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## Aadhar Housing Finance Limited

Our Company was originally incorporated as "Vyysa Bank Housing Finance Limited" at Bengaluru, Karnataka as a public company under the Companies Act, 1956, pursuant to a certificate of incorporation dated November 26, 1990, issued by the Registrar of Companies, Karnataka at Bengaluru ("RoC") and commenced operations pursuant to a certificate for commencement of business dated November 27, 1990, issued by the RoC. Subsequently, the name of our Company was changed to "DHFL Vyysa Housing Finance Limited" and a fresh certificate of incorporation dated October 15, 2003, was issued by the RoC. Separately, an entity named "Aadhar Housing Finance Private Limited" ("Pre-merger AHFPL") was incorporated as a private limited company under the Companies Act, 1956, at Mumbai, Maharashtra pursuant to a certificate of incorporation dated May 3, 2010, issued by the Registrar of Companies, Maharashtra at Mumbai, which commenced its operations in February 2011. Pre-merger AHFPL was later converted into a public company and consequently, its name was changed to "Aadhar Housing Finance Limited", and a fresh certificate of incorporation dated September 3, 2013 was issued by the Registrar of Companies, Maharashtra at Mumbai. Pre-merger AHFPL was later merged into our Company pursuant to a scheme of amalgamation approved by the National Company Law Tribunal, Bengaluru Bench at Bengaluru, vide its order dated October 27, 2017 ("Scheme of Amalgamation"). Pursuant to the Scheme of Amalgamation, the name of our Company was changed to "Aadhar Housing Finance Limited" and a fresh certificate of incorporation dated December 4, 2017, was issued by the RoC. For details in relation to the changes in the name and registered office of our Company, see "History and Certain Corporate Matters" beginning on page 190 of the red herring prospectus dated April 30, 2024 ("RHP") or "Red Herring Prospectus" filed with the RoC. Registered Office: 2nd floor, No. 3, JVT Towers, 8th 'A' Main Road, Sampangi Rama Nagar, Bengaluru - 560 027, Karnataka, India. Corporate Office: Unit No. 802, 8th Floor, Naitraj by Rustumjee, Junction of Western Express Highway and M. V. Road, Andheri (East), Mumbai - 400 069, Maharashtra, India. Telephone: +91 22 4188 9900. Contact Person: Harshada Pathak, Company Secretary and Compliance Officer. E-mail: compliance@aadharhousing.com. Website: <https://aadharhousing.com/>; Corporate Identity Number: U68010KA1990PLC011409

### PROMOTER OF OUR COMPANY: BCP TOPCO VII PTE. LTD.

INITIAL PUBLIC OFFER OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF AADHAR HOUSING FINANCE LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 30,000 MILLION COMPRISING A FRESH ISSUANCE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 10,000 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 20,000 MILLION BY BCP TOPCO VII PTE. LTD. ("PROMOTER SELLING SHAREHOLDER"), AND SUCH EQUITY SHARES OFFERED BY THE PROMOTER SELLING SHAREHOLDER, THE "OFFERED SHARES") ("OFFER FOR SALE" AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER").

THE OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AGGREGATING UP TO ₹ 70 MILLION (CONSTITUTING UP TO [•] OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). OUR COMPANY, IN CONSULTATION WITH THE BRLMS MAY OFFER A DISCOUNT OF UP TO [•] OF THE OFFER PRICE TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT") IF ANY, SUBJECT TO NECESSARY APPROVALS AS MAY BE REQUIRED. THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREAFTER REFERRED TO AS "NET OFFER". THE OFFER AND NET OFFER SHALL CONSTITUTE [•] AND [•], RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

"THE TERM 'AADHAR' USED IN THE NAME OF THE ISSUER, 'AADHAR HOUSING FINANCE LIMITED' HAS NO RELATION OR CONNECTION WITH THE GOVERNMENT OF INDIA OR UNIQUE IDENTIFICATION AUTHORITY OF INDIA'S 'AADHAAR' AND SHOULD NOT BE CONFUSED WITH THE SAME.

### DETAILS OF OFFER FOR SALE

NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF EQUITY SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)
BCP Topco VII Pte. Ltd.	Promoter Selling Shareholder	Up to [•] Equity Shares aggregating up to ₹20,000 million	80.54

Our Company : We are a housing finance company focused on the low-income housing segment (ticket size less than ₹1.5 million) in India and offer a range of mortgage-related loan products.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations  
QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer | Retail Portion: Not less than 35% of the Net Offer  
Employee Reservation Portion: Up to [•] Equity Shares aggregating up to ₹ 70 Million

PRICE BAND: ₹300 TO ₹315 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH

BIDS CAN BE MADE FOR A MINIMUM OF 47 EQUITY SHARES AND IN MULTIPLES OF 47 EQUITY SHARES THEREAFTER

A DISCOUNT OF ₹ 23 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION

THE FLOOR PRICE IS 30.0 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 31.5 TIMES OF THE FACE VALUE OF THE EQUITY SHARES,

