



Aadhar Housing Finance Limited

Investor Presentation – Q4FY24



GHAR BANEGA, TOH DESH BANEGA.

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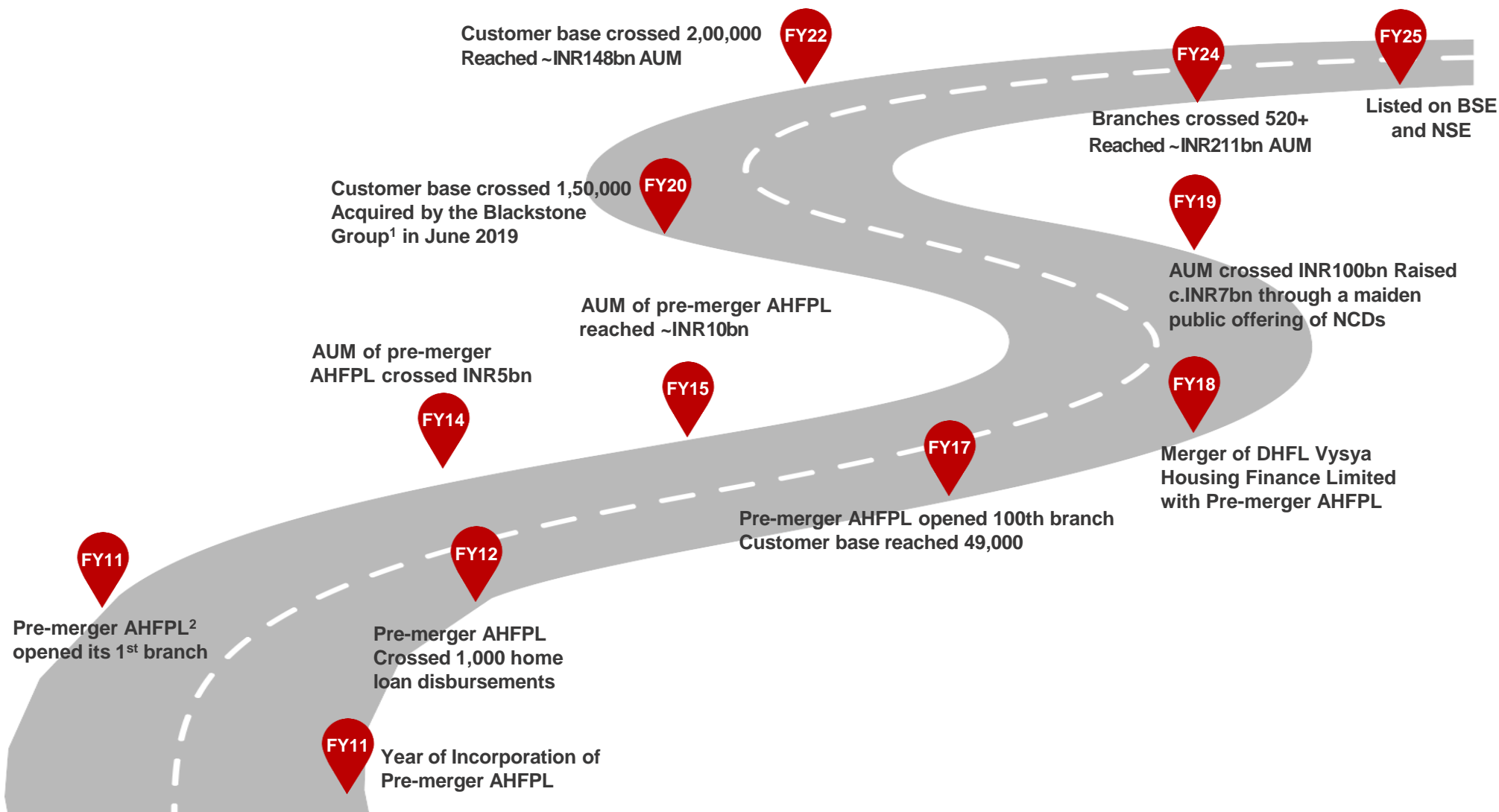
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Snapshot of the Company

