provisioning, access review, password management, sensitive access rights and segregation of duties to ensure that privilege access to applications, operating system and databases in the production environment were granted only to authorized personnel; b. Program change management which includes controls on moving program changes to production environment as per defined procedures and relevant segregation of environments; and 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. Apart from above, below procedures were performed in relation to migration of IT systems which included: ▪ Obtained an understanding of the migration process and evaluated the controls established by the Holding Company for such migration activity; ▪ Verified general ledger wise balance transfer, vendor wise balance transfer, system access controls reconciliations, etc to ensure accuracy and completeness of transfer of data between the systems; and

Key audit matter	How our audit addressed the key audit matter
	Read the certificate obtained by the management to ensure completeness of movement of balances to the new IT system.

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 Director's 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 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 Board of Directors' 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 information/ financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entity included in the financial statements, which have been audited by the other

auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

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 revenues of ₹39.70 lakh and net cash outflows amounting to ₹0.01 lakh for the period period 01 April 2023 to 02 November 2023 (being the date of loss of control), 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 are 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.

Report on Other Legal and Regulatory Requirements

16. 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 and its subsidiary incorporated in India whose financial statements have been audited under the Act have 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.
17. 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 reports 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 reports of such companies.
18. 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, incorporated in India whose financial statements have been audited under the Act, 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, 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 taken on record by the Board of Directors of the Holding Company and its subsidiary covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2024 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 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 and other financial information of the subsidiary whose financial statements have been audited under the Act:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 37 and 38(b) to the consolidated financial statements;
 - ii. The Holding Company and 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 2024;
 - 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 covered under the Act, during the year ended 31 March 2024;
 - iv. a. The respective managements of the Holding Company and its subsidiary incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of their knowledge and belief, as disclosed in note 48.13(a) to the consolidated financial statements, 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 Holding Company or its subsidiary 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 Holding Company, or any such subsidiary ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
- b. The respective managements of the Holding Company and its subsidiary incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditor of such subsidiary that, to the best of their knowledge and belief, as disclosed in the note 48.13(b) to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiary, from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary 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 by us, as considered reasonable and appropriate in the circumstances,
- nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company and its subsidiary have not declared or paid any dividend during the year ended 31 March 2024.
- vi. Based on our examination which included test checks and that performed by the respective auditor of the subsidiary of the Holding Company which are companies incorporated in India and audited under the Act, the Holding Company and its subsidiary, in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditor of the above referred subsidiary did not come across any instance of audit trail feature being tampered with.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 24105117BKDAND7983

Place: Mumbai
Date: 25 April, 2024

Annexure A referred to in paragraph 18(f) of 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 2024.

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 2024, 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 companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on criteria established by the group 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 group's business, including adherence to the group'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 auditor in terms of their report referred to in the Other Matters 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 2024, based on criteria established by the group 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 are companies covered under the Act, whose financial statements reflect total revenues of ₹39.70 lakh and net cash outflows amounting to ₹0.01 lakh for the period 01 April 2023 to 02 November 2023 (being the date of loss of control), 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 have been audited by other auditor 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 report of the auditor 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 report of the other auditor.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117
UDIN: 24105117BKDAND7983

Place: Mumbai
Date: 25 April, 2024

Consolidated Balance Sheet

as at March 31, 2024

(₹ in lakh)

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	2	2,055.80	17,764.77
Bank balance other than cash and cash equivalents	2	1,77,726.36	1,21,518.64
Receivables	3	1,221.93	122.34
Loans	4	14,00,436.68	11,47,627.45
Investments	5	18,215.63	11,072.19
Other financial assets	6	36,442.72	30,286.45
Total financial assets		16,36,099.12	13,28,391.84
Non-financial assets			
Current tax assets (net)		1,176.31	305.10
Property, plant and equipment	7(a)	2,966.40	3,158.63
Capital work-in-progress	7(b)	-	-
Intangible assets under development	7(c)	1,120.53	2,036.69
Intangible assets	7(d)	3,061.20	416.20
Right-of-use assets	8	5,571.98	4,261.91
Other non-financial assets	9	1,758.88	1,140.18
Total non-financial assets		15,655.30	11,318.71
Assets held for sale	10	190.94	1,250.36
Total assets		16,51,945.36	13,40,960.91
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	11		
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		30.65	3.64
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,063.29	857.46
Debt securities	12	1,40,351.31	1,42,451.90
Borrowings (other than debt securities)	13	10,93,298.26	8,31,624.91
Subordinated liabilities	14	-	9,992.26
Lease liabilities	15	6,181.14	4,658.79
Other financial liabilities	16	20,142.83	16,595.36
Total financial liabilities		12,63,067.48	10,06,184.32
Non-financial liabilities			
Provisions	17	840.30	660.18
Deferred tax liabilities (net)	18	6,024.78	4,925.35
Other non-financial liabilities	19	4,681.28	2,225.06
Total non-financial liabilities		11,546.36	7,810.59
Total liabilities		12,74,613.84	10,13,994.91
Equity			
Equity share capital	20	7,913.97	7,905.69
Other equity	21	3,69,417.55	3,19,060.31
Total equity		3,77,331.52	3,26,966.00
Total liabilities and equity		16,51,945.36	13,40,960.91
Summary of material accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm Registration No. 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: April 25, 2024

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

Manas Tandon

(Non-executive Promoter

Nominee Director)

DIN-05254602

Ghanshyam Rawat

(President and Chief

Financial Officer)

Sachinderpalsingh

Jitendrasingh Bhinder

(Managing Director and CEO)

DIN-08697657

Sharad Pathak

(Company Secretary and Chief Compliance Officer)

FCS-9587

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(₹ in lakh)

Particulars	Notes	For the Year ended March 31, 2024	For the Year ended March 31, 2023
Revenue from operations			
Interest income	22	1,73,504.74	1,38,864.72
Fees and commission income	23	8,671.68	5,867.64
Gain on derecognition of financial instruments under amortised cost category		17,954.91	15,182.36
Net gain on fair value changes	24	1,658.19	961.67
Total revenue from operations		2,01,789.52	1,60,876.39
Other income	25	279.82	184.39
Total income		2,02,069.34	1,61,060.78
Expenses			
Finance costs	26	82,836.07	59,104.75
Fees and commission expense	27	755.31	620.75
Impairment on financial instruments	28	2,362.50	1,242.24
Employee benefits expense	29	35,591.04	30,158.58
Depreciation, amortization and impairment	7&8	3,265.98	2,872.05
Other expenses	30	14,721.06	12,220.02
Total expenses		1,39,531.96	1,06,218.39
Profit before tax		62,537.38	54,842.39
Tax expense:	18		
(1) Current tax		12,368.54	10,410.18
(2) Deferred tax		1,099.42	1,467.83
Profit after tax for the year		49,069.42	42,964.38
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	29	20.26	113.34
Income tax effect	18	(5.10)	(28.52)
b) Items that will be reclassified to profit or loss		-	-
Other comprehensive income/(Loss), net of income tax		15.16	84.82
Total comprehensive income for the year		49,084.58	43,049.20
Earnings per equity share	31		
Basic (₹)		62.03	54.38
Diluted (₹)		61.93	54.26
Nominal value per share (₹)		10.00	10.00
Summary of material accounting policies	1		

The accompanying notes are an integral part of the financial statements
As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
(President and Chief
Financial Officer)

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief Compliance Officer)
FCS-9587

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

a. Equity Share Capital

(₹ in lakh)

Particulars	Amount
Balance as at April 01, 2022	7,893.65
Changes in equity share capital during the year	12.04
Balance as at March 31, 2023	7,905.69
Changes in equity share capital during the year	8.28
Balance as at March 31, 2024	7,913.97

b. Other Equity

(₹ in lakh)

Particulars	Share application money pending allotment	Reserves and Surplus				Total
		Securities premium	Share based payments reserve	Special Reserve	Retained earnings	
Balance as at April 01, 2022	40.59	1,34,887.21	3,072.53	26,281.55	1,08,467.50	2,72,749.38
Profit for the year (A)	-	-	-	-	42,964.38	42,964.38
Other comprehensive income for the year (B)	-	-	-	-	84.82	84.82
Total comprehensive income for the year (A+B)	-	-	-	-	43,049.20	43,049.20
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act. 1961	-	-	-	8,565.57	(8,565.57)	-
Any other change :						
Application money received/(adjusted) during the year	(33.91)					(33.91)
Issue of share capital	-	775.60	-	-	-	775.60
Share based payments	-	-	1,641.69	-	-	1,641.69
Share options exercised during the year	-	300.40	(300.40)	-	878.35	878.35
Balance as at March 31, 2023	6.68	1,35,963.21	4,413.82	34,847.12	1,43,829.48	3,19,060.31
Profit for the year (C)	-	-	-	-	49,069.42	49,069.42
Other comprehensive income for the year (D)	-	-	-	-	15.16	15.16
Total comprehensive income for the year (C+D)	-	-	-	-	49,084.58	49,084.58
Transfer to special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of the Income Tax Act. 1961	-	-	-	9,816.92	(9,816.92)	-

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

Particulars	Share application money pending allotment	Reserves and Surplus				Total
		Securities premium	Share based payments reserve	Special Reserve	Retained earnings	
Any other change:						
Application money received/(adjusted) during the year	(6.68)	-	-	-	-	(6.68)
Issue of share capital	-	223.60	-	-	-	223.60
Share based payments	-	-	860.46	-	-	860.46
Share options exercised during the year	-	120.13	(120.13)	-	195.28	195.28
Balance as at March 31, 2024	-	1,36,306.94	5,154.15	44,664.04	1,83,292.42	3,69,417.55

Refer Note no. 1 of summary of material accounting policies

As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
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Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief
Compliance Officer)
FCS-9587

Consolidated Statement of Cash Flow for the year ended March 31, 2024

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
A Cash flow from operating activities:			
Net profit before tax as per statement of profit and loss		62,537.38	54,842.39
Adjustments for			
Depreciation and amortisation property, plant and equipment and right of use assets	7 & 8	3,265.98	2,872.05
Interest on lease liabilities		627.86	383.52
Net gain on derecognition on assigned loans		(5,191.91)	(4,427.36)
Gain on voluntary liquidation of Subsidiary company		(32.90)	-
Provision for expected credit loss (ECL)	28	2,387.87	1,242.24
Provision for employee benefits		191.67	320.58
Net gain on fair value changes		(1,658.19)	(961.67)
Share based payments	29	860.46	1,641.69
Operating profit before working capital changes		62,988.22	55,913.44
Changes in working capital			
(Increase) in loans		(2,54,636.13)	(2,43,505.46)
(Increase)/Decrease in financial and other assets		(2,192.21)	1,107.99
Increase in financial and other liabilities		8,236.76	3,368.94
Total of changes in working capital		(2,48,591.58)	(2,39,028.53)
Direct taxes paid		(13,055.77)	(9,296.65)
Net cash flow used in operating activities (A)		(1,98,659.13)	(1,92,411.74)
B Cash flow from investing activities:			
Inflow (outflow) on account of :			
Proceeds from voluntary liquidation of Subsidiary company		1,176.34	-
Net gain on sale/ purchase of Mutual Fund		1,658.19	961.67
Purchase of government securities		(7,143.42)	(5,820.48)
(Investment)/ Redemption of fixed deposits		(57,230.54)	28,273.34
Purchase of Property, plant and equipment (including capital work-in-progress)/ intangible assets	7	(3,274.41)	(3,895.17)
Proceeds from sale of Property, plant and equipment		133.52	50.50
Net cash flow (used) in /from investing activities (B)		(64,680.32)	19,569.86
C Cash flow from financing activities:			
Issue of equity shares (including share premium)		225.20	753.75
Share / debenture issue expenses		(4.99)	-
Proceeds from borrowings		4,50,973.46	3,81,135.47
Repayment of borrowings		(2,01,387.97)	(1,94,316.14)
Repayment of lease liabilities (Including Interest)		(2,077.33)	(1,747.49)
Net Cash flow generated from financing activities (C)		2,47,728.37	1,85,825.59

Consolidated Statement of Cash Flow for the year ended March 31, 2024

(₹ in lakh)

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Net (decrease)/increase in cash and cash equivalents (A+B+C)		(15,611.08)	12,983.71
Cash and cash equivalents as at the beginning of the year		17,764.77	4,781.06
Adjustment for voluntary liquidation of Subsidiary company		(97.89)	-
Cash and cash equivalents as at the end of the year	2	2,055.80	17,764.77
Components of cash and cash equivalents			
Cash on hand		336.11	290.55
Balance in franking machine*		0.95	0.95
Balance with banks			
In current accounts		15.81	215.97
In cash credit		1,202.93	2,157.30
In deposit account		500.00	15,100.00
Total cash and cash equivalents	2	2,055.80	17,764.77
Operational Cash Flow from Interest			
Interest Received		1,67,334.71	1,35,574.90
Interest Paid		(77,560.11)	(54,807.53)
Summary of material 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".
- Refer note no. 13(g) for changes in liabilities arising from financing activities.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
(President and Chief
Financial Officer)

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief
Compliance Officer)
FCS-9587

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

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 Board of Directors of the subsidiary Company at its meeting held on August 03, 2023 discussed and took note to Voluntary liquidate. The subsidiary Company initiated liquidation from November 03, 2023 onwards and currently, it is under liquidation.

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 by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act'), the guidelines and directives issued by the Reserve Bank of India (RBI) and National Housing Bank ('NHB') to the extent applicable and other relevant provisions of the Act (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.

The Board of Directors of the subsidiary Company at its meeting held on August 03, 2023 discussed and took note to Voluntary liquidate. The subsidiary Company initiated liquidation from November 03, 2023 onwards and currently, it is under liquidation.

The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on April 25, 2024.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

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 March 31, 2024 and financial information of the subsidiary for the period April 01, 2023 to November 02, 2023 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.

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 i.e. November 02, 2023.

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

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.

D. 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.

a) 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')."

b) 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 Consolidated Financial Statements

for the year ended March 31, 2024

c) 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

d) 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.

e) 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 Summary of material accounting policies

1.1 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.

1.2 Revenue recognition

1.2.1 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

1.2.2 Other charges and other interest

1.2.2.1 Overdue interest in respect of loans is recognized upon realisation.

1.2.2.2 Other ancillary charges are recognized upon realisation.

1.2.3 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 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).

1.4 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.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

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.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

1.5 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.

Property, plant and equipment (PPE) and Intangible assets	Useful Life (In Years)
Freehold Land	NIL
Building	60
Furniture and fixtures	10
Motor Vehicles	8
Servers	6
Office equipment	5
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.

1.6 Leases

The group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

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 incremental cost of borrowing rate. Subsequently, the lease liability is

- (i) Increased by interest on lease liability;
- (ii) Reduce by lease payment made; and

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."

The group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the group recognises any remaining amount of the re-measurement in statement of profit and loss. The group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

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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.

Commitments are future contractual liabilities, classified and disclosed as follows:

- The estimated amount of contracts remaining to be executed on capital account and not provided for;
- Undisbursed commitment relating to loans; and
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

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.

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.

Other Long term benefits wherein the Group's liability is ascertainable and is payable over a period more than a year is charged to the Profit & loss account on proportionate basis.

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

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. Details regarding the determination of the fair value of equity-settled share based payments transactions are set out in Note 33.

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. Trade Receivable is measured at their transaction price (as defined in Ind AS 115) on initial recognition"

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)

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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 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.

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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.

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.

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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.

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.

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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). The Group's policies for determining if there has been a significant increase in credit risk are set out in Note 4(a)(3)(v).

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL 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 12mECL. 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 LTECL. 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 4(a)(3)(i)). The group records an allowance for the LTECL.

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 ECL

The Group calculates ECL 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

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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 ECL 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 ECL for undisbursed loan commitments are assessed as set out in Note 4(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 4(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 4(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 LTECL that represent the ECL 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 LTECL. 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 4(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 possess collateral, wherever required 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. The residential properties under legal repossession are not continued under loans and advances and are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date. With effect from April 01, 2022, the Group has discontinued the treatment of accounting and disclosing such cases as asset held for sale (AFS) and such cases continue to be included as part of the loan portfolio (EAD) as at the balance

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sheet date. Considering the impracticability involved in verifying the cases under SARFESI till March 31, 2022, the change is effected prospectively by the Group in these financials statement.

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 New Technical Pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies.

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Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' to help entities distinguish changes in accounting policies from changes in accounting estimates.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The group adopted these amendments from annual periods beginning on or after April 1, 2023.

There is no such notification which would have been applicable from April 01, 2024.