THE PRICE TO EARNINGS RATIO ("P/E") BASED ON DILUTED EPS FOR FINANCIAL YEAR 2023 FOR THE COMPANY AT THE UPPER END OF THE PRICE BAND

IS AS HIGH AS 23.5 AND AT THE LOWER END OF THE PRICE BAND IS 22.4 TIMES

AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP P/E RATIO OF 31.9

WEIGHTED AVERAGE RETURN ON NET WORTH FOR FISCAL 2023, 2022 AND 2021 IS 14.2%

In accordance with the recommendation of the committee of Independent Directors of our Company, pursuant to their resolution dated May 1, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' section on page 97 of the RHP, "Risk Factors" section beginning on page 24 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

### RISKS TO INVESTORS

- Our Erstwhile Promoters are subject to ongoing regulatory investigations by enforcement agencies including the Enforcement Directorate and the outcome of such investigations may adversely impact us and the Equity Shares held by our Promoter, BCP Topco and the market price of the Equity Shares of our Company. For more details, see "Risk Factors" on page 24 of the Red Herring Prospectus.
- Any increase in the levels of non-performing assets in our AUM would adversely affect our business, results of operations, cash flows and financial condition. The following table sets forth our NPAs as of the period ends indicated:

(₹ in million, except percentages)					
	As of				
	March 31, 2021	March 31, 2022	March 31, 2023	December 31, 2022	December 31, 2023
Gross NPA	1,430.3	2,143.5*	1,997.7	2,920.8	2,778.5
– Loan assets of not more than 90 days past due <sup>(1)</sup>	NA**	395.4	70.5	198.5	59.1
Gross NPA as a percentage of Retail AUM	1.1%	1.5%*	1.2%	1.8%	1.4%
– Loan assets as a percentage of Retail AUM	NA**	0.3%	0.0% <sup>(2)</sup>	0.1%	0.0% <sup>(2)</sup>
Own Book NPA	1,307.1	1,814.7	1,625.9	2,402.4	2,308.1
– Loan assets of not more than 90 days past due <sup>(1)</sup>	NA**	328.1	58.9	168.6	52.2
Own Book NPA as a percentage of Own Book <sup>(3)</sup>	1.2%	1.5%	1.2%	1.8%	1.4%
– Loan assets as a percentage of Own Book	NA**	0.3%	0.0% <sup>(2)</sup>	0.1%	0.0% <sup>(2)</sup>

\*As of March 31, 2022, Gross NPA represents our Gross Retail NPA (closing balance of the Gross NPA of our Retail AUM as of the last day of the relevant year or period). See "Under 'Selected Statistical Information – Financial Ratios' on page 216 of the RHP for impact of the November 12 Circular.

\*\* Not Applicable on March 31, 2021 as the November 12 Circular came into effect from November 12, 2021

(1) Loan assets of not more than 90 days past due which have been classified as NPA according to the November 12 Circular.

(2) Less than 0.1%

(3) Own Book NPA refers to the NPA of our own loan assets.

- The Offer consists of an offer for sale, the proceeds of which will not be available to Company.

- We are vulnerable to the volatility in interest rates and we may face interest rate and maturity mismatches between our assets and liabilities in the future which may cause liquidity issues. The following table shows the split of our assets and borrowings in terms of interest basis as of the dates indicated:

	Gross AUM				
	March 31,		December 31,		
	2021	2022	2023	2022	2023
Fixed	8.8%	13.4%	14.8%	16.2%	17.0%
Floating	91.2%	86.4%	85.2%	83.8%	83.0%
	Borrowing				
	2021	2022	2023	2022	2023
Fixed	27.3%	25.9%	24.7%	25.4%	21.4%
Floating	72.7%	74.1%	75.3%	74.6%	78.6%

- The average cost of acquisition of the Promoter Selling Shareholder is ₹80.54 which may be below the Offer Price. The Floor Price and Cap Price are "X" times the average cost of acquisition of Selling Shareholder.

Average Cost of Acquisition (₹ Per Equity Share)	Floor Price i.e. ₹ 300 Per Equity Share	Cap Price i.e. ₹ 315 Per Equity Share
80.54	3.72 times	3.91 times

- We have had negative net cash flows in the past and may continue to have negative cash flows in the future, which could adversely affect our ability to, among others, fund our operations or pay our debts in a timely manner, which could in turn adversely affect our business, cash flows, financial condition and results of operations. The following table sets forth our cash flows for the periods indicated:

	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net cash used in operating activities	(12,022.9)	(9,067.5)	(11,556.9)	(10,065.7)	(16,582.2)
Net cash generated from / (used in) investing activities	(4,804.8)	8,225.7	(4,765.3)	(228.0)	4,805.7
Net cash generated from financing activities	7,013.9	2,748.5	14,631.9	10,298.7	9,609.8

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