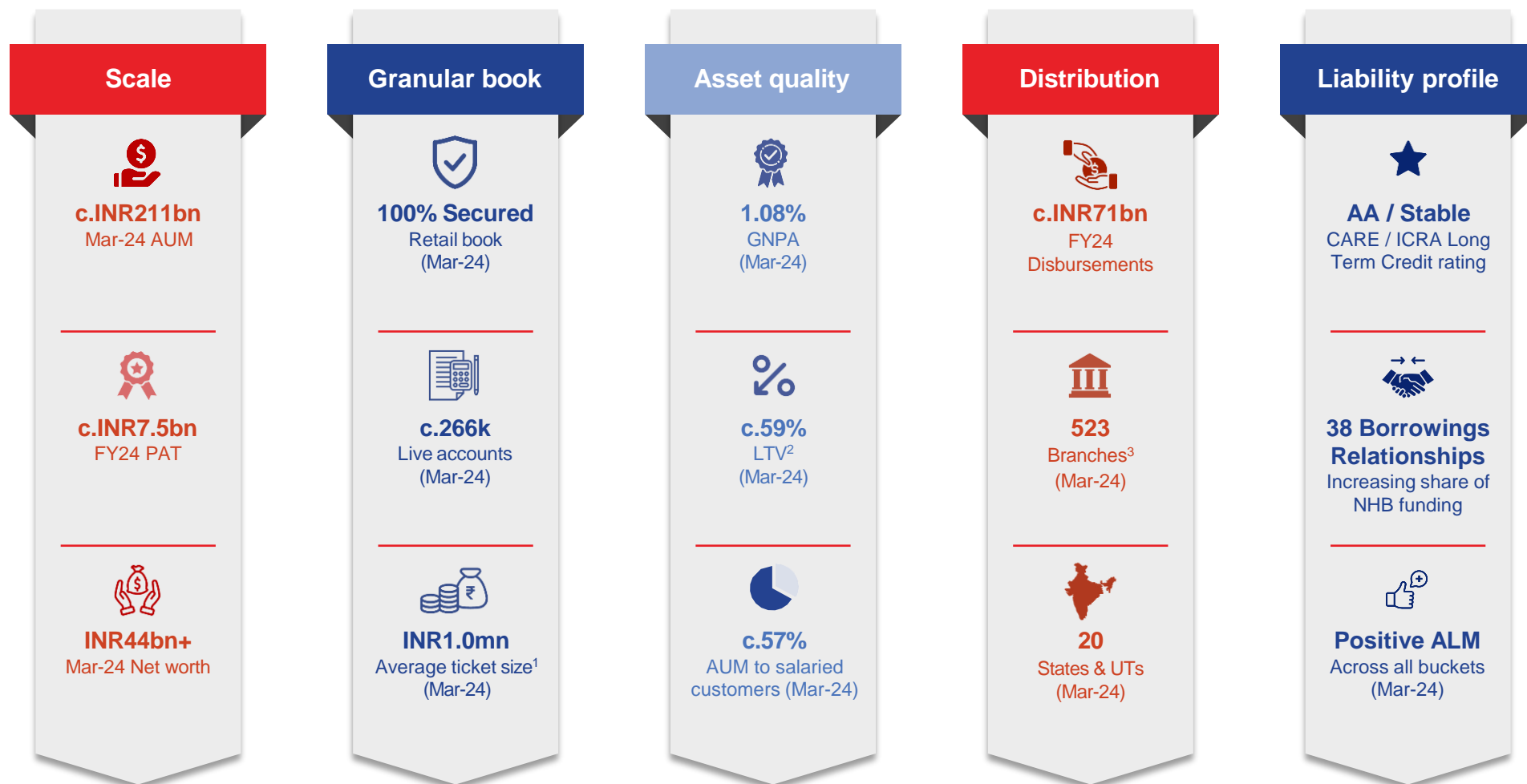
Aadhar Housing Finance – Milestones



Note: 1. Through BCP Topco VII Pte. Ltd., an affiliate of Blackstone; 2. Pre-merger AHFPL refers to the entity incorporated as 'Aadhar Housing Finance Private Limited' at Mumbai, Maharashtra as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated May 3, 2010, issued by the Registrar of Companies, Maharashtra at Mumbai and which commenced its operations in February 2011. Aadhar Housing Finance Private Limited was later converted into a public company on September 3, 2013 and was merged into our Company in 2017 pursuant to a scheme of amalgamation approved by the National Company Law Tribunal, Bengaluru Bench at Bengaluru, vide its order dated October 27, 2017

Aadhar Housing Finance – At a Glance

HFC focused on low-income housing segment in India, with a seasoned business model



Note: 1. ATS on AUM based on sanctioned amount; 2. LTV on Gross AUM on outstanding basis; 3. Branches including offices are 534.