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2 Cash and bank balances

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	337.06	291.50
Cash on hand (refer note 2(a))		
Balance with banks	15.81	215.97
In Current accounts	1,202.93	2,157.30
In Cash credit accounts	500.00	15,100.00
In Deposits with original maturity of less than three months	2,055.80	17,764.77
Bank balances other than above (refer note 2(b))		
Deposit with original maturity of more than 3 months less than 12 months	1,76,842.28	1,20,326.82
Deposit with original maturity of more than 12 months	884.08	1,191.82
	1,77,726.36	1,21,518.64
Total	1,79,782.16	1,39,283.41

2(a) Cash on hand includes of ₹ 0.95 lakh (P.Y. ₹0.95 lakh) balance of franking machine.

2(b) Other Bank Balance in deposit accounts include deposits under lien aggregating to ₹2,596.58 lakh (P.Y. Rs 1,290.82 lakh) towards the first loss guarantee provided by the group under the securitization agreements.

3 Receivables

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
(I) Trade Receivables		
(i) Undisputed Trade receivables -considered good	1,221.93	122.34
(ii) Undisputed Trade receivables-which have significant increase in credit risk	-	-
(iii) Undisputed Trade receivables- credit Impaired	-	-
(iv) Disputed Trade receivables-considered goods	-	-
(v) Disputed Trade receivables-which have significant increase in credit risk	-	-
(vi) Disputed Trade receivables- credit Impaired	-	-
	1,221.93	122.34

3(i) Trade receivables includes amounts due from the related parties amounting to ₹ 5.00 lakh as on March 31, 2024 (P.Y. ₹ 0.04 lakh)

3(ii) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

3(iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

3(iv) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

3(v) Receivables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Revenue	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024								
(i) Undisputed Trade receivables -considered good	-	-	1,221.93	-	-	-	-	1,221.93
Total	-	-	1,221.93	-	-	-	-	1,221.93

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled Revenue	Not Due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023								
(i) Undisputed Trade receivables -considered good	-	-	122.34	-	-	-	-	122.34
Total	-	-	122.34	-	-	-	-	122.34

4 Loans

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Housing and Other Loan Assets - Term Loans	14,08,918.57	11,54,788.47
Total Gross	14,08,918.57	11,54,788.47
Less: Impairment loss allowance	(8,481.89)	(7,161.02)
Total Net	14,00,436.68	11,47,627.45
Secured by tangible assets (Property including land and building)	14,08,918.57	11,54,788.47
Total Gross	14,08,918.57	11,54,788.47
Less: Impairment loss allowance	(8,481.89)	(7,161.02)
Total Net	14,00,436.68	11,47,627.45
Loans in India		
Public Sector	-	-
Others	14,08,918.57	11,54,788.47
Total Gross	14,08,918.57	11,54,788.47
Less: Impairment loss allowance	(8,481.89)	(7,161.02)
Total Net	14,00,436.68	11,47,627.45

- 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.
- 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 ₹35,026.27 lakh at March 31, 2024 (P.Y. ₹22,634.53 lakh)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

- iii) Loans sanctioned but undisbursed amount is ₹60,625.86 lakh as on March 31, 2024 (P.Y. ₹59,372.75 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 loans amounting to ₹1,38,107.04 lakh (P.Y. ₹1,05,955.78 lakh) by way of a direct assignment transaction 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 transferred a pool of loans amounting to ₹433.00 lakh (P.Y. Nil) by way of a Co-lending transaction during the year.
- viii) The group has granted loans to staff secured by equitable mortgage/registered mortgage of the property amounting to ₹4,488.76 lakh as on March 31, 2024 (P.Y. ₹4,094.01 lakh).
- ix) As per RBI Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016, Loan assets include two loans of ₹26.18 lakh (P.Y. two loan of ₹42.97 lakh), which became doubtful due to fraudulent misrepresentation by the borrowers and same has been provided for.
- x) Refer to note 1.15.4, loan assets includes cases admitted under SARFESI aggregating ₹4,299.55 (P.Y. ₹3,138.43 lakh) with effect from April 01, 2022

4(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 of loans and the corresponding ECL allowances in relation to loans are, as follows:

(₹ in lakh)

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	11,23,184.24	20,935.24	10,668.99	11,54,788.47	8,75,710.09	27,027.84	9,035.95	9,11,773.88
New assets originated	5,20,067.09	-	-	5,20,067.09	4,85,506.22	-	-	4,85,506.22
Assets derecognised or repaid	(2,58,933.07)	(4,056.16)	(2,483.85)	(2,65,473.08)	(2,35,799.73)	(4,348.68)	(1,910.67)	(2,42,059.08)
Transfers from Stage 1	(13,745.49)	8,922.59	4,822.90	-	(9,536.49)	6,572.09	2,964.40	-
Transfers from Stage 2	3,566.83	(5,698.13)	2,131.30	-	5,589.24	(9,163.60)	3,574.36	-
Transfers from Stage 3	934.56	555.09	(1,489.65)	-	1,714.91	847.59	(2,562.50)	-
Amounts written off	-	-	(463.91)	(463.91)	-	-	(432.55)	(432.55)
Gross carrying amount closing balance	13,75,074.16	20,658.63	13,185.78	14,08,918.57	11,23,184.24	20,935.24	10,668.99	11,54,788.47

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	2,596.40	1,694.09	2,870.53	7,161.02	2,168.07	2,180.09	2,083.36	6,431.52
ECL Remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	585.22	(83.27)	818.92	1,320.87	440.87	(148.22)	436.85	729.50
Transfers from Stage 1	(35.63)	23.00	12.63	-	(32.06)	22.15	9.91	-
Transfers from Stage 2	9.33	(176.22)	166.89	-	15.02	(409.82)	394.80	-
Transfers from Stage 3	2.42	67.39	(69.81)	-	4.50	49.89	(54.39)	-
Amounts written off	-	-	-	-	-	-	-	-
ECL closing balance	3,157.74	1,524.99	3,799.16	8,481.89	2,596.40	1,694.09	2,870.53	7,161.02

4(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	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	53,729.88	142.72	29.00	53,901.60	40,063.65	138.14	-	40,201.79
New assets originated	51,747.09	-	-	51,747.09	48,215.88	-	-	48,215.88
Assets disbursed or cancelled	(44,865.69)	(128.14)	(29.00)	(45,022.83)	(34,394.40)	(121.67)	-	(34,516.07)
Transfers from Stage 1	(142.32)	142.32	-	-	(156.22)	129.62	26.60	-
Transfers from Stage 2	6.97	(6.97)	-	-	0.97	(3.37)	2.40	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	60,475.93	149.93	-	60,625.86	53,729.88	142.72	29.00	53,901.60

Reconciliation of ECL balance is given below:

(₹ in lakh)

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	123.64	2.63	6.87	133.14	74.54	8.17	-	82.71
ECL Remeasurements due to changes in EAD/Credit Risk/ Assumptions (Net)	15.87	(0.28)	(6.87)	8.72	49.32	(5.61)	6.72	50.43
Transfers from Stage 1	(0.33)	0.33	-	-	(0.22)	0.20	0.02	-
Transfers from Stage 2	0.02	(0.02)	-	-	0.00	(0.13)	0.13	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
ECL closing balance	139.20	2.66	0.00	141.86	123.64	2.63	6.87	133.14

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

4(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 material accounting policies.

4(a)(3)(i) Definition of default

The group considers a loan assets 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 (DPD) 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 (PD) 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.

4(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.

4(a)(3)(iii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the loan assets 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 loan assets.

4(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.

4(a)(3)(v) Significant increase in credit risk

The group continuously monitors all assets subject to ECL. In order to determine whether a loan asset or a portfolio of loan assets 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.

During the financial year ended March 31, 2022, 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). The Company continues to monitor such cases and takes necessary action based on the repayments and the resolution framework 2.0.

When estimating ECL 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

4(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.

4(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 loan assets that are measured at amortised cost.

The group did not hold any loan assets for which no loss allowance is recognised because of collateral at March 31, 2024. There was no change in the group's collateral policy or collateral quality during the year. Refer note 45(C) for risk concentration based on Loan to value(LTV).

5 Investments

(₹ in lakh)

Particulars	Amortised Cost	At fair Value			Others	Total
		Through other comprehensive income	Through profit or loss	Subtotal		
As at March 31, 2024						
Government Securities (Refer note 5(a))	18,215.63	-	-	-	-	18,215.63
Total Gross (A)	18,215.63	-	-	-	-	18,215.63
Investments outside India	-	-	-	-	-	-
Investments in India	18,215.63	-	-	-	-	18,215.63
Total (B)	18,215.63	-	-	-	-	18,215.63
Total (A) to tally with (B)	18,215.63	-	-	-	-	18,215.63
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-
Total Net D = (A) -(C)	18,215.63	-	-	-	-	18,215.63
As at March 31, 2023						
Government Securities	11,072.19	-	-	-	-	11,072.19
Total Gross (A)	11,072.19	-	-	-	-	11,072.19
Investments outside India	-	-	-	-	-	-
Investments in India	11,072.19	-	-	-	-	11,072.19
Total (B)	11,072.19	-	-	-	-	11,072.19
Total (A) to tally with (B)	11,072.19	-	-	-	-	11,072.19
Less: Allowance for Impairment loss (C)	-	-	-	-	-	-
Total Net D = (A) -(C)	11,072.19	-	-	-	-	11,072.19

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

5(a) Detail of investment in government securities

(₹ in lakh)

Particulars	ISIN No	Deal Date	Maturity Date	Issue price	As at March 31, 2024	As at March 31, 2023
9.15% GOI 2024	IN0020110048	30-Nov-21	14-Nov-24	110.60	2,886.56	2,986.26
8.02% GOI 2025	IN0020120047	01-Dec-21	24-Sep-25	109.09	2,078.36	2,125.82
6.18% GOI 2024	IN0020190396	09-Oct-22	04-Nov-24	98.07	2,548.37	2,525.17
5.22% GOI 2025	IN0020200112	01-Dec-22	15-Jun-25	96.13	3,486.11	3,434.94
6.99% GOI 2026	IN0020230028	09-Jun-23	17-Apr-26	100.09	3,097.54	-
8.33% GOI 2026	IN0020120039	05-Nov-23	09-Jul-26	102.41	2,599.22	-
8.27% GJ SDL 2026	IN1520150104	27-Feb-24	13-Jan-26	101.68	496.25	-
7.39% MH SDL 2026	IN2220160104	28-Feb-24	09-Nov-26	100.18	515.48	-
7.06% RJ SDL 2026	IN2920160214	28-Feb-24	14-Dec-26	99.43	507.74	-
				Total	18,215.63	11,072.19

6 Other financial assets

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued on Bank Deposits	2,699.22	1,784.24
Security Deposit	529.04	490.59
EIS Receivable (Refer note 6(a))	33,337.07	28,145.16
Total Gross	36,565.33	30,419.99
Less: Impairment loss allowance (on EIS Receivable assets)	(122.61)	(133.54)
Total Net	36,442.72	30,286.45

6(a) Under Ind AS, with respect to assignment deals, The 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.

7(a) Property, plant and equipment

(₹ in lakh)

Particulars	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Cost							
As at April 01, 2022	1,041.53	2,221.39	2,009.29	779.28	898.24	4.95	6,954.68
Purchase	-	688.47	469.20	304.89	289.94	-	1,752.50
Disposals	-	(13.90)	(11.96)	(153.22)	(16.28)	-	(195.36)
As at March 31, 2023	1,041.53	2,895.96	2,466.53	930.95	1,171.90	4.95	8,511.82
Purchase	-	476.16	279.11	300.11	228.43	-	1,283.81
Disposals	-	(155.70)	(42.50)	(310.89)	(38.44)	-	(547.53)
As at March 31, 2024	1,041.53	3,216.42	2,703.14	920.17	1,361.89	4.95	9,248.10
Accumulated depreciation							
As at April 01, 2022	234.91	1,639.74	1,300.87	402.67	681.99	-	4,260.18
Charge for the year	39.28	542.46	323.15	161.26	171.72	-	1,237.87
Disposals	-	(13.20)	(11.52)	(105.04)	(15.10)	-	(144.86)
As at March 31, 2023	274.19	2,169.00	1,612.50	458.89	838.61	-	5,353.19
Charge for the year	37.41	591.43	321.52	171.56	220.53	-	1,342.45

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

7(a) Property, plant and equipment *Contd.*

(₹ in lakh)

Particulars	Building and premises	Computers and printers	Furniture and fixtures	Motor vehicles	Office equipment	Land	Total
Disposals	-	(147.85)	(38.91)	(191.81)	(35.37)	-	(413.94)
As at March 31, 2024	311.60	2,612.58	1,895.11	438.64	1,023.77	-	6,281.70
Net Block							
As at March 31, 2023	767.34	726.96	854.03	472.06	333.29	4.95	3,158.63
As at March 31, 2024	729.93	603.84	808.03	481.53	338.12	4.95	2,966.40

7(b) Capital work-in-progress (refer note 7(b)(i))

(₹ in lakh)

Particulars	PPE	Total
Gross block		
As at April 01, 2022	-	-
Capitalised during the year	-	-
Purchase	-	-
As at March 31, 2023	-	-
Capitalised during the year	-	-
Purchase	-	-
As at March 31, 2024	-	-

7(C) Intangible assets under development (refer note 7(c)(i))

(₹ in lakh)

Particulars	Software	Total
Gross block		
As at April 01, 2022	209.98	209.98
Capitalised during the year	(0.72)	(0.72)
Purchase	1,827.43	1,827.43
As at March 31, 2023	2,036.69	2,036.69
Capitalised during the year	(3,168.08)	(3,168.08)
Purchase	2,251.92	2,251.92
As at March 31, 2024	1,120.53	1,120.53

7(d) Intangible assets

(₹ in lakh)

Particulars	Software / Other intangible assets	Total
Gross block		
As at April 01, 2022	1,160.84	1,160.84
Purchase	315.98	315.98
Disposals	-	-
As at March 31, 2023	1,476.82	1,476.82
Purchase	2,906.77	2,906.77
Disposals	-	-
As at March 31, 2024	4,383.59	4,383.59

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

7(d) Intangible assets *Contd.*

(₹ in lakh)

Particulars	Software / Other intangible assets	Total
Accumulated amortization		
As at April 01, 2022	791.90	791.90
Charge for the year	268.72	268.72
As at March 31, 2023	1,060.62	1,060.62
Charge for the year	261.77	261.77
As at March 31, 2024	1,322.39	1,322.39
Net block		
As at March 31, 2023	416.20	416.20
As at March 31, 2024	3,061.20	3,061.20

7(b)(i) Capital-Work-in Progress (CWIP)

- (a) CWIP aging schedule- There is no balance of Capital-Work-in-Progress(CWIP) available as on March 31, 2024 and March 31, 2023.
- (b) No case of capital-work-in progress in which completion is overdue or has exceeded its cost compared to its original plan.

7(c)(i) 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	
As at March 31, 2024					
Projects in progress	823.45	297.08	-	-	1,120.53
Projects temporarily suspended	-	-	-	-	-
As at March 31, 2023					
Projects in progress	1,827.43	209.26	-	-	2,036.69
Projects temporarily suspended	-	-	-	-	-

- (b) No case of intangible assets under development in which completion is overdue or has exceeded its cost compared to its original plan.

8 Right-of-use assets

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Value of Right of Use Asset	8,800.05	6,725.52
Addition	3,234.38	2,106.48
Disposal	(262.56)	(31.95)
Gross Carrying Value	11,771.87	8,800.05
Depreciation		
Opening Accumulated Depreciation	4,538.14	3,172.67
Depreciation for the year	1,661.75	1,365.47
Closing Accumulated Depreciation	6,199.89	4,538.14
Net Carrying value	5,571.98	4,261.91

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

8(a) The Company has only one class of assets i.e. Office Premises. Depreciation is computed on straight line basis over the period of lease.