Aadhar Housing Finance – Key Highlights



Highly Experienced Board of Directors

Highly experience board; promoted by Blackstone¹, one of the world's leading global investment firm



O.P. Bhatt, *Non-Executive Chairman & Independent Director*

- Former Chairman of State Bank of India
- Serves as a Director on the boards of HUL, Tata Motors, Greenko Energy Holdings Mauritius, etc.



Deo Shankar Tripathi, *WTD² and Executive Vice Chairman*

- Previously acted as MD & CEO of the Company
- Named in "101 Top Most Influential BFSI Leaders" by ET Now in 2020



Rishi Anand, *Managing Director and CEO*

- 27 years of work experience across a diverse spectrum of functions and businesses in the financial services space
- Previously worked with Shelters, ICICI Bank, etc.



Amit Dixit, *Non Executive (Nominee) Director*

- Serves as Senior MD, Head of Asia, Blackstone Advisors India
- Serves on the board of several Blackstone portfolio companies



Mukesh Mehta, *Non Executive (Nominee) Director*

- Serves as Senior MD, Blackstone Advisors India
- Serves on the board of International Gemmological Institute, R Systems International, PGP Glass etc.



Prateek Roongta, *Non Executive (Nominee) Director*

- Serves as MD, Blackstone Advisors India
- Serves on the board of ASK Investment Managers, International Gemmological Institute, Fino Payments Bank, etc.



Sharmila A. Karve, *Independent Director*

- Previously associated with Price Water House Coopers as a Partner
- Serves on the boards of EPL, Syngene International, etc.



Nivedita Haran, *Independent Director*

- Served in senior positions in Government of India & Government of Kerala
- Serves on the Board of CMID³

Experienced, cycle-tested and professional management team with strong corporate governance



Rajesh Viswanathan, *Chief Financial Officer*

- Several years of experience in accounting, finance, strategy, planning, taxation, treasury, and investor relations
- Previously worked with Bajaj Finance, Bajaj Allianz Life Insurance, KPMG, etc.



Nirav Shah, *Chief Risk Officer*

- Several years of experience in implementing risk management systems across business units & maintaining a strong integrated risk management
- Previously worked with Tata Capital Housing Finance, etc.



Anmol Gupta, *Chief Treasury Officer*

- Several years of experience in financial operations, preparing budgets, financial reports
- Previously worked with BHW Birla Home Finance and CIMMYT-India



Haryyaksha Ghosh, *Chief Data Officer*

- Experienced in the sectors of data science and IT
- Previously worked with Infosys Technologies, Mindwave Solutions, Network 18 Media & Investments, etc.



R. Anil Kumar Nair, *Chief Business Officer - Business Development*

- Master's in Business Administration from Sikkim Manipal University
- Previously worked with Onida, ICICI Bank and Aspire Home Finance Corporation¹



Sreekanth V N, *Chief Compliance Officer*

- Several years of experience in handling all secretarial functions of the Company
- Previously worked with ICICI Bank, Firestone International, etc.

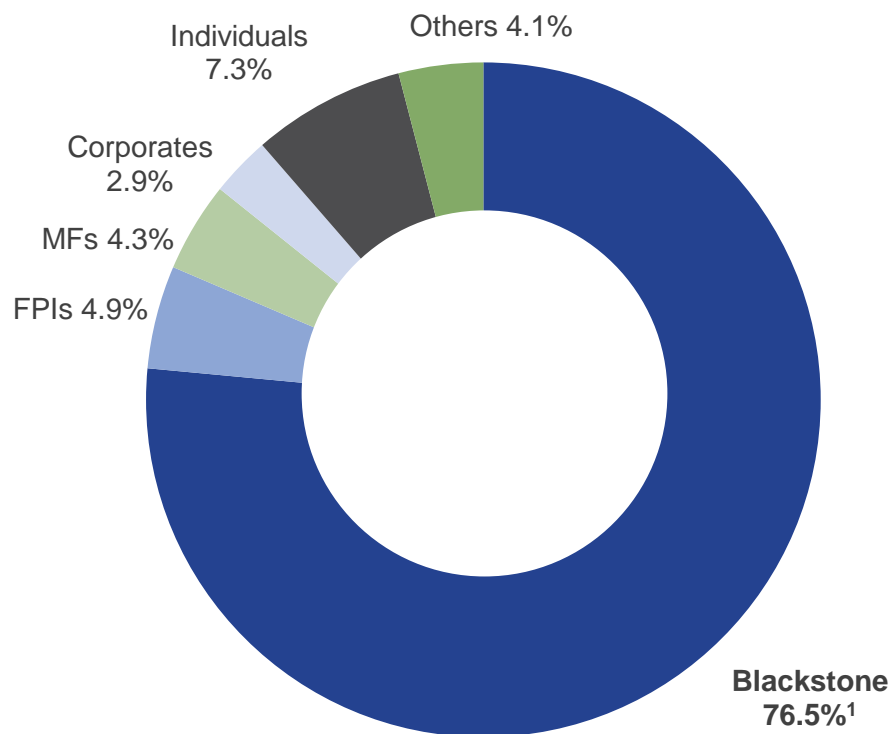


Harshada Pathak, *Company Secretary and Compliance Officer*

- 18 years of experience working in compliance and secretarial departments
- Previously worked with Volkswagen Finance, Mahindra & Mahindra Financial Services and Essar Investments

Shareholding Pattern

Shareholding Pattern (May 24th, 2024)



Key Institutional Investors

Investor	% Holding
Promoter (Blackstone¹)	76.5%
Top DIIs (Banks, MFs, AIFs and Insurance)	
Quant Mutual Fund [^]	1.2%
ICICI Bank	1.1%
HDFC Mutual Fund [^]	0.8%
ICICI Prudential Mutual Fund [^]	0.5%
Mahindra Manulife Mutual Fund	0.5%
Invesco Mutual Fund	0.4%
Axis Mutual Fund [^]	0.3%
SBI Life Insurance Company	0.3%
ICICI Prudential Life Insurance Company	0.2%
WhiteOak Mutual Fund [^]	0.2%
Top FPIs / FIIs	
Theleme Partners	0.7%
WhiteOak [^]	0.4%
APG	0.3%
ADIA	0.2%
East bridge [^]	0.2%
Neuberger Berman	0.2%
Morgan Stanley Investment Management	0.2%
Pictet	0.2%

[^] holding through various schemes/funds

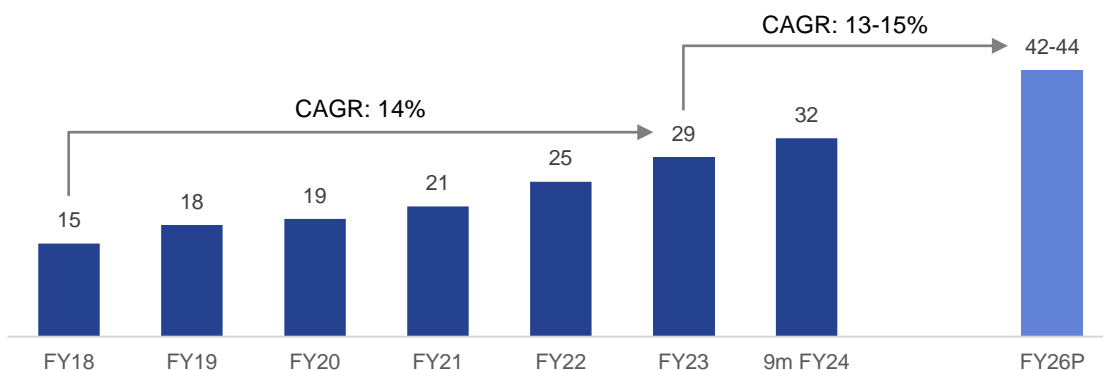


Low Income Housing Finance – Industry Overview

- Housing finance to log a CAGR of 13-15% in the long term between FY23 and FY26
- India's mortgage penetration is lower than other economies

Housing Finance Market¹

Housing Loans Outstanding (In INR tn)



Key Growth Drivers

Growing disposable incomes

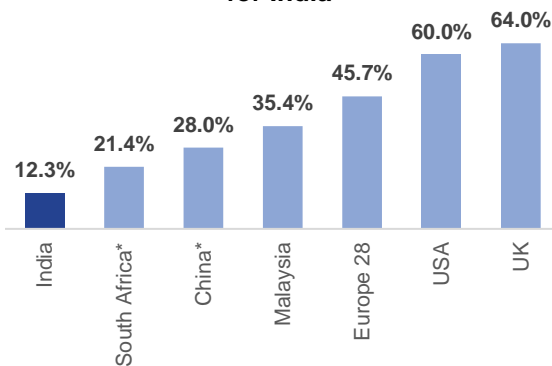
Revival in demand from lower income segment