9 Other non-financial assets

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid Expenses	1,137.34	496.08
Advance to staff	212.69	192.52
Advance to vendors	296.44	287.73
Other Recoverable	112.41	163.85
Total	1,758.88	1,140.18

10 Assets held for sale

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Asset obtained by taking possession of collateral (Refer Note 10(a) & Note 1.15.4)	1,294.92	1,791.15
Total Gross	1,294.92	1,791.15
Less: Impairment loss allowance*	(1,103.98)	(540.79)
Total Net	190.94	1,250.36

*The Company has accounted additional provision basis its past experience on realization and time value of money

10 (a) Assets obtained by taking possession of collateral

The group obtained the following assets 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, 2024	As at March 31, 2023
Residential properties	1,294.92	1,791.15
Total assets obtained by taking possession of collateral	1,294.92	1,791.15

11 Payables

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises	30.65	3.64
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	3,063.29	857.46
Total	3,093.94	861.10

11(a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2024							
(i) MSME	-	15.68	14.97	-	-	-	30.65
(ii) Others	2,589.98	7.86	453.31	2.79	4.49	4.86	3,063.29

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

11(a) Trade Payables Ageing Schedule:

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

(₹ in lakh)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Dues	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023							
(i) MSME	-	3.64	-	-	-	-	3.64
(ii) Others	761.40	-	76.97	12.50	6.59	-	857.46
(iii) Disputed dues- MSME	-	-	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-	-	-

11(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, 2024.

12 Debt Securities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured*		
Debentures (Refer note 12(a))	94,532.23	91,699.17
Unsecured		
Debentures (Refer note 12(a))	45,819.08	50,752.73
Total	1,40,351.31	1,42,451.90
Debt securities in India	94,532.23	91,699.17
Debt securities outside India	45,819.08	50,752.73
Total	1,40,351.31	1,42,451.90

*Exclusive charge on specified loan assets/ receivables and in case of debenture issued vide ISIN INE216P07167 additional first pari passu charge created on group's Immovable property in favour of security Trustee as stated in the respective Debenture Trust Deed.

12(a). Detail of Redeemable Non-Convertible Debentures

(₹ in lakh)

ISIN No.	Date of allotment	Date of redemption	Rate of Interest	As at March 31, 2024	As at March 31, 2023	Secured/ Unsecured	Terms of redemption
INE216P07167	16-Sep-19	15-Sep-24	8.39%*	34,456.03	34,365.85	Secured	Redeemable at par
XS1923066390	20-Dec-18	20-Dec-25	8.93%**	9,981.33	14,958.86	Unsecured	Redeemable at par
INE216P07209	31-Dec-20	31-Dec-25	8.88%**	3,498.64	5,496.86	Secured	Redeemable at par
INE216P07217	26-Nov-21	26-Nov-26	8.75%	9,895.35	9,893.78	Secured	Redeemable at par
INE216P07225	25-Mar-22	25-Mar-27	8.50%**	5,996.61	7,994.19	Secured	Redeemable at par
INE216P07175	30-Mar-20	30-Mar-28	8.645%*	27,189.33	33,948.48	Secured	Redeemable at par
XS2449330336	10-Mar-22	10-Mar-29	9.25%**	35,837.75	35,793.88	Unsecured	Redeemable at par
INE216P07233	20-Jul-23	20-Jul-28	8.35%**	13,496.27	-	Secured	Redeemable at par
			Total	1,40,351.31	1,42,451.90		

*ROI p.a (payable half yearly)

**ROI p.a (payable quarterly)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

12 Debt Securities *Contd.*

Terms of repayment of Debentures outstanding as at March 31, 2024

(₹ in lakh)

Particulars Original maturity of loan	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
Quarterly											
Above 3 years	8%-10%	12	6,977.17	19	11,470.73	6	4,488.55	-	-	37	22,936.45
Half yearly											
Above 3 years	8%-10%	4	11,798.33	10	36,580.51	6	24,773.71	-	-	20	73,152.55
Bullet end											
Above 3 years	8%-10%	1	34,387.51	3	9,874.80	-	-	-	-	4	44,262.31
Total		17	53,163.01	32	57,926.04	12	29,262.26	-	-	61	1,40,351.31

Terms of repayment of Debentures outstanding as at March 31, 2023

(₹ in lakh)

Particulars Original maturity of loan	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
Quarterly											
Above 3 years	8%-10%	8	3,939.72	15	7,476.77	4	1,993.81	-	-	27	13,410.30
Half yearly	6%-8%	-	-	2	8,972.13	4	17,944.26	2	8,972.13	8	35,888.52
Above 3 years	8%-10%	4	11,658.55	8	23,600.53	4	13,631.50	-	-	16	48,890.58
Bullet end											
Above 3 years	8%-10%	-	-	1	34,393.16	3	9,869.34	-	-	4	44,262.50
Total		12	15,598.27	26	74,442.59	15	43,438.91	2	8,972.13	55	1,42,451.90

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

13 Borrowings (other than debt securities)

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Secured		
Term loans (refer note 13(i))		
From National Housing Bank (NHB) (Refer note 13(a))	3,04,157.86	2,60,287.19
From Banks (Refer note 13(b))	7,27,328.14	5,57,105.10
From Financial institutions (Refer note 13(c))	4,990.19	7.52
From Insurance Companies (Refer note 13(d))	4,372.52	5,621.09
Others		
Cash Credit (refer note 13(e))	13,341.85	2,742.11
Others (refer note 13(f))	39,107.70	5,861.90
Total	10,93,298.26	8,31,624.91
Borrowings in India	10,93,298.26	8,31,624.91
Borrowings outside India	-	-
Total	10,93,298.26	8,31,624.91

13(a) Secured term loans from National Housing Bank (NHB) carry rate of interest in the range of 2.80% to 8.50% p.a. The loans are having tenure of 7 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.

13(b) Secured term loans from Banks include loans from various banks and carry rate of interest in the range of 6.80% to 9.40% 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 also include auto loans of ₹382.18 lakh (P.Y. ₹ 370.43 lakh) carrying rate of interest in the range of 7.35% to 10.10% p.a. which are secured by hypothecation of group's vehicles.

13(c) Secured loans from financial institutions include loan from Small Industries Development Bank of India (SIDBI) of ₹4,990.19 lakh (P.Y. Nil) carrying rate of interest at the rate of 8.20% p.a. which are secured by hypothecation of receivables. Secured loans from financial institutions include auto loans of ₹ Nil (P.Y. ₹7.52 lakh) carrying rate of interest in the range of 8.75 % p.a. which are secured by hypothecation of group's vehicles.

13(d) Secured term loan from Insurance Company carry rate of interest of 9.25% 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.

13(e) Cash credit borrowings from bank are repayable on demand and carry interest rates ranging from 8.70% to 10.90%

13(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.

13(g) Changes in liabilities arising from financing activities

(₹ in lakh)

Particulars**	As at March 31, 2023	Cash flows	Other*	As at March 31, 2024
Debt securities (refer note no 12)	1,42,451.90	(2,336.92)	236.33	1,40,351.31
Borrowings	8,31,624.91	2,61,715.82	(42.47)	10,93,298.26
Subordinate liabilities (refer note no 14)	9,992.26	(10,000.00)	7.74	-
Total	9,84,069.07	2,49,378.90	201.60	12,33,649.57

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in lakh)

Particulars**	As at March 31, 2022	Cash flows	Other*	As at March 31, 2023
Debt securities (refer note no 12)	1,70,946.09	(28,836.92)	342.73	1,42,451.90
Borrowings	6,16,321.15	2,15,353.81	(50.05)	8,31,624.91
Subordinate liabilities (refer note no 14)	9,982.50	(0.00)	9.76	9,992.26
Total	7,97,249.74	1,86,516.89	302.44	9,84,069.07

*Other column includes amortisation of transaction cost.

**For lease liabilities, refer note 15

13(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 Consolidated Financial Statements

for the year ended March 31, 2024

(₹ in lakh)

13 (i) Terms of repayment of long term borrowings outstanding as at March 31, 2024

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	
Original maturity of loan												
Monthly repayment schedule												
	8%-10%	609	41,684.85	1,006	88,311.19	549	67,692.40	195	72,644.10	-	-	2,359
Above 3 years	10%-12%	24	4.69	7	1.33	-	-	-	-	-	-	31
Quarterly repayment schedule												6.02
	2%-4%	48	14,826.60	128	39,554.03	91	26,985.60	2	959.38	-	-	269
Above 3 years	4%-6%	63	14,292.53	134	31,853.11	104	27,207.50	48	12,646.58	-	-	349
	6%-8%	40	6,940.43	95	16,601.52	73	12,899.29	60	11,910.85	-	-	268
	8%-10%	306	85,828.78	550	1,63,341.45	444	1,36,967.06	450	1,58,214.78	16	5,109.00	1,766
Half yearly repayment schedule												5,49,461.07
	8%-10%	2	1,248.68	4	2,498.39	1	624.59	-	-	-	-	7
Above 3 years		1,092	1,64,826.56	1,924	3,42,161.02	1,282	2,72,376.44	755	2,56,375.69	16	5,109.00	5,049
Total												10,40,848.71

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 ₹39,107.71 lakh (Due within 1 year ₹5,874.04 lakh and due more than 1 year ₹33,233.66 lakh)

(₹ in lakh)

Terms of repayment of long term borrowings outstanding as at March 31, 2023

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	
Original maturity of loan												
Monthly repayment schedule												
	6%-8%	100	13,291.99	144	22,156.65	114	15,548.81	21	1,602.30	-	-	379
Above 3 years	8%-10%	474	20,239.98	694	41,419.70	419	37,919.58	194	45,344.90	-	-	1,781
	10%-12%	168	4,027	203	53.60	1	0.25	-	-	-	-	372
Quarterly repayment schedule												94.12
	2%-4%	49	14,876.39	128	39,550.88	124	37,827.03	34	9,891.16	-	-	335
Above 3 years	4%-6%	31	5,275.37	76	12,631.45	30	4,726.98	24	3,736.99	-	-	161
	6%-8%	172	29,701.30	362	71,200.69	313	61,755.28	273	58,821.02	-	-	1,120
	8%-10%	119	33,355.96	305	84,785.89	224	67,066.32	260	74,971.54	36	9,608.76	944
Half yearly repayment schedule												2,69,788.47
	8%-10%	2	1,248.03	4	2,498.19	3	1,873.64	-	-	-	-	9
Above 3 years		1,115	1,18,029.29	1,916	2,74,297.05	1,228	2,26,717.89	806	1,94,367.91	36	9,608.76	5,101
Total												8,23,020.90

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 ₹5,861.90 lakh (Due within 1 year ₹896.71 lakh and due more than 1 year ₹5,416.34 lakh)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

14 Subordinated Liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
At Amortised cost		
Loan from Bank		
Debentures (Refer note 14(a))	-	9,992.26
Total	-	9,992.26
Subordinated Liabilities in India	-	9,992.26
Subordinated Liabilities Outside India	-	-
Total	-	9,992.26

14(a) Detail of Subordinated Liabilities

(₹ in lakh)

ISIN No.	Date of allotment	Date of redemption	Rate of Interest p.a.	As at March 31, 2024	As at March 31, 2023	Secured/ Unsecured	Terms of redemption
INE216P08017	22-Dec-17	22-Dec-23	9.24%	-	9,992.26	Unsecured	Redeemed during the year

Terms of repayment of Subordinated liabilities outstanding as at March 31, 2024

(₹ 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%	-	-	-	-	-	-

Terms of repayment of Subordinated liabilities outstanding as at March 31, 2023

(₹ 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%	1	9,992.26	-	-	1	9,992.26

15 Lease liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities	6,181.14	4,658.79
Total	6,181.14	4,658.79

Disclosures as required by Ind AS 116 'Leases' are stated below

Movement of Lease Liability

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Balance	4,658.79	3,948.24
Add: Addition during the year	3,054.41	2,067.37
Interest on Lease Liability	545.27	390.67
Less: Repayment of lease liabilities (Including Interest)	(2,077.33)	(1,747.49)
Closing Balance	6,181.14	4,658.79

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

The following is the breakup of current and non-current portion of lease liability as on March 31, 2024

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Current	1,573.09	1,295.79
Non-Current	4,608.05	3,363.00
Total lease liability	6,181.14	4,658.79

16 Other financial liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due		
Secured non convertible debentures	683.70	388.36
Unsecured non convertible debentures	220.95	443.66
Bank- term loan	452.08	359.60
Financial Institution- term loan	4.49	0.03
Due to assignees towards collections in derecognised assets	8,482.25	5,392.66
Employee benefits payable	4,616.71	2,538.04
Others	5,682.65	7,473.01
Total	20,142.83	16,595.36

Break up of total financial liabilities carried at amortised cost

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Payables (note 10)	3,093.94	861.10
Debt Securities (note 11)	1,40,351.31	1,42,451.90
Borrowings (note 12)	10,93,298.26	8,31,624.91
Subordinated Liabilities (note 13)	-	9,992.26
Lease liabilities (note 14)	6,181.14	4,658.79
Other financial liabilities (note 15)	20,142.83	16,595.36
Total	12,63,067.48	10,06,184.32

17 Provisions

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Leave availment	389.78	324.51
Gratuity	308.66	202.53
ECL on undisbursed loan commitment	141.86	133.14
Total	840.30	660.18

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

18 Tax Expenses

The major components of income tax expense for the year ended March 31, 2024

Profit or loss section

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current income tax:		
Current income tax charge	12,368.54	10,410.18
Deferred tax:		
Relating to origination and reversal of temporary differences	1,099.42	1,467.83
Income tax expense reported in the statement of profit or loss	13,467.96	11,878.01

OCI

Deferred tax related to items recognised in OCI during the year:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net loss/(gain) on re-measurements of defined benefit plans	5.10	28.52
Income tax charged to OCI	5.10	28.52

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2024:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Accounting profit before tax from continuing operations	62,537.38	54,842.39
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	62,537.38	54,842.39
Tax at statutory Income Tax rate of 25.17% (P.Y. 25.17%)	15,739.41	13,802.73
Expenses Disallowed in Income tax Act	344.47	295.26
Other permanent difference	(385.27)	(387.14)
Expenses Disallowed u/s 43B of Income tax Act	16.43	18.32
Provision for special reserve u/s 29C of NHB Act read with section 36 (1) (viii) of IT Act, 1961	(2,240.85)	(1,837.96)
Incremental deferred tax liabilities /(assets) on account of Financial assets and other items	(6.23)	(13.20)
Tax at effective Income Tax rate (a)	13,467.96	11,878.01
Tax on Other comprehensive income (b)	5.10	28.52
Total Tax expenses (a+b)	13,473.06	11,906.53

(₹ in lakh)

Deferred Tax liabilities / (assets)	As at March 31, 2024	As at March 31, 2023
Deferred tax liability		
Unamortized Borrowings cost	285.84	336.58
Upfront EIS income	8,390.27	7,083.57
Gross deferred tax liability	8,676.11	7,420.15
Deferred tax asset		

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

18 Tax Expenses *Contd.*

(₹ in lakh)

Deferred Tax liabilities / (assets)	As at March 31, 2024	As at March 31, 2023
Expected credit loss (ECL)	(1,506.77)	(1,266.87)
Unamortized Processing fee	(487.78)	(548.44)
Fair Valuation of SARFAESI	(46.92)	(64.69)
Provision for gratuity and Leave availment	(76.58)	(75.18)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(298.51)	(439.73)
Loss on voluntary liquidation of Subsidiary company	(81.46)	-
Other adjustments	(153.31)	(99.89)
Gross deferred tax asset	(2,651.33)	(2,494.80)
Net Deferred Tax Liability	6,024.78	4,925.35

(₹ in lakh)

Deferred Tax charged to statement of profit and loss account	Year ended March 31, 2024		Year ended March 31, 2023	
	Profit and Loss	OCI	Profit and Loss	OCI
Unamortized Borrowings cost	(50.74)	-	(76.12)	-
Upfront EIS income	1,306.70	-	1,114.28	-
Expected credit loss (ECL)	(239.91)	-	8.98	-
Unamortized Processing fee	60.67	-	483.67	-
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	48.81	-	(88.56)	-
Loss on voluntary liquidation of Subsidiary company	(81.46)	-	-	-
Other adjustments	55.36	5.10	25.58	28.52
Deferred Tax charged to statement of profit and loss account	1,099.43	5.10	1,467.83	28.52

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 ₹10,15,984.73 lakh (PY ₹8,31,620.29 lakh).

19 Other Non-financial Liabilities

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Dues Payable	854.81	359.98
Provision for Expenses	2,535.60	1,583.10
GST payable	450.00	64.24
Others	840.87	217.74
Total	4,681.28	2,225.06

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

20 Equity share capital

Details of authorized, issued, subscribed and paid up share capital

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized share Capital		
8,50,00,000 (P.Y. 8,50,00,000) Equity Shares of ₹10/- each	8,500.00	8,500.00
	8,500.00	8,500.00
Issued, Subscribed & Paid up capital		
Issued and Subscribed Capital		
7,91,39,705 (P.Y. 7,90,56,874) Equity Shares of ₹10/- each	7,913.97	7,905.69
Called-Up and Paid Up Capital		
Fully Paid-Up		
7,91,39,705 (P.Y. 7,90,56,874) Equity Shares of ₹10/- each	7,913.97	7,905.69
Total	7,913.97	7,905.69

20(a) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year.

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ In lakh	No. of shares	₹ In lakh
Equity Share at the beginning of year	7,90,56,874	7,905.69	7,89,36,451	7,893.65
Add:				
Equity Share Allotted during year				
Shares issued under ESOP	82,831	8.28	1,20,423	12.04
Equity share at the end of year	7,91,39,705	7,913.97	7,90,56,874	7,905.69

20(b) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares	% of holding	No. of shares	% of holding
Lake District Holdings Limited	1,23,46,641	15.60%	1,81,86,219	23.00%
1,23,46,641 Equity Shares of ₹10/- each fully paid				
SBI Mutual Fund through various funds	70,12,611	8.86%	3,315	0.00%
70,12,611 Equity Shares of ₹10/- each fully paid				
Partners Group ESCL Limited	59,78,718	7.55%	88,68,091	11.22%
59,78,718 Equity Shares of ₹10/- each fully paid				
Smallcap World Fund, Inc	15,16,749	1.92%	63,18,330	7.99%
15,16,749 Equity Shares of ₹10/- each fully paid				
Total	2,68,54,719	33.93%	3,33,75,955	42.21%

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 Consolidated Financial Statements

for the year ended March 31, 2024

20(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 group after distribution of all preferential amounts, in proportion to their shareholding.

20(d) Aggregate number of bonus shares issued during the year of five years immediately preceding the reporting date

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	-	-	-	-	-

20(e) For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 33

20(f) Shareholding of Promoters

Shares held by promoters at the end of March 31, 2024

Promoter name	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,23,46,641	15.60%	-32.11%
Partners Group ESCL Limited	59,78,718	7.55%	-32.58%
Partners Group Private Equity Master Fund LLC	26,23,753	3.32%	-32.58%
Total	2,09,49,112	26.47%	

Shares held by promoters at the end of March 31, 2023

Promoter name	No. of Shares	% of total shares	% Change during the year
Lake District Holdings Limited	1,81,86,219	23.00%	0.00%
Partners Group ESCL Limited	88,68,091	11.22%	0.00%
Partners Group Private Equity Master Fund LLC	38,91,752	4.92%	0.00%
Total	3,09,46,062	39.14%	

21 Other equity

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium (refer note 21(a))	1,36,306.94	1,35,963.21
Special reserve u/s 29C of the National Housing Bank Act, 1987 read with 36 (1) (viii) of income tax Act, 1961 (refer note 21(a))	44,664.04	34,847.12
Share Based Payments Reserve (refer note 21(a))	5,154.15	4,413.82
Retained earnings	1,83,292.42	1,43,829.48
Share Application money received	0.00	6.68
Total	3,69,417.55	3,19,060.31

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

21(a) Nature and purpose of reserve

Securities premium

Securities premium 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 group 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, 2024, The group has transferred an amount of ₹8,903.57 lakh (P.Y. ₹7,311.11 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 ₹913.34 lakh (P.Y. ₹1,254.46 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.

22 Interest income

(₹ in lakh)

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	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 22(a))	-	1,59,326.67	-	-	1,29,684.13	-
Interest on deposits with Banks	-	13,235.38	-	-	8,725.55	-
Interest on Government Securities	-	930.94	-	-	434.84	-
Interest on Treasury Bill	-	11.75	-	-	-	-
Interest on Inter Corporates Loan	-	-	-	-	20.20	-
Total	-	1,73,504.74	-	-	1,38,864.72	-

22(a) Loan origination income included in interest income on loan is disclosed net of the direct incremental costs of ₹8,034.25 lakh for year ended March 31, 2024 (P.Y. ₹7,768.07 lakh) associated with the origination of the underlying loans.

23 Fees and commission Income

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Insurance commission	2,689.64	754.02
Other fee income	5,982.04	5,113.62
Total	8,671.68	5,867.64

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

24 Net gain on fair value changes

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
a) Net gain on financial instruments at fair value through profit and loss		
i) On trading portfolio		
Investments in mutual fund	1,658.19	961.67
b) Others		
Derivatives	-	-
Total Net gain on fair value changes	1,658.19	961.67
Fair value changes		
Realised	1,658.19	961.67
Unrealised- MTM gain	-	-
Total Net gain on fair value changes	1,658.19	961.67

25 Other income

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net gain on derecognition of property, plant and equipment	30.80	28.37
Other income	249.02	156.02
Total	279.82	184.39

26 Finance Costs

(₹ in lakh)

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	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	-	67,518.30	-	44,738.90
Interest on debt securities	-	12,406.10	-	12,565.04
Interest on Subordinated liabilities	-	678.59	-	941.98
Interest on Securitised pool	-	1,687.81	-	468.15
Interest on lease liability	-	545.27	-	390.68
Total	-	82,836.07	-	59,104.75

27 Fees and commission expense

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Resource mobilisation expenses	555.00	322.95
Bank charges and commission	180.41	188.70
Brokerage and Commission	19.90	109.10
Total	755.31	620.75

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

28 Impairment on financial instruments

(₹ in lakh)

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	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
Investments	-	(25.37)	-	-
Loan Assets	-	1,318.66	-	792.39
Provision on SARFAESI Cases	-	563.19	-	(40.93)
Write offs	-	463.91	-	432.55
Assets acquired under SARFAESI	-	42.11	-	58.23
Total	-	2,362.50	-	1,242.24

29 Employee Benefits Expenses

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	32,566.13	26,513.31
Contribution to provident and other funds	1,449.39	1,357.28
Share Based Payments to employees	860.46	1,641.69
Staff welfare expenses	715.06	646.30
Total	35,591.04	30,158.58

Defined Contribution plan

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions. The Company's contribution to provident fund aggregating ₹1,278.66 lakhs (P.Y. ₹1,172.08 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

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)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	414.21	379.52
Interest cost	15.19	4.83
Expected Return on plan assets	-	-
Net remeasurement (gain) / loss recognized in the year	-	-
Net expense	429.40	384.35

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

29 Employee Benefits Expenses *Contd.*

Remeasurement (gains)/ loss recognised in other comprehensive income:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Actuarial loss/(gain) due to change in financial assumptions	30.68	(54.02)
Actuarial loss/(gain) due to change in demographic assumption	-	-
Actuarial loss/ (gain) due to experience adjustments	(44.80)	(80.80)
Return on plan assets excluding amounts included in interest income	(6.14)	21.48
Remeasurement (gain) / loss arising during the year	(20.26)	(113.34)

Actual Return on plan asset

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Expected return on plan asset	-	-
Interest Income on Plan Asset	53.55	48.17
Actuarial gain/(loss)	6.14	(21.48)
Actual Return on plan asset	59.69	26.69

Balance Sheet

Net defined benefit liability

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Present value of defined benefit obligation	1,114.04	928.09
Fair value of plan assets	(805.37)	(725.56)
Plan liability	308.67	202.53

Changes in the present value of the defined benefit obligation are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening defined benefit obligation	928.09	758.09
Current service cost	414.21	379.52
Interest cost	68.74	53.00
Benefits paid during the year	(282.88)	(127.70)
Remeasurement (gain)/loss on obligation	(14.12)	(134.82)
Closing defined benefit obligation	1,114.04	928.09

Changes in the present value of the plan assets are as follows:

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan asset at the beginning	725.56	690.02
Interest Income on Plan Asset	53.55	48.17
Expected return on plan asset	-	-
Contribution made	303.00	134.00
Benefit paid during the year	(282.88)	(125.15)
Actuarial Gain/(Loss) on plan assets	6.14	(21.48)
Fair value of plan asset at the the end of the year	805.37	725.56

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

29 Employee Benefits Expenses *Contd.*

The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate	7.30%	7.50%
Salary escalation rate	6.00%	6.00%
Employee Turnover	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%	age 30 = 5% age 31-40 = 3% age 41-50 = 2% age 51 & above=1%
Mortality Rates	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

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, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligation	1,114.04	928.09	758.09	659.25	517.23
Plan assets	(805.37)	(725.56)	(690.02)	(604.95)	-
(Surplus)/Deficit	308.67	202.53	68.07	54.30	517.23
Experience adjustments on plan liabilities(Gain)/ Loss	(44.80)	(80.80)	(70.12)	(91.54)	6.97
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, 2024	Year ended March 31, 2023
a) Effect of 1% change in assumed discount rate		
- 1% increase	972.08	810.42
- 1% decrease	1,287.56	1,071.85
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	1,274.32	1,060.83
- 1% decrease	977.87	811.78

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

29 Employee Benefits Expenses *Contd.*

Funding Arrangement and Policy

The contribution by the Corporation 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.

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, 2024	Year ended March 31, 2023
1 st Following Year	32.63	29.45
2 nd Following Year	39.69	31.09
3 rd Following Year	38.73	37.04
4 th Following Year	62.49	36.86
5 th Following Year	67.14	70.38
Sum of Years 6 to 10	330.43	260.84

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.

30 Other expenses

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Advertisement and publicity	1,084.20	1,085.29
AMC charges	143.25	115.13
Auditor's remuneration (note 30(a))	103.56	79.36
Collection and legal recovery expenses	704.15	678.32
Communication costs	683.61	639.88
CSR expenses (refer note 40)	904.79	740.13
Directors' fees and commission	130.80	130.80
Donation	-	0.50
Electricity and water	468.79	416.93
General office expenses	628.78	423.48
IT and analytics Expenses	2,072.20	1,135.51
Legal and professional charges	1,178.44	999.95
Manpower management cost	3,757.92	3,464.04
Postage and courier expenses	312.57	275.87
Printing and stationery	182.32	152.12
Rent, rates and taxes Expenses	288.44	135.77
Repairs and maintenance	272.01	294.50
Travelling and conveyance	1,805.23	1,452.44
Total	14,721.06	12,220.02

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

30(a) Auditor's remuneration

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Audit fees	81.76	66.28
Tax audit fees	5.45	3.27
Other services	16.35	9.81
	103.56	79.36

31 Earning per share

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS (in lakh)	791.10	790.02
Net profit for calculation of basic EPS (₹ in lakh)	49,069.42	42,964.38
Basic earning per share (In ₹)	62.03	54.38
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (in lakh)*	792.27	791.78
Net profit for calculation of Diluted EPS (₹ in lakh)	49,069.42	42,964.38
Diluted earning per share (In ₹)	61.93	54.26
Nominal value of equity shares (In ₹)	10.00	10.00

*Effect of potential issue of shares / stock rights outstanding is 1.17 lakh as on March 31, 2024 (P.Y. 1.76 lakh)

32 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, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2,055.80	-	2,055.80	17,764.77	-	17,764.77
Bank balance other than cash and cash equivalents	1,76,842.28	884.08	1,77,726.36	1,21,518.64	-	1,21,518.64
Receivables	1,221.93	-	1,221.93	122.34	-	122.34
Loans	2,19,354.23	11,81,082.45	14,00,436.68	1,83,506.77	9,64,120.68	11,47,627.45
Investments	5,434.93	12,780.70	18,215.63	-	11,072.19	11,072.19
Other financial assets	18,297.60	18,145.12	36,442.72	14,763.45	15,523.00	30,286.45
Non-financial assets						
Current tax assets (net)	1,176.31	-	1,176.31	305.10	-	305.10
Property, plant and equipment	-	2,966.40	2,966.40	-	3,158.63	3,158.63
Capital work-in-progress	-	-	-	-	-	-
Intangible assets under development	-	1,120.53	1,120.53	-	2,036.69	2,036.69
Intangible assets	-	3,061.20	3,061.20	-	416.20	416.20
Right-of-use assets	-	5,571.98	5,571.98	-	4,261.91	4,261.91

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

32 Maturity analysis of assets and liabilities *Contd.*

(₹ in lakh)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other non-financial assets	1,727.35	31.53	1,758.88	1,059.98	80.20	1,140.18
Assets held for sale	190.94	-	190.94	1,250.36	-	1,250.36
Total Assets	4,26,301.37	12,25,643.99	16,51,945.36	3,40,291.41	10,00,669.50	13,40,960.91
LIABILITIES						
Financial liabilities						
Payables						
(I) Trade payables	-	-	-			-
(i) total outstanding dues of micro enterprises and small enterprises	30.65	-	30.65	3.64	-	3.64
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,063.29	-	3,063.29	857.46	-	857.46
Debt securities	53,163.01	87,188.30	1,40,351.31	15,598.27	1,26,853.63	1,42,451.90
Borrowings (other than debt securities)	1,84,042.45	9,09,255.81	10,93,298.26	1,21,668.11	7,09,956.80	8,31,624.91
Subordinated liabilities	-	-	-	9,992.26	(0.00)	9,992.26
Lease liabilities	1,573.09	4,608.05	6,181.14	1,295.79	3,363.00	4,658.79
Other financial liabilities	20,000.02	142.81	20,142.83	16,488.44	106.92	16,595.36
Non-financial liabilities						
Provisions	358.90	481.40	840.30	244.78	415.40	660.18
Deferred tax liabilities (net)	-	6,024.78	6,024.78	-	4,925.35	4,925.35
Other non-financial liabilities	4,681.28	-	4,681.28	2,225.06	-	2,225.06
Total Liabilities	2,66,912.69	10,07,701.15	12,74,613.84	1,68,373.81	8,45,621.10	10,13,994.91
Net Assets	1,59,388.68	2,17,942.84	3,77,331.52	1,71,917.60	1,55,048.40	3,26,966.00

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

33 Stock options

I The Group has formulated various share-based payment schemes for its employees , management and directors. Details of all grants in operation during the Year ended March 31, 2024 are as given below:

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
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 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)	Equity stock option plan for Employees 2021 (ESOP 2022)	Equity stock option plan for Employees 2016 (ESOP 2016)	Equity stock option plan for Employees 2016 (ESOP 2016 I)	Performance stock option plan (PSOP 2023)
No. of options approved*	12,87,901		7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000	4,500	71,044
Date of grant	23-Feb-17	24-Jan-18	23-Feb-17	03-Oct-19	13-Jul-21	18-Aug-21	22-Aug-22	30-Mar-23	01-Feb-24	12-Dec-23
No. of options granted	9,80,118	4,24,687	7,19,084	3,00,000	3,00,000	3,00,000	8,50,000	1,25,000	4,500	71,044
Exercise price per option (in ₹)	215.25	328	215.25	1580.20	2887.05	2477.15	2241.25	1606.40	1476.55	10
Method of settlement	Equity	Equity	Equity	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")									
A) Fixed Vesting year is as follows on following dates :-										
1 st vesting "12 months from the date of grant"	98,012	42,469	71,908	30,000	30,000	30,000	85,000	12,500	450	17,761
2 nd vesting "On expiry of four months from the 1 st vesting date"	98,012	NA	71,908	NA	NA	NA	NA	NA	NA	NA
2 nd vesting "On expiry of one year from the 1 st vesting date"	NA	42,469	NA	30,000	30,000	30,000	85,000	12,500	450	17,761

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

33 Stock options *Contd.*

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
3 rd vesting "On expiry of one year from the 2 nd vesting date"	98,012	42,469	Refer note A	30,000	30,000	30,000	85,000	12,500	450	17,761
4 th vesting "On expiry of one year from the 3 rd vesting date"	98,012	42,469	-	30,000	30,000	30,000	85,000	12,500	450	17,761
5 th vesting "On expiry of one year from the 4 th vesting date"	98,011	42,469	-	30,000	30,000	30,000	85,000	12,500	450	-
B) Conditional Vesting	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 (Refer note A)	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	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	Linked with conditions over the next five years as stipulated in respective stock option plan	linked with company's Profitability-Profit After Tax and Asset Quality-Gross Non-Performing Assets
Exercise year	Four years from the date of each vesting									

*After adjusting subsequent cancellations, if any

Note:

- During year ended March 31, 2019, pursuant to the Board/Nomination and Remuneration Committee 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, 2024, pursuant to the Board/Nomination and Remuneration Committee approval dated December 12, 2023, options granted to employees under PSOP 2023.
- During year ended March 31, 2024, pursuant to the Board/Nomination and Remuneration Committee approval dated February 01, 2024, options granted to employees under ESOP 2016

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

33 Stock options *Contd.*

II Computation of fair value of options granted during the year ended March 31, 2024

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP 2016 I (d)	PSOP 2023
Share price on the date of grant	1476.55	1547.25
Exercise price	1476.55	10
Expected volatility (%)	35.00%	35.00%
Life of the options granted (years)		
First Vesting	1 years	1 years
Second Vesting	2 years	2 years
Third Vesting	3 years	3 years
Fourth Vesting	4 years	4 years
Fifth Vesting	5 years	
Risk-free interest rate (%)	Vesting 1 - 7.10% Vesting 2 - 7.13% Vesting 3 - 7.14% Vesting 4 - 7.13% Vesting 5 - 7.19%	Vesting 1 - 7.29% Vesting 2 - 7.32% Vesting 3 - 7.38% Vesting 4 - 7.38%
Expected dividend rate (%)	0%	0%
Fair value of the option	Tranche 1 - 378.02 Tranche 2 - 478.91 Tranche 3 - 564.95 Tranche 4 - 640.04 Tranche 5 - 709.04	Tranche 1 - 1537.95 Tranche 2 - 1538.61 Tranche 3 - 1539.24 Tranche 4 - 1539.81

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

33 Stock options Contd.

Reconciliation of options

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
Year ended March 31, 2024										
Options outstanding at April 1, 2023	22,685	67,962	20,000	1,79,695	2,41,194	2,55,687	6,13,700	1,25,000	-	-
Granted during the year	-	-	-	-	-	-	-	-	4,500	71,044
Forfeited during the year	-	-	-	-	-	-	-	-	-	-
Exercised during the year	15,302	47,529	20,000	-	-	-	-	-	-	-
Expired / lapsed during the year	2,003	1,628	-	30,168	74,185	54,493	46,640	-	-	-
Outstanding at March 31, 2024	5,380	18,805	-	1,49,527	1,67,009	2,01,194	5,67,060	1,25,000	4,500	71,044
Exercisable at March 31, 2024	5,380	18,805	-	1,13,177	65,429	78,794	1,11,460	25,000	-	-
Weighted average remaining contractual life (in years)	0.01	0.09	-	2.41	4.52	4.62	5.63	6.22	7.09	6.45
Weighted average share price at the time of exercise*	1,457.80	1,569.66	1,475.58	-	-	-	-	-	-	-

Particulars	ESOP 2016 I (a)	ESOP 2016 I (b)	ESOP 2016 III	ESOP 2019	ESOP 2020	ESOP 2021	ESOP 2022	ESOP 2016 I (c)	ESOP 2016 I (d)	PSOP 2023
Year ended March 31, 2023										
Options outstanding at April 1, 2022	33,158	1,25,455	44,943	3,00,000	3,00,000	3,00,000	-	-	-	-
Granted during the year	-	-	-	-	-	-	8,50,000	1,25,000	-	-
Forfeited during the year	-	-	-	-	-	-	-	-	-	-
Exercised during the year	10,473	50,460	24,943	34,547	-	-	-	-	-	-
Expired / lapsed during the year	-	7,033	-	85,758	58,806	44,313	2,36,300	-	-	-
Outstanding at March 31, 2023	22,685	67,962	20,000	1,79,695	2,41,194	2,55,687	6,13,700	1,25,000	-	-
Exercisable at March 31, 2023	22,685	67,962	20,000	93,135	48,794.00	49,687.00	-	-	-	-
Weighted average remaining contractual life (in years)	0.05	0.75	0.06	3.15	5.26	5.38	6.40	7	-	-
Weighted average share price at the time of exercise*	2,269.33	1,984.79	2,112.09	2,126.14	-	-	-	-	-	-

* 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

34 Segment information

The group has only one reportable business segment, i.e. lending to borrowers within India, 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'. Accordingly, the amounts appearing in the financial statements relate to the group's single business segment. No revenue from transactions with a single external customer aggregates to 10% or more of the Company's total revenue during the year ended March 31, 2024 and March 31, 2023.

35 The group has been granted Certificate of Registration (No. 08.0095.11) to commence/carry on the business as a housing finance group 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 group from a private limited group to a public limited group on February 08, 2013. Further, the name of our group 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.

36 Related party

a. Names of related parties identified in accordance with Ind AS -24 "Related Party Disclosures"

1. Entities where control exists:

Holding group

NA

Shareholders having Substantial interest

Lake District Holdings Limited

Entity in which director of the Company is a director

Perfios Software Solution Private Limited

2. Directors and Key Management Personnel

Mr. Sandeep Tandon	Chairperson and Independent Director
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Managing Director & 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. Sushil Kumar Agarwal	Managing Director (Upto May 03, 2023)
Mr. Ghanshyam Rawat	President & Chief Financial Officer
Mr. Ashutosh Atre	President & Chief Risk Officer
Mr. Sharad Pathak	Company Secretary & Chief Compliance Officer

3. Post Employment Benefit Plan

Aavas Gratuity Trust

4. Enterprises under significant influence of the Key Management Personnel

Aavas foundation

5. Close members of Key Managerial Personnel

None

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

36 Related party *Contd.*

- 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, 2024			March 31, 2023		
		Amount received	Amount paid	Receivable/ (Payable)	Amount received	Amount paid	Receivable/ (Payable)
Mr. Sandeep Tandon	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Sushil Kumar Agarwal	Share based Payment	-	-	-	-	-	-
	Remuneration	-	292.53	-	-	334.79	-
Mr. Sachinderpalsingh Jitendrasingh Bhinder	Share based Payment	-	211.57	-	-	1.09	-
	Remuneration	-	271.31	-	-	19.65	-
Mr. Ashutosh Atre	Share based Payment	-	144.83	-	-	26.42	-
	Remuneration	-	215.55	-	-	20.17	-
Mrs. Kalpana Iyer	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mrs. Soumya Rajan	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Ramachandra Kasargod Kamath	Issue of Equity shares	43.05	-	-	53.69	-	-
	Share based Payment	-	-	-	-	-	-
	Sitting fees	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Vivek Vig	Issue of Equity shares	-	-	-	-	-	-
	Share based Payment	-	-	-	-	-	-
	Commission	-	26.16	-	-	26.16	-
Mr. Ghanshyam Rawat	Share based Payment	-	146.84	-	-	101.11	-
	Remuneration	-	270.59	-	-	239.57	-
Mr. Sharad Pathak	Issue of Equity shares	-	-	-	3.28	-	-
	Remuneration	-	44.44	-	-	32.83	-
	Loan given	-	-	28.43	-	30.50	30.21
	Loan repaid	1.78	-	-	0.29	-	-
	Interest on Loan	1.65	-	-	0.44	-	-
	Share based Payment	-	9.53	-	-	18.56	-
Aavas Foundation	Contribute as a Settler (CSR)	-	429.10	-	-	393.60	-
Aavas Gratuity Trust	Gratuity Contribution	-	303.00	-	-	134.00	-
Perfios Software Solution Private Limited	Purchase of Goods/ Services	-	5.64	(4.13)	-	-	-

Note :

- 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.
- Issue of equity shares includes Share premium amount.

37 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 of the group as at March 31, 2024.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

38 Commitments and Contingencies

a Capital and other commitments:

(₹ in lakh)

Particulars	As at March 31, 2024		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	227.36	49.93	177.43
Other intangible assets	2,474.29	1,089.12	1,385.17

(₹ in lakh)

Particulars	As at March 31, 2023		
	Estimated Project cost	Paid during the year	Balance Payable
Property, plant and equipment	222.47	83.25	139.22
Other intangible assets	3,501.75	2,036.69	1,465.06

Refer note 4(iii) for undisbursed commitment relating to loans.

b There are no Contingent Liabilities as on March 31, 2024 and March 31, 2023

39 Expenditure in Foreign Currency

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest paid*	3,563.24	3,995.25
Other Expenses**	809.38	799.29

*Interest expenses does not includes provision for interest on Rupee Denominated Bond (RDB) issued on March 10, 2022 payable to CDC Group amounting to Rs 220.95 lakh (PY ₹190.50 lakh).

**Other expenses does not includes provision for royalty payable to Intralinks Inc. amounting to ₹ Nil (PY ₹10.00 lakh).

40 CSR expenses

Operating expenses include ₹904.79 lakh for the year ended March 31, 2024 (P.Y. ₹740.13 lakh) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross amount (including excess spending/ Deficit of previous year) required to be spent by the group during the year is ₹904.79 lakh. (P.Y. ₹788.56 lakh).

The Board of Directors of the group has approved an amount of CSR of ₹904.79 lakh.

a. The details of amount spent during the respective year towards CSR are as under:

(₹ in lakh)

Particulars	March 31, 2024			March 31, 2023		
	Amount Spent	Yet to be paid	Total	Amount Spent	Yet to be paid	Total
Construction/acquisition of any asset	10.00	Nil	10.00	Nil	Nil	Nil
On purposes other than above	893.52	0.00	893.52	821.17	0.00	821.17

b. Amount of shortfall at the end of year

No short fall during the FY 2023-24 and FY 2022-23

c. Unspent amount as per Section 135 (5) of the Companies Act, 2013

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance (A)	-	48.43
Amount required to be spent during the year (B)	-	740.13
Amount spent during the year (restricted to sum of A and B above)	-	788.56
Closing Balance - Unspent amount	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

40 CSR expenses *Contd.*

d. Excess spent amount as per Companies Act, 2013

(₹ in lakh)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening Balance - Excess Spent	(32.61)	-
Amount required to be spent during the year	904.79	740.13
Amount spent during the year (including any excess for future periods)	903.52	772.74
Closing Balance - Excess Spent	(31.34)	(32.61)

e. Details of ongoing projects for financial year 2023-24

(₹ 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
32.61	-	904.79	903.52	0.00	31.34	-

During the year ended March 31, 2024, the group has spent excess amount of CSR amounting to ₹31.34 lakh. The said pre-spent shall be carried forward in next financial year in accordance with the provisions of Companies Act, 2013..

f. Reason of shortfall at the end of year

No short fall during the FY 2023-24.

g. Nature of CSR activities

1. Plantation, Renewable Energy and Traditional Energy Sources e.g. Solar Energy, Bio Gas, and Promoting Green Home Practices.
2. Aavas Udaan: Skill Development: focusing on industry specific and new age courses.
3. Aavas Gurukul: School Infrastructure, Resources and Scholarship.
4. Khelodaya: Sports Training, Scholarship, Sponsorship.
5. Road Safety and other Awareness programs.
6. Vishwakarma: Construction Worker Development- Focus on Construction Workers and their Families, Skill Building, Health and Safety, Social Security, Decent Work Environment.
7. Aavas Aahar Program, Health Care and Wellness, improving Health Infrastructure in Rural and Peri-Urban Areas, Health Camps.
8. Gram Siddhi- Enterprise Development, E-Commerce & Digital Marketing, Refresher Training to existing Gram Siddhis.
9. Association with Academic Institutions for R&D in the field of Green Housing; Environment Friendly Material, Designs and Construction Waste Management.

h. Details of related party transactions

The group has paid ₹429.10 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, 2024

41 Fair value measurement

41(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.

4(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.

42 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, 2024	As at March 31, 2023
Carrying amount of transferred assets measured at amortised cost	39,737.82	6,088.60
Carrying amount of associated liabilities	(39,093.24)	(5,845.53)

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, 2024

42 Transfer of Financial assets *Contd.*

Assignment Deal:

During the year ended March 31, 2024, 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, 2024	Year ended March 31, 2023
Carrying amount of derecognised financial assets	1,38,107.04	1,05,955.78
Gain from derecognition	17,954.91	15,182.36

Co-lending Deal:

During the year ended March 31, 2024, the group has transferred a pool of loans amounting to ₹ 433.00 lakh (P.Y. Nil) by way of a Co-lending transaction 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 Co-lending transaction on behalf of lender.

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, 2024	Year ended March 31, 2023
Carrying amount of derecognised financial assets	433.00	-
Gain from derecognition	-	-

43 Statutory Company information

(₹ in lakh)

Name of the entity in the Group	As at March 31, 2024		For the year ended March 31, 2024					
	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		3,77,331.52		49,069.42		15.16		49,084.58
Less: Inter Company elimination		-		-		-		-
Net of Elimination	100.00%	3,77,331.52	100.00%	49,069.42	100.00%	15.16	100.00%	49,084.58
Subsidiary Indian								
Aavas Finserv Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	(0.00)
Total	100.00%	3,77,331.52	100.00%	49,069.42	100.00%	15.16	100.00%	49,084.58

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

43 Statutory Company information *Contd.*

(₹ in lakh)

Name of the entity in the Group	As at March 31, 2023		Year ended March 31, 2023					
	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		3,26,966.00		43,007.21		(179.33)		42,827.88
Less: Inter Company elimination		(1,235.87)		-		-		-
Net of Elimination	99.62%	3,25,730.13	100.10%	43,007.21	-211.43%	(179.33)	99.49%	42,827.88
Subsidiary Indian								
Aavas Finserv Limited	0.38%	1,235.87	-0.10%	(42.83)	311.43%	264.15	0.51%	221.32
Total	100.00%	3,26,966.00	100.00%	42,964.38	100.00%	84.82	100.00%	43,049.20

44 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 group – Housing Finance group (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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

Debt to net worth ratio

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Debts	12,35,010.79	9,85,260.71
Net worth	3,73,149.79	3,24,513.11
Debt to Net worth (in times)	3.31	3.04

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.

45 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 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 types of risk group face in businesses are liquidity risk, credit risk, 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.

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, 2024

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	3,22,744.99	3,093.93	18,638.80
Over 1 year to 3 years	5,38,848.38	-	142.81
Over 3 year to 5 years	3,80,432.03	-	-
Over 5 year	3,17,058.34	-	-
Total	15,59,083.74	3,093.93	18,781.61

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

45 Financial risk management objectives and policies *Contd.*

Maturity profile of Financial liabilities as on March 31, 2023

(₹ in lakh)

Particulars	Borrowings	Payables	Other Financial liabilities
1 Day to 1 year	2,13,308.69	861.10	15,296.79
Over 1 year to 3 years	4,49,520.65	-	106.92
Over 3 year to 5 years	3,25,004.68	-	-
Over 5 year	2,47,998.42	-	-
Total	12,35,832.44	861.10	15,403.71

(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 ₹14,42,255.64 lakh and ₹11,82,933.63 lakh as of March 31, 2024 and March 31, 2023 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.

Loans to customers:

LTV wise bifurcation:

As at March 31, 2024

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	3,16,316.60	5,277.17	1,957.65	3,23,551.42
41%-60%	5,03,189.78	7,156.94	3,137.12	5,13,483.84
61%-80%	4,35,940.96	6,713.00	3,682.58	4,46,336.54
More than 80%	1,19,626.82	1,511.52	4,408.43	1,25,546.77
Total	13,75,074.16	20,658.63	13,185.78	14,08,918.57

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

45 Financial risk management objectives and policies *Contd.*

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	2,71,143.22	5,115.76	2,286.15	2,78,545.13
41%-60%	4,24,137.18	6,786.30	3,292.48	4,34,215.96
61%-80%	3,44,265.82	7,269.75	3,763.98	3,55,299.55
More than 80%	83,638.02	1,763.43	1,326.38	86,727.83
Total	11,23,184.24	20,935.24	10,668.99	11,54,788.47

Customer profile

As at March 31, 2024

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
HOUSING:				
Salaried	5,00,347.87	3,537.44	2,325.75	5,06,211.06
Self employed	5,97,489.36	10,275.02	7,540.23	6,15,304.61
NON-HOUSING:	-	-	-	-
Salaried	91,548.39	1,350.11	642.27	93,540.77
Self employed	1,85,688.54	5,496.06	2,677.53	1,93,862.13
Total	13,75,074.16	20,658.63	13,185.78	14,08,918.57

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
HOUSING:				
Salaried	3,95,592.73	3,213.86	1,854.74	4,00,661.33
Self employed	4,73,007.57	10,926.77	6,201.93	4,90,136.27
NON-HOUSING:	-	-	-	-
Salaried	76,729.64	1,330.15	441.22	78,501.01
Self employed	1,77,854.30	5,464.46	2,171.10	1,85,489.86
Total	11,23,184.24	20,935.24	10,668.99	11,54,788.47

Loan Commitments:

LTV wise bifurcation:

As at March 31, 2024

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	12,965.63	15.26	-	12,980.89
41%-60%	27,873.70	42.66	-	27,916.36
61%-80%	14,286.46	86.00	-	14,372.46
More than 80%	5,350.14	6.01	-	5,356.15
Total	60,475.93	149.93	-	60,625.86

As at March 31, 2023

(₹ in lakh)

LTV bucket	Stage 1	Stage 2	Stage 3	Total
0%-40%	12,866.86	23.18	0.53	12,890.57
41%-60%	26,480.93	78.40	12.71	26,572.04
61%-80%	11,682.87	29.48	9.01	11,721.36
More than 80%	2,699.22	11.66	6.75	2,717.63
Total	53,729.88	142.72	29.00	53,901.60

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

45 Financial risk management objectives and policies *Contd.*

Customer profile

As at March 31, 2024

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	24,658.06	49.84	-	24,707.90
Self employed	35,817.87	100.09	-	35,917.96
Total	60,475.93	149.93	-	60,625.86

As at March 31, 2023

(₹ in lakh)

Customer profile	Stage 1	Stage 2	Stage 3	Total
Salaried	23,077.41	48.41	14.97	23,140.79
Self employed	30,652.47	94.31	14.03	30,760.81
Total	53,729.88	142.72	29.00	53,901.60

(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.

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:

- Changes in Regulatory or Market Conditions affecting the interest rates
- Short term volatility
- Prepayment risk translating into a reinvestment risk
- 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 and equity:

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

45 Financial risk management objectives and policies *Contd.*

(₹ in lakh)

Particulars	Basis Points	Effect on Profit before tax and equity	
		As at March 31, 2024	As at March 31, 2023
Loans			
Increase in basis points	50	4,888.77	3,743.86
Decrease in basis points	-50	(4,889.94)	(3,744.86)
Borrowings			
Increase in basis points	50	(3,447.26)	(2,920.12)
Decrease in basis points	-50	3,447.26	2,920.12

(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.

46 Disclosures pursuant to Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021

(a) Details of transfer through assignment in respect of loans not in default during the year.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Entity	NBFC (Housing Finance Company)	NBFC (Housing Finance Company)
Count of loan accounts assigned	16,934 loans	12,658 loans
Amount of loan accounts assigned	₹1,38,107 lakh	₹1,05,986 lakh
Weighted average maturity	134 months	131 months
Weighted average holding period	11 months	14 months
Retention of beneficial economic interest (MRR)	10%	10%
Coverage of tangible security coverage	100%	100%
Rating wise distribution of rated loans	Unrated	Unrated

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

- (b) The Group has not transferred or acquired, any stressed loans during the year.
(c) The Group has not acquired, any loans not in default during the year.
(d) Details of transfer through Co-lending in respect of loans not in default during the year ended March 31, 2024

Particulars	Year ended March 31, 2024
Entity	NBFC (Housing Finance Company)
Count of loan accounts assigned	30 loans
Amount of loan accounts assigned	₹541 lakh
Weighted average maturity	127 months
Weighted average holding period	2 months
Retention of beneficial economic interest (MRR)	20%
Coverage of tangible security coverage	100%
Rating wise distribution of rated loans	Unrated

47 Loans to Directors, Senior Officers and relatives of Directors

(₹ in lakh)

Particulars	As at March 31, 2024	As at March 31, 2023
Directors and their relatives	-	-
Entities associated with directors and their relatives	-	-
Senior Officers and their relatives	270.87	275.15

48 Additional Regulatory Information

48.1 There is no such immovable property whose title deeds are not held in the name of the group in current year and previous year.

48.2 There are no investment property as on March 31, 2024 (P.Y. ₹ Nil)

48.3 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 in current year and previous year.

48.4 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 in current year and previous year.

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

As on March 31, 2024

(₹ in lakh)

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	-	0.00%
Related Parties (Aavas Finserv Limited)	-	0.00%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

48 Additional Regulatory Information *Contd.*

As on March 31, 2023

(₹ in lakh)

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	0.00%
Directors	-	0.00%
KMPs	-	0.00%
Related Parties (Aavas Finserv Limited)	-	0.00%

48.6 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 in current year and previous year.

48.7 The group has not taken borrowings from banks or financial institutions on the basis of security of current assets in current year and previous year.

48.8 The group has not been declared wilful defaulter by any bank or financial Institution or other lender in current year and previous year.

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, 2024

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
-	-	-	-

As on March 31, 2023

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (Number of shares)	Relationship with the Struck off Company
HEMLATA INVESTMENT PRIVATE LIMITED	Shares held by struck off Company	363	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 group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) in current year and previous year 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:-

- 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
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

Notes to the Consolidated Financial Statements

for the year ended March 31, 2024

48 Additional Regulatory Information *Contd.*

- (b) The group has not received any fund in current year and previous year 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

48.14 There are no such transaction or undisclosed income that need to be disclosed in accordance with the provision of Income Tax Act, 1961 in current year and previous year.

48.15 The group has not traded or invested in Crypto currency or Virtual Currency during current year and previous year.

49 Breach of covenants

The group has complied with all the material covenants of borrowing facilities throughout the year ended 31 March 2024 and 31 March 2023.

50 There has been no divergence in asset classification and provisioning requirements as assessed by NHB during the year ended 31 March 2024 and 31 March 2023.

51 Previous year figures have been regrouped/ reclassified wherever applicable. The impact, if any, are not material to Financial Statements.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Manish Gujral
Partner
Membership No. 105117

Place: Mumbai
Date: April 25, 2024

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

Manas Tandon
(Non-executive Promoter
Nominee Director)
DIN-05254602

Ghanshyam Rawat
(President and Chief
Financial Officer)

**Sachinderpalsingh
Jitendrasingh Bhinder**
(Managing Director and CEO)
DIN-08697657

Sharad Pathak
(Company Secretary and Chief
Compliance Officer)
FCS-9587



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**AGM
Notice**



AAVAS FINANCIERS LIMITED

CIN: L65922RJ2011PLC034297

Registered and Corporate Office: 201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India

Tel: +91 141-4659239

E-mail: investorrelations@aavas.in | Website: www.aavas.in

Notice to Members,

NOTICE is hereby given that the **14th Annual General Meeting** ("AGM") of the Members of Aavas Financiers Limited ("the Company") will be held on Wednesday, August 07, 2024 at 03:30 P.M., Indian Standard Time ("IST") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") Facility to transact the following businesses:

ORDINARY BUSINESSES:

1. To consider and adopt:

- (a) The audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2024 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, 2024 together with the report of the Auditors thereon.

2. To appoint a Director in place of Mr. Nishant Sharma, (DIN: 03117012), 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 approve the appointment of Joint Statutory Auditors of the Company and to fix their remuneration.

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

"RESOVLED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), read with the Companies (Audit and Auditors) Rules, 2014, and the guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of

Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India dated April 27, 2021 ("RBI Guidelines") and any other applicable laws (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company's Policy on Appointment of Statutory Auditors and on the recommendation of Audit Committee and Board of Directors of the Company, M/s. M S K A & Associates, Chartered Accountants (FRN: 105047W) and M/s. Borkar & Muzumdar, Chartered Accountants (FRN: 101569W), be and are hereby appointed as the Joint Statutory Auditors of the Company to hold office for a period of 3 (three) consecutive years from the conclusion of the 14th Annual General Meeting till the conclusion of 17th Annual General Meeting of the Company, subject to their continuity of fulfilment of the applicable eligibility norms each year.

RESOLVED FURTHER THAT M/s. M S K A & Associates, Chartered Accountants (FRN: 105047W) and M/s. Borkar & Muzumdar, Chartered Accountants (FRN: 101569W) have confirmed that they are eligible to be appointed as the Statutory Auditors of the Company as per Section 141 of the Act and as per RBI Guidelines.

RESOLVED FURTHER THAT the Board of Directors and/or the Company Secretary and the Audit Committee, be and is hereby authorised to decide and finalise the terms and conditions of appointment, including the roles and responsibilities/scope of work and remuneration of the Joint Statutory Auditors and to do all other acts, matters, deeds and things as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

SPECIAL BUSINESSES:

5. To approve the appointment of Mr. Rahul Mehta, (DIN: 09485275) as a Non-Executive Nominee Director.

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“RESOVLED THAT pursuant to the provisions of Section 149, 152 and 161 and other applicable provision, if any of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Article of Association of the Company, Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, dated February 17, 2021, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“SEBI (LODR) Regulations, 2015”), and other applicable laws, Mr. Rahul Mehta (DIN: 09485275) who was appointed as an Additional Director by the Board of Directors w.e.f May 21, 2024 and who holds office upto the date of next General Meeting or 3 months from the date of appointment, whichever is earlier in terms of Section 161 of the Act and Regulation 17(1C) of the SEBI (LODR) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Director of the Company, and as per the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, be and is hereby appointed as Non-Executive Nominee Director of the Company, [Nominee on behalf of Lake District Holding Limited (“one of the Promoter”)], liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary of the Company, be and are hereby severally authorized to do all acts, deeds, matters and things and execute all documents and give such directions as may be required, necessary, expedient or desirable in connection with or incidental thereto, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and necessary, filing of the requisite forms and documents for and on behalf of the Company in connection therewith with any person, statutory and/or governmental authority.”

6. To approve the re-appointment of Mrs. Soumya Rajan (DIN: 03579199) 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 (“SEBI (LODR) Regulations, 2015”) and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, (including any statutory modification(s) or re-enactments thereof for the time being in force) and as per the provisions of Articles of Association of the Company and other applicable laws, Mrs. Soumya Rajan (DIN: 03579199) who was appointed as an Independent Director on August 29, 2019 and who has submitted declaration that she 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, 2015 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 August 28, 2024 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 August 29, 2024 till August 28, 2029 as recommended by the Nomination and Remuneration Committee and Board of Directors of the Company.

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-enactments thereof for the time being in force), Mrs. Soumya Rajan (DIN: 03579199) 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 dated November 06, 2023 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 Company Secretary of the Company, be and are hereby severally authorized to do all acts, deeds, matters and things and execute all documents and give such directions as may be required, necessary, expedient or

desirable in connection with or incidental thereto, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and necessary, filing of the requisite forms and documents for and on behalf of the Company in connection therewith with any person, statutory and/or governmental authority."

7. 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) to borrow from time to time such sum or sums of money as it may deem requisite for the purpose of business of the Company not exceeding ₹27,000/- crore (Rupees Twenty seven thousand crore only) (including the money already borrowed by the Company) in Indian Rupees or in any equivalent thereof in 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 creating interest, or lien or 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 Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

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 ₹27,000/- crore (Rupees Twenty seven 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 Term Loans, Cash Credit facilities or loans/ financial assistance from various Bank(s), Financial Institution(s) and/or Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), Body(ies) Corporate, etc other lender(s), whether Securities holders of the Company or not or issue of debentures/Bonds/Commercial Papers/Triparty Repo (TREPS) or other Securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board of Directors and the Company Secretary of the Company be and are hereby severally authorized to arrange or finalize 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."

8. 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 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 favour 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 availed by way of issue of security or term loan or otherwise together with interest, cost, charges and expenses thereon for amount not exceeding ₹27,000/- crore (Rupees Twenty seven 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 the Company Secretary of the Company, be and are hereby severally 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 Issuance of Non-Convertible Debentures, in one or more tranches 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 Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") including any amendments, statutory modification(s) and/ or re-enactment (s) thereof for the time being in force) the Companies (Prospectus and Allotment of Securities) Rules, 2014 the Companies (Share Capital and Debentures) Rules, 2014 and 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 (LODR) Regulations, 2015") SEBI operational circular for issue and listing of Non-Convertible Securities dated August 10, 2021 (as amended from time to time), 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"), and other applicable 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 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 and/ or allot, in one or more tranches/series, 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 ₹8,500/- crore (Rupees Eight thousand five hundred 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), body(ies) corporate, 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 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 the Company Secretary of the Company, be and are hereby severally authorized to do all acts, deeds, matters and things and execute all documents and give such directions as may be required, necessary, expedient or desirable in connection with or incidental thereto, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and necessary, filing of the requisite forms and documents for and on behalf of the Company in connection therewith with any person, statutory and/or governmental authority."

10. To approve the 'Aavas Financiers Limited - Performance Stock Option Plan- 2024' ("PSOP-2024").

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the rules made thereunder, applicable regulations of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB & SE Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations, 2015") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, if any), 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 any other Regulations/Guidelines/Circulars/Notifications prescribed by the Securities and Exchange Board of India, the Reserve Bank of India, the National Housing Bank or any relevant authority, from time to time, to the extent applicable and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, the approval of the Members of the Company be and is hereby accorded to formulate and implement 'Aavas Financiers Limited - Performance Stock Option Plan-2024' ("PSOP-2024"), the salient features of which are detailed in the Explanatory Statement to this Notice, and the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination & Remuneration Committee ("NRC") of the Board, which the Board has constituted to exercise its power including the power conferred by this resolution), be and is hereby authorized to create, offer, grant, issue and allot to the benefit of such person(s), who are eligible employees of the Company (present or future) (as defined in the PSOP-2024) and as may be identified by the Board, from time to time, in one or more tranches, not exceeding 4,00,000 (Four lakh) options exercisable into not more than 4,00,000 equity shares of face value of ₹10/- (Rupees Ten only) each fully paid up, under the PSOP-2024 ranking pari-passu with the existing equity shares of the Company on such terms and conditions as may be decided by the Board under PSOP-2024 in accordance with applicable laws.

RESOLVED FURTHER THAT up to 4,00,000 (Four lakh) options shall be granted, in one or more tranches over a period of 3 (three) years as may be determined by the Board, which shall entitle the option holder one fully paid-up equity share of face value of ₹10/- of the Company against each option exercised and accordingly, up to 4,00,000 equity shares of face value of ₹10/- each shall be allotted to the eligible Employees under the PSOP-2024.

RESOLVED FURTHER THAT upon vesting, 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 of any Corporate Action including but not limited to right issue, bonus issue, merger/demerger, change in capital structure or the Equity Shares are either sub-divided or consolidated, then the outstanding options or number of equity shares to be allotted under the PSOP-2024 and/or the exercise price and/or such other fair and equitable adjustment,

as may be required, in the absolute discretion of the Board and as permitted by applicable regulations shall be suitably adjusted to ensure there is no change in the economic value for the option holder and fair and equitable benefits are passed under PSOP-2024, without affecting any other rights or obligations of the said allottees.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take requisite steps for listing of the equity shares allotted under the PSOP-2024 on the Stock Exchanges where the equity shares of the Company are listed in due compliance with SEBI SBEB & SE Regulations and other applicable laws.

RESOLVED FURTHER THAT the Board be and is hereby authorized on behalf of the Company to devise, formulate, modify, change, vary, alter, amend, suspend or terminate the PSOP-2024, subject to compliance with the applicable laws, rules and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose

and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members of the Company and execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to the PSOP-2024 and to do all other things incidental to and ancillary thereof.”

**By order of the Board of Directors
For Aavas Financiers Limited**

Sharad Pathak
Company Secretary and
Chief Compliance Officer
FCS- 9587

Date: July 05, 2024
Place: Jaipur

Registered and Corporate Office:

201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India
CIN: L65922RJ2011PLC0D34297
Tel: +91 141-4659239
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 Special Businesses under Item Nos. 5 to 10 of the accompanying Notice, is annexed hereto. The Board of Directors have considered that the Special businesses under Item Nos. 5 to 10 being considered unavoidable, be transacted at the 14th AGM of the Company.
2. In view of General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 20/2021 21/2021, 02/2022, 10/2022 and 09/2023 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, December 08, 2021, December 14, 2021, May 05, 2022, December 28, 2022 and September 25, 2023 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, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (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, 2015”), the Notice of the 14th AGM along with the Annual Report for the Financial Year 2023-24 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The 14th 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 14th 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 through 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 serve 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 serve 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 14th AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the 14th AGM through VC/OAVM Facility and participate there at and cast their votes through e-Voting.
5. Attendance of the Members participating in the 14th 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 for the Financial Year 2023-24, the Notice of the 14th 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, 2015 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 14th 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 14th 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 14th AGM will also be available on the website of the Company at www.aavas.in, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also on the website of NSDL at 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 certificates 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 14th AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM and during the AGM. Members seeking to inspect such documents can send an e-mail to investorrelations@aavas.in.
11. The Board of Directors of the Company ("the Board") has appointed Mr. Rupesh Agarwal (Membership No. A16302, COP No. 5673), failing him, Mr. Shashikant Tiwari (Membership No. F11919, COP No. 13050), Practicing Company Secretaries and Partners of M/s Chandrasekaran Associates as the Scrutinizer, for conducting the voting process in a fair & transparent manner.
12. The Scrutinizer shall after the conclusion of e-voting at the 14th 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 14th 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 submitted 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, 2015 and Secretarial Standard on General Meeting ("SS-2") of ICSI, in respect of the Directors seeking appointment/re-appointment at the 14th AGM, forms integral part of the Notice of the 14th AGM as Annexure-1. Requisite declarations have been received from the Directors for seeking appointment/re-appointment.
15. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication and documents including Annual Reports from time to time in electronic form to the email address provided by the Members. 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 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 are requested to contact Link Intime India Private Limited (share transfer agent of the Company) in case of any change of address or queries relating to their shares at the information given below-

Link Intime India Private Limited
 C-101, 1st floor, 247 Park, L.B.S Marg, Vikhroli (West),
 Mumbai 400083 Maharashtra, India
 Tel: +91 810811-6767,
 FAX: +91 22 49186195
 Website: www.linkintime.co.in
 Link to raise query: https://liiplweb.linkintime.co.in/Helpdesk/Service_Request.html
20. 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.
21. 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 31, 2024.

Only those Members who have registered themselves as a speaker will 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.

22. Instructions for Members for Remote e-Voting and joining the 14th AGM are as under:-

- a. The remote e-voting period will commence on Friday, August 02, 2024 (9:00 A.M. IST) and end on Tuesday, August 06, 2024 (5:00 P.M. IST). During this period, Members of the Company, holding shares as on the cut-off date i.e. as on Wednesday, July 31, 2024, 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 14th 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 14th AGM by E-mail and holds shares as on the cut-off date i.e. on Wednesday, July 31, 2024, may obtain the User ID and password by sending a request to E-mail address evoting@nsdl.com. 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 Investors (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.com.
- 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 send a request at evoting@nsdl.com or contact to Ms. Prajakta Pawle, Executive or Ms. Pallavi Mhatre, Sr. Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated e-mail IDs: evoting@nsdl.com or call at: 022 – 4886 7000 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.

Step 1: Log-in to NSDL e-Voting system:

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.	- Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ 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 “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL 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 & voting during the meeting. - If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. - 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. 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 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 & voting during the meeting. - Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on  App Store   Google Play 

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL.	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing User Id and Password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants.	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 & voting during the meeting.

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 evoting@nsdl.com or call at : 022 - 4886 7000
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 helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

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.
 - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on 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.com 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/ruresh@cacsindia.com with a copy marked to evoting@nsdl.com. 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 send a request at evoting@nsdl.com or contact to Ms. Prajakta Pawle, Executive or Ms. Pallavi Mhatre, Sr. Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated e-mail IDs: evoting@nsdl.com or at telephone nos.: +91-22-48867000 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.

Process for those Shareholders whose Email ID 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.com 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.

23. The instructions for Members for e-voting on the day of the 14th AGM are as under:-

- a. The procedure for e-Voting on the day of the 14th 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 14th 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.

24. Instructions for Members for attending the AGM through VC/OAVM are as under:

- a. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- b. Members are encouraged to join the Meeting through Laptops for better experience.

- c. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investorrelations@aavas.in. The same will be replied by the company suitably.

25. Transcript of AGM:

The transcript of the AGM shall be made available on the website of the Company at <https://www.aavas.in/investor-relations/outcome>.

26. New SEBI Investor Website:

SEBI has recently launched its new Investor website at <https://investor.sebi.gov.in/>. The said website contains information on personal finance and investment useful for existing and new investors. It also includes videos prepared by Market Infrastructure Intermediaries related to securities market process education and awareness messages. The SEBI Investor Website aims to assist individuals in taking control of their money, leading to better outcomes in their investment journey.

It offers guidance on managing money well and making sound financial decisions independently.

27. Online Dispute Resolution Portal ("ODR PORTAL"):

SEBI vide Master Circular No. SEBI/HO/ OIAE/ OIAE_IAD-3/P/CIR/2023/195 dated 31st July 2023, has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market.

Through above circular, an investor can initiate dispute resolution through ODR portal (<https://smartodr.in/login>), if the issue is not resolved through RTA/ Company directly or through SCORES platform.

EXPLANATORY STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI (LODR) REGULATIONS, 2015

The following statements sets out all material facts relating to the Special Businesses mentioned under Resolution Nos. 5 to 10 of this Notice. Explanation to Ordinary Business mentioned under Resolution No. 4 has been also given on voluntary basis.

ITEM NO. 4

The Members of the Company vide resolution passed by way of postal ballot dated December 02, 2021 had approved the appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants (FRN 001076N/N500013), as Statutory Auditors of the Company for a period of 3 consecutive years to hold office until the conclusion of the 14th Annual General Meeting (“AGM”) of the Company.

Accordingly, the tenure of M/s Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditor of the Company will comes to end with the conclusion of 14th AGM and then ceases to be Statutory Auditors of the Company.

Pursuant to the Reserve Bank of India Circular RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs), (“RBI Guidelines”) the Company having an assets size of ₹15,000 Crore and above, as at the end of previous year the statutory audit of such company should be conducted under joint audit of a minimum of two audit firms (Partnership firms/Limited Liability Partnerships (LLPs) and accordingly such Company is required to appoint Joint Statutory Auditors for a period of 3 consecutive years.

With respect to above, as the Company have crossed the specified threshold of ₹15,000 Crore asset size as at March 31, 2024, accordingly the Statutory Audit of the Company shall be conducted under joint audit of a minimum of two audit firms.

The Board of Directors of the Company (“the Board”), on the recommendation of the Audit Committee (“the Committee”), in its meeting held on July 05, 2024 has approved and recommended for the approval of the Members, the appointment of M/s. M S K A & Associates, Chartered Accountants (FRN: 105047W) (“MSKA”) and M/s. Borkar & Muzumdar, Chartered Accountants (FRN: 101569W) (“B&M”) as the Joint Statutory Auditors of the Company for a period of 3 consecutive years from the

conclusion of 14th AGM until the conclusion of 17th AGM of the Company subject to the said firms continuing to fulfil the applicable eligibility norms each year.

The Board and the Committee have considered various parameters as mentioned in RBI Guidelines and the Companies Act, 2013 before recommending the appointment of Joint Statutory Auditors, such as audit experience in the Company’s operating segments, market standing of the firm, clientele served, technical knowledge, experience of the firm and its partners etc. The above firms found to be suitable to handle the scale, diversity and companies operating segment.

Both the firms, have consented to the said appointment and issued a certificate along with relevant information as mentioned in the RBI Guidelines, to the effect that the appointment, if made, shall be in accordance with the conditions as prescribed in Section 139 of the Act, and the Companies (Audit and Auditors) Rules, 2014. They have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (“ICAI”). They have also confirmed that they meet the eligibility criteria, including relating to independence and conflict, as specified by the Reserve Bank of India.

Brief Profiles:

M/s. M S K A & Associates, Chartered Accountants

Established in 1978, M/s. M S K A & Associates, Chartered Accountants (FRN: 105047W) (“MSKA”) is an Indian partnership firm registered with the Institute of Chartered Accountants of India (ICAI) and the PCAOB (US Public Company Accountancy Oversight Board) having offices across 12 cities in India at Mumbai, Gurugram, Kolkata, Ahmedabad, Goa, Pune, Bangaluru, Chennai, Kochi, Coimbatore, Chandigarh, and Hyderabad led by industry experts with deep knowledge pockets and driven by a commitment, to deliver quality services to all clients. The Firm's Audit and Assurance practice has significant experience in auditing financial services clients including large Banks and Non-Banking Financial Companies.

The firm has 80+ partners, directors and 2000+ professionals. The engagement partners are hands-on, accessible and actively involved in the audit process to ensure quality and informed decision-making.

M/s. Borkar & Muzumdar, Chartered Accountants

M/s. Borkar & Muzumdar, Chartered Accountants (FRN: 101569W) ("B&M") provides Assurance, Taxation Consultancy and Financial Advisory Services catering to a diverse set of organizations across India.

The firm has over 75 years of experience, with 18 Partners and presence across 14 office locations spread throughout the country. The Partners are supported by a professional team of over 220 Staff comprising qualified Chartered Accountants, experienced associates, trainees and support personnel. Over the past four decades, the firm has carried out a variety of audit, investigation and consultancy assignments involving the Banking and Financial services sector.

Apart from Statutory audits, the firm's comprehensive services suite includes Risk based internal audits, Internal Control Process Reviews, Investigation Assignments, Due Diligence Reporting, Tax-structuring and Data verification assignments involving use of special audit software/ tools.

The proposed fees to be paid to Joint Statutory Auditors, MSKA and B&M, towards statutory audit, limited review and certifications for the Financial Year 2024-25 in aggregate is upto ₹125 lakhs (Rupees One Hundred Twenty Five Lakhs only). The said fees shall exclude applicable taxes, reimbursements and other outlay. There is no material change in the fee payable to the Joint Statutory Auditors from that paid to M/s Walker Chandio & Co LLP.

In view of the aforesaid, the Board of Directors recommends the Ordinary Resolution set out at item No. 4 for approval of the Members.

None of the Directors or Key Managerial Personnel and their 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. 5

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Company may appoint a person on the Board of the Company as Additional Director at any time who shall hold office up to the date of the next General Meeting or the last date on which the Annual General Meeting should have been held, or up to three months from the date of appointment, whichever is earlier.

This is inform to the Members that Mr. Kartikeya Dhruv Kaji (DIN: 07641723), Nominee Director (on behalf on Lake District Holdings Limited (one of the Promoter of the Company)) had resigned from the Board of the Company with effect from May 21, 2024 and the Board

of Directors vide Circular Resolution passed on May 21, 2024 on the basis of recommendation of Nomination and Remuneration Committee had appointed Mr. Rahul Mehta (DIN: 09485275) as an Additional Nominee Director (Non-Executive Non Independent) (Nominee on behalf of Lake District Holdings Limited).

The Lake District Holdings Limited has nominated Mr. Mehta's appointment as a Nominee Director of the Company pursuant to the rights of appointment, conferred upon vide Clause 16.11 of the Articles of Association of the Company.

Further in terms of Regulation 17 (1C) of SEBI (LODR) Regulations, 2015, the listed entity shall ensure that approval of Members for appointment or re-appointment of a person on the Board of Directors is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

Accordingly, approval of the Members is sought for the appointment of Mr. Mehta as a Non-Executive Nominee Director on the Board.

Mr. Mehta has given his consent to act as a Director of the Company pursuant to Section 152 of Act. Further declaration of fit and proper criteria as prescribed under RBI Master Directions is also received. The Company has received a Notice under Section 160 of the Act from a Member signifying his candidature as a Director of the Company. Mr. Mehta has further confirmed that he is neither disqualified nor debarred from holding the Office of Director under the Act or pursuant to any Order issued by the SEBI or any other authority.

Mr. Rahul Mehta have over 10 years of experience in investment banking and private equity where he leads the Financial Services investing practice. He also possesses requisite skills, expertise and competencies, particularly carrying industry expertise and expertise in the areas of investments.

His brief profile and other details as required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standards of ICSI is given as an "Annexure-1" to this Notice.

The Board considers that the association of Mr. Mehta having rich experience and the vast knowledge he brings with him would benefit the Company.

Pursuant to Provision of Section 152 of the Act and Regulation 17 (1C) of SEBI (LODR) Regulations, 2015, approval of Members with Ordinary Resolution is required for the appointment of Director. Accordingly, the Board of Directors recommends the resolution set out at item no. 5 for the approval of Members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Rahul Mehta 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

Pursuant to the provisions of Section 149(10) of the Companies Act 2013 (“the Act”), an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and 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 (LODR) Regulations, 2015, an Independent Director shall hold office maximum for two consecutive terms of five years, however such Independent Director shall be eligible for being appointed after the expiration of three years of ceasing the office of Independent Director in the Company.

The Members of the Company had appointed Mrs. Soumya Rajan as an Independent Director of the Company for a period of 5 (five) years with effect from August 29, 2019 and her existing term is set to expire on August 28, 2024.

The Board of Directors of the Company at their meeting held on April 25, 2024 based on the outcome of performance evaluation, recommendations of the Nomination and Remuneration Committee, and experience and significant contributions made by Mrs. Soumya Rajan, had recommended her re-appointment as an Independent Director, for a second term of 5 (five) consecutive years with effect from August 29, 2024 till August 28, 2029.

In the opinion of the Board, Mrs. Soumya Rajan fulfils the conditions for re-appointment as Independent Director as specified in the Act and SEBI (LODR) Regulations, 2015 and is independent of the management, possesses appropriate skills, experience, knowledge and capabilities required for the role of Independent Director. The Board considers that her continued association would be an immense benefit to the Company and it is desirable to continue to avail her services as an Independent Director.

Mrs. Soumya Rajan is the Founder, MD and CEO of Waterfield Advisors, India's largest independent Multi-Family Office that advises on assets of ~US\$3.5bn. She previously worked at Standard Chartered Bank India for 16 years, where she headed their Private Banking Division from 2008 to 2010.

Her brief profile and other details as required under Regulation 36 (3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standards of ICSI is given as an “Annexure-1” to this Notice.

Mrs. Soumya Rajan is not disqualified from being appointed as an Independent Director under the 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 her declaration of independence, in terms of section 149 of the Act and Regulation 16 of the SEBI (LODR) Regulations, 2015, declaration of fit and proper criteria as prescribed under RBI Master Directions and consent to continue to act as a Director of the Company.

She is the Chairperson of Nomination and Remuneration Committee and also member of Audit Committee and Risk Management Committee of the Company.

The Company has also received candidature letter under section 160 of the Act, proposing their re-appointment for the office of Independent Director.

Pursuant to Section 149 and other applicable provisions of the Act and Regulation 25 (2A) of SEBI (LODR) Regulations, 2015, 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. 6 for the approval of Members as a Special Resolution.

Further, she shall be paid remuneration for attending the meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, as a profit linked commission within the limits stipulated under Section 197 of the Act and as approved by the members from time to time.

None of the Directors or Key Managerial Personnel and their relatives, except Mrs. Soumya Rajan and her 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. 7 & 8

The Board of Directors of the Company (“Board”) envisages requirements of increased funds in future. As per the provisions of Section 180(1)(c) of the Companies Act, 2013 (“the 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 Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“**RBI Master Directions**”) no Housing Finance Company can have its total Borrowing limit in aggregate, in excess of 12 times of its Net Owned Fund (NOF).

The Members of the Company at the 13th AGM held on July 19, 2023, approved and authorized Board of Directors to borrow from time to time, such amounts as they may deem necessary for the purpose of business of the Company, not exceeding ₹23,000/- crore (Rupees Twenty three thousand crore only) over and above the paid-up share capital and free reserves of the Company and in terms of provisions of Section 180(1)(a) of the Companies Act, 2013 to mortgage and/or create a charge on any of the movable and/or immovable properties and/or the whole or any part of undertaking(s) of the Company to secure its borrowings up to the limits of Section 180(1)(c) of the Act.

Taking into account the increased fund requirements, the Company would be required to borrow funds from time to time by way of Term Loans, Cash Credit facilities or loans/financial assistance or in any other form whatsoever including but not limited to issue of debentures/ Bonds/ commercial paper/Triparty Repo(TREPS) or other Securities, hence now, it is proposed to empower and authorize the Board to borrow money from any Bank(s), Financial Institution(s) and/or Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), Body(ies) Corporate, etc other lender(s), whether Securities holders of the Company or not, in excess of paid up share capital and free reserves and securities premium of the Company from the existing limit of ₹23,000/- crore (Rupees Twenty three thousand crore only) to an amount not exceeding ₹27,000/- crore (Rupees Twenty seven 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. 7 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 ₹27,000/- crore (Rupees Twenty seven thousand crore only) or equivalent thereof in any foreign currency (ies) (including the money already borrowed by the Company).

The said borrowings by way of Term Loans, Cash Credit facilities or Loans/Financial assistance 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. 8 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. 7 & 8 of the Notice.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested, financially or otherwise in the resolutions set out at Item No. 7 and 8, except to the extent of their shareholding in the Company, if any.

ITEM NO. 9

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, SEBI Operational circular dated August 10, 2021 as amended from time to time, Debt Listing Agreement and Guidelines as issued by Reserve Bank of India, National Housing Bank in this regards.

The Members of the Company at the 13th AGM held on July 19, 2023, approved the issuance of listed or unlisted, secured/unsecured redeemable Non-convertible Debentures on a private placement basis in terms of applicable rules and regulations for an amount not exceeding ₹8,500/- crore (Rupees Eight thousand five hundred crore only) during a period of 1 (one) year from the date of the said AGM.

Further, the Board of Directors of the Company in its meeting held on April 25, 2024 passed the resolution and recommend to Members to approve the amount of ₹8,500/- crore (Rupees Eight thousand five hundred crore only) in aggregate to be raised by way of issue of listed or unlisted, secured/unsecured redeemable Non-convertible Debentures on a private placement for general corporate purposes and for onward lending business of the Company.

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 the 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 shall not exceed ₹8,500/- crore (Rupees Eight thousand five hundred crore only) in aggregate, in one or more series/ tranches on private placement basis. The aforesaid borrowings are within overall borrowing limits authorized by the Members, from time to time. It may be noted that as per Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) 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, approval 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 upto ₹8,500/- crore (Rupees Eight thousand five hundred 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. 9 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. 9 of the Notice for the approval of the Members.

None of the Directors or Key Managerial Personnel and their 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. 10

The Company believes that equity based compensation schemes/plans are an effective tool to reward the talent working with the Company for delivering long-term sustainable performance and creation of stakeholder value. In order to motivate the employees of the Company, to align their interests with the long-term growth and financial success of the Company, to retain and reward the best available talent, the Company has been granting stock options.

With a view to drive long term performance, retain talent and attract new talent, the Company intends to formulate and

implement 'Aavas Financiers Limited - Performance Stock Option Plan- 2024' ("**PSOP-2024**") as a key component in its reward structure to the eligible employees of the Company (present or future) for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company views Performance Stock Options as a means that would enable the employees to get a share in the value they create for the Company in future.

Based on the recommendations of the Nomination and Remuneration Committee ("**NRC**") and the Board of Directors ("**Board**") of the Company at their meetings held on June 13, 2024 a proposal for adoption of the 'Aavas Financiers Limited - Performance Stock Option Plan- 2024' is being placed before the Members of the Company for approval by way of Special Resolution in terms of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SEBI SBEB & SE Regulations**").

The options grant under the PSOP-2024 shall be made in one or more tranches as may be determined by the Board (which term shall be deemed to include the Committee i.e NRC) over a period of 3 (three) years from the date of approval of this resolution.

Particulars of disclosures as required under Rule 12 (2) of the Companies (Share Capital and Debentures) Rules, 2014 and SEBI SBEB & SE Regulations and circulars issued by SEBI are given below:

a) Brief description of the Scheme:

The Company proposes to introduce PSOP-2024 with a view to strengthen the link between Company's performance and compensation by giving a share in the value they create for the Company in future. The PSOP-2024 contemplates grant of stock options, at the face value but subject to achievement of performance condition(s) and such other criteria as may be determined by the Board from time to time.

Every grant of PSOP-2024 shall be followed by vesting. After vesting, the eligible employees earn a right but not an obligation to exercise the vested stock options within the predefined exercise period. The Company shall issue shares upon exercise of vested stock options subject to payment of exercise price and satisfaction of consequential tax obligations.

The NRC of the Company shall act as Compensation Committee for the supervision of scheme and shall administer the scheme under the guidance of the Board. All questions of interpretation of the scheme shall be determined by NRC as per the terms of the scheme.

b) Total number of options to be offered and granted:

The total number of options to be granted shall not exceed 4,00,000 (Four lakh) Options to the eligible employees in one or more tranches, as may be determined by the Board over a period of 3 (three) years from the date of approval of this resolution. Each option when exercised shall be converted into one fully paid up equity share of the Company.

In case of any Corporate Action including but not limited to right issue, bonus issue, merger/demerger, change in capital structure or the Equity Shares are either sub-divided or consolidated, then the outstanding options or number of equity shares to be allotted under the PSOP-2024 and/or the exercise price and/or such other fair and equitable adjustment, as may be required, in the absolute discretion of the Board (which term shall be deemed to include the Nomination and Remuneration Committee of the Board) and as permitted by applicable regulations shall be suitably adjusted to ensure there is no change in the economic value for the option holder and fair and equitable benefits are passed under PSOP-2024, without affecting any other rights or obligations of the said allottees.

c) Identification of classes of Employees entitled to participate in the Scheme:

Following classes of Employees are entitled to participate in PSOP-2024:

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but at all times excluding an independent director of the Company; or
- (iii) an employee as defined in sub-clauses (i) or (ii), of a group company including Subsidiary or its Associate company, in India or outside India, or of a Holding company of the Company but does not include:
 - (a) an employee who is a promoter or a person belonging to the promoter group; or
 - (b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the Company.

The eligible employees to whom the Options would be granted and their eligibility criteria would be determined by the NRC.

d) Requirements of vesting and period of vesting:

The options granted to eligible employee shall vest within the vesting period in the manner as set forth in the Letter of Grant. The minimum vesting period shall be 1 year from the date of grant. The maximum vesting period under the Plan should not exceed 5 years from the date of grant. The vesting under PSOP-2024 is linked to Company's performance.

The Vesting will be based on the following performance targets/ parameters namely:

- i. Profitability- Profit After Tax;
- ii. Asset Quality-Gross Non-Performing Assets; and
- iii. Other parameters, if any, as the Committee may determine.

Options shall Vest based on the Company's overall performance of the above targets/parameters calculated for each metric separately and shall be subject to below performance-vesting relationship:

Type of performance	Actual performance (% of target)	Vesting of Options (% of Eligible to Vest Options)
Below Threshold	<80%	0%
Threshold	80%	80%
Target or above	100% or more	100%
Between Threshold and Target	Straight line interpolation between 80% to 100% performance. For example, at 86% performance, vesting to be 86% of Eligible Options.	

The Committee may update above performance-vesting relationship which will be intimated to the grantee from time to time.

e) Maximum period (subject to regulation 18(1) of SEBI Share Based Employee Benefits and Sweat Equity Regulations, 2021) within which the Options shall be vested:

All the options granted on any date shall vest not later than 5 years from the date of grant of options subject to conditions, if any, mentioned in the Letter of Grant.

f) Exercise price:

The exercise price of grant shall be the Face Value of the Equity Share of the Company i.e. ₹10/- per Equity Share.

g) Exercise period and the process of exercise:

The Exercise Period shall be 4 (Four) year from the date of respective vesting of options. The employee can exercise options at any time after the vesting date either in full or in tranches by making payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the NRC, from time to time.

In the event of Separation, options will be exercised as defined in the PSOP-2024 in accordance with SEBI SBEB & SE Regulations.

All unexercised options that lapse, shall be brought back/ revert to the PSOP-2024 pool and may be granted at the discretion of the Committee to any other Eligible Employee.

The detailed terms and conditions of Exercise period is mentioned in the PSOP-2024.

h) The appraisal process for determining the eligibility of the Employees for the Scheme:

The appraisal process for determining the eligibility of the Employee will be determined by the NRC from time to time and will be based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee and/or by any such criteria that may be determined by the Committee from time to time.

i) Maximum number of options to be offered per Employee and in aggregate under the Scheme:

Maximum number of options to be granted to Managing Director and CEO shall not exceed 30% of total options and for other eligible employees shall not exceed 10% of total options under PSOP-2024 and that will be determined by the NRC on a case to case basis. Further maximum number of options to be granted under

the scheme shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of option.

j) Maximum quantum of benefits to be provided per Employee under the Scheme:

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.

k) Whether the Scheme is to be implemented and administered directly by the Company or through a trust:

The PSOP-2024 is to be implemented and administered directly by the Company, through Nomination and Remuneration Committee.

l) Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both:

The PSOP-2024 involves only new issue of shares by the Company.

m) The 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 as PSOP-2024 is proposed to be implemented directly by the Company.

n) Maximum percentage of secondary acquisition that can be made by the Trust for the purpose of the Scheme:

Not Applicable as PSOP-2024 involves only new issue of shares by the Company.

o) A statement to the effect that the Company shall conform to the accounting policies specified in regulation 15 of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations:

The Company shall comply with the disclosures and accounting policies prescribed in SEBI (SBEB & SE) Regulations, 2021, Reserve Bank of India and any other authorities as applicable, from time to time.

p) The method which the company shall use to value its options:

The Company shall use the fair value method for valuation of the Options as prescribed under the Indian Accounting Standards and/or any relevant Accounting

the Institute of Chartered Accountants of India, from time to time or any other regulations, as applicable and notified by appropriate authorities from time to time.

q) Period of lock-in:

Options granted shall be personal to the Option Grantee and shall not be transferable to any person. The Shares issued upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

Provided that the transferability of the Equity Shares shall be subject to the restriction for such period in terms of the SEBI (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.

r) Terms & conditions for buyback, if any, of specified securities covered under SEBI regulations:

The Board/NRC in accordance with Applicable Laws may determine the procedure for buy-back of specified securities (as defined under Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018), if to be undertaken at any time by the Company, and the applicable terms and conditions, including:

- i. permissible sources of financing for buy-back;
- ii. Any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
- iii. Limits upon quantum of specified securities that the Company may buy-back in a financial year.

s) Listing:

Equity Shares allotted pursuant to the exercise of the PSOP-2024 shall be listed on BSE Limited and National Stock Exchange of India Limited.

t) Applicability of Malus and Clawback:

Options granted to Key Managerial Personnel and Senior Management Personnel under the Scheme are always subject to Malus and Clawback as may be exercised by the Company in the circumstances specified in the guidelines issued by the Reserve Bank of India and Policy on Nominations & Remuneration for Directors, Key Managerial Personnel and Senior Management Personnel of the Company.

As the PSOP-2024 would require issue of further Equity Shares, in terms of Section 62(1)(b) and rules made thereunder and all other applicable provisions, if any, of the Companies Act, 2013 as amended and the SEBI (SBE & SE) Regulations 2021, approval of the Members of the Company is required by way of passing a Special Resolution.

A draft copy of the PSOP-2024 is available for inspection as per details mentioned in note no. 10 to the accompanying this AGM Notice.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way (or may be deemed to be) concerned or interested financially or otherwise, in the resolution set out at Item No. 10 of the Notice except to the extent of the stock options which may be granted to them under PSOP-2024 and to the extent of their Shareholding in the Company, if any.

The Board of Directors of the Company recommends the passing of the resolution set out at Item No. 10 for approval of Members by way of Special Resolution.

By order of the Board of Directors
For Aavas Financiers Limited

Sharad Pathak
Company Secretary and
Chief Compliance Officer
FCS- 9587

Date : July 05, 2024
Place : Jaipur

Registered and Corporate Office:

201-202, 2nd Floor, Southend Square,
Mansarovar Industrial Area, Jaipur 302020, Rajasthan, India
CIN: L65922RJ2011PLC034297
Tel: +91 141-4659239
E-mail: investorrelations@aavas.in | Website: www.aavas.in

Annexure-1

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) are as follows:

Name of Director	Mr. Nishant Sharma	Mr. Manas Tandon	Mr. Rahul Mehta	Mrs. Soumya Rajan
DIN	03117012	05254602	09485275	03579199
Age (in years)	45	47	36	54
Qualificationss	MBA from the Harvard Business School, and a Masters and Bachelors in Biochemical Engineering and Biotechnology from Indian Institute of Technology, Delhi.	MBA in Finance from The Wharton School and Bachelor in Electrical Engineering from The Indian Institute of Technology, Kanpur.	Chartered Accountant, B.Com from Mumbai University.	M.A. (Oxon.) in Mathematics from Oxford University, UK; B.A. (Hons.) in Mathematics and Economics from St. Stephens College, Delhi.
Brief Resume and Experience	Mr. Sharma is a Promoter Nominee Director appointed on the Board by Lake District Holdings Limited. He is the Co-Founder and Partner of Kedaara Capital, a leading India focused private equity firm. Mr. Sharma has over 17 years of investment experience, encompassing the full lifecycle of private equity from sourcing investments across sectors, driving value creation to successfully divesting investments over this period. Before cofounding Kedaara, Mr. Sharma was at General Atlantic ("GA") and coled 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. Tandon is a Promoter nominee Director appointed on the Board by PG ESCL and PG Master Fund. He is the Head of Private Equity in Asia for Partners Group and is a member of its Private Equity Directs Investment Committee. 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, Mr. Tandon was engaged in designing and selling cutting edge telecom solutions for start-ups such as Max Comm Techssnologies (acquired by Cisco Systems) and Camiant Inc. (now part of Oracle).	Mr. Mehta is a Promoter Nominee Director appointed on the Board by Lake District Holdings Limited. He is a Principal at Kedaara Capital, a leading India focused private equity firm, where he leads the Financial Services investing practice. Mr. Mehta has over ten years of investment banking and private equity experience. Some of the investments Rahul has worked on include Vijaya Diagnostics, Parksons Packaging, Ami Lifesciences, CARE Health, GAVS, GS Lab and Dairy Day. Prior to joining Kedaara Capital, Mr. Mehta worked as an investment banker in the Mumbai office of the Global Advisory of Rothschild & Co, where he focused on cross-border M&A and equity advisory. Prior to that, he worked in the Investment	Mrs. Rajan is the Founder, MD and CEO of Waterfield Advisors, India's largest independent Multi-Family Office that advises on assets of ~US\$3.5bn. 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 currently serves 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;

Name of Director	Mr. Nishant Sharma	Mr. Manas Tandon	Mr. Rahul Mehta	Mrs. Soumya Rajan
	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.		Banking Division of HDFC Bank and the Assurance practice of Ernst & Young India.	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 emerging technologies for social and economic development in the areas of energy, environment and infrastructure. Mrs. Rajan was recognised by AIWMI in 2019 amongst India's Top 100 Women in Finance.
Nature of expertise in specific functional areas	Finance, Risk Management, Information technology, Financial services and Corporate Governance	Finance, Risk Management, Information technology, Financial services and Corporate Governance	Finance, Information technology, Investment Banking and Private Equity	Banking, Finance, Risk Management and Corporate Governance
Relationships with Directors, Manager and other Key Managerial Personnel inter-se	None	None	None	None
Directorships held in other Public Limited Companies and Listed Companies	Vishal Mega Mart Limited	Ecom Express Limited	None	Vishal Mega Mart Limited
Membership / Chairmanship of Statutory Committees of Board of other Companies excluding Directorship in Private and Section 8 Companies	None	None	None	None

Name of Director	Mr. Nishant Sharma	Mr. Manas Tandon	Mr. Rahul Mehta	Mrs. Soumya Rajan
Equity listed Companies from which he/she resigned in the past three years	None	None	None	None
No. of Equity shares held in the Company including beneficial ownerships	Nil	Nil	Nil	Nil
Key terms and conditions of appointment/re-appointment	Re-appointment as Non-Executive Nominee Director liable to retire by rotation.	Re-appointment as Non-Executive Nominee Director liable to retire by rotation.	Appointment as Non-Executive Nominee Director liable to retire by rotation. Further terms and conditions as per the resolution set out at Item No. 5 read with the explanatory statement thereto.	Re appointment as Independent Director not liable to retire by rotation. Further terms and conditions as per the resolution set out at Item No. 6 read with the explanatory statement thereto.
Remuneration proposed to be paid	Nil	Nil	Nil	Sitting Fees/ Profit linked commission within the limits as approved by the Members from time to time.
Remuneration last drawn	Nil	Nil	NA	₹24/- lakh
Date of first appointment on Board.	June 23, 2016	June 23, 2016	May 21, 2024	August 29, 2019
Number of meetings of the Board attended during the Financial Year 2023-24	5 of 5	5 of 5	NA	5 of 5

Information at a Glance

1. Day, Date and Time of AGM	Wednesday, August 07, 2024 at 3:30 P.M. (IST)
2. Mode	Video Conference (“VC”) or Other Audio-Visual Means (“OAVM”)
3. Participation through VC/OAVM	Member can login from 3.00 P.M. (IST) on the date of AGM at https://www.evoting.nsdl.com/
4. Contact information for VC or E-voting related issues	Email: evoting@nsdl.com or helpdesk.evoting@cdslindia.com or contact at toll free no. 022-4886-7000 or 1800-22-55-33
5. Cut-off Date for E-voting	Wednesday, July 31, 2024
6. Speaker Shareholder Registration before AGM	E-mail at investorrelations@aavas.in mentioning the name, DP ID and Client ID, PAN and mobile number along with the queries till July 31, 2024.
7. EVEN Number	129194
8. Remote E-voting start date and time	Friday, August 02, 2024 at 9 A.M. (IST)
9. Remote E-voting end date and time	Tuesday, August 06, 2024 at 5 P.M. (IST)
10. Name of E-voting Service Provider	National Security Depository Limited (NSDL)
11. Remote E-voting website	https://www.evoting.nsdl.com/ https://eservices.nsdl.com/
12. Name of Registrar & Share Transfer Agents	Link Intime India Private Limited
13. Registration of Members’ e-mail IDs for the Purpose of the report through electronic mode	In case the e-mail address is not registered with the respective DPs/Company/RTA, Members may Register the e-mail addresses by sending E-mail to the Company at investorrelations@aavas.in .



SAPNE AAPKE. SAATH HAMAARA

AAVAS FINANCIERS LIMITED

CIN No. L65922RJ2011PLC034297

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