Rising urbanization

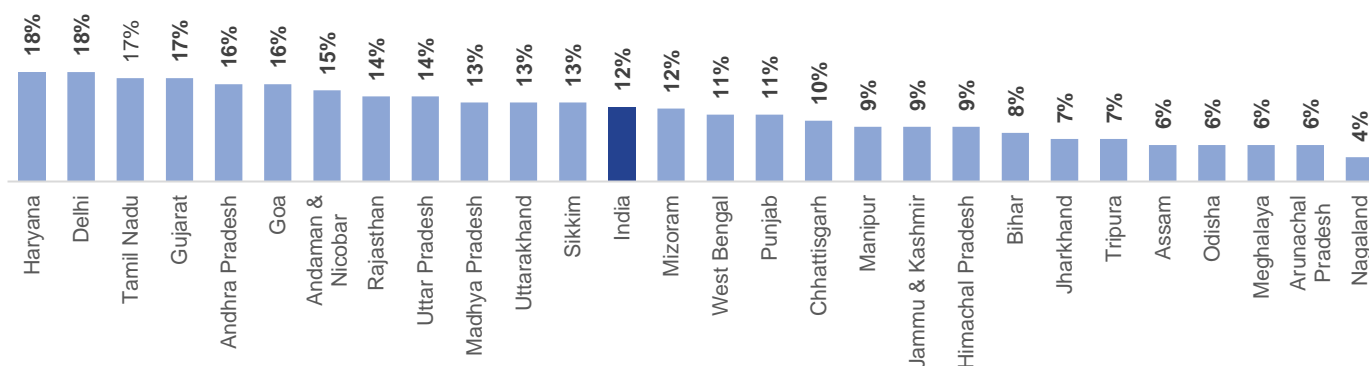
Favorable demographics and government measures

Low Mortgage Penetration in India

Mortgage / GDP is amongst the lowest for India²



15 key states below the national average of 12.3%



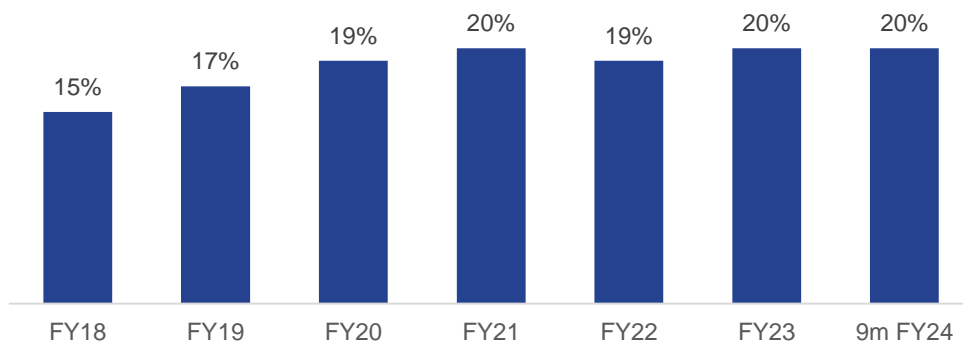
Low-Income Housing Finance

Favourable Demand-Supply Dynamics

Immense latent potential in the housing market, driven by significant shortage

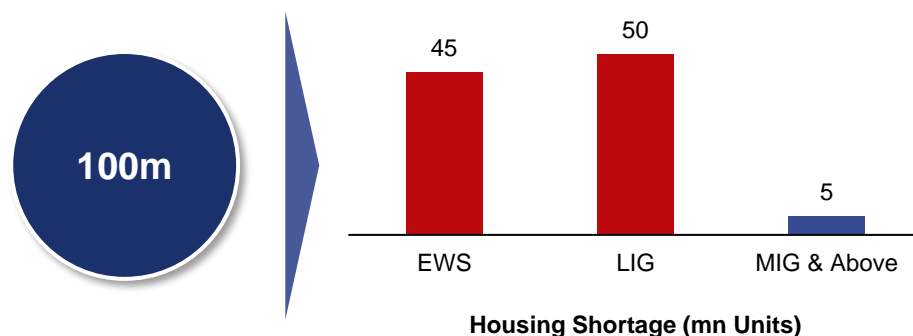
Under-penetration of HFCs Focused on LIH ...

Market share of HFCs focused on low-income housing



...Combined with Shortage of EWS & LIG Housing in India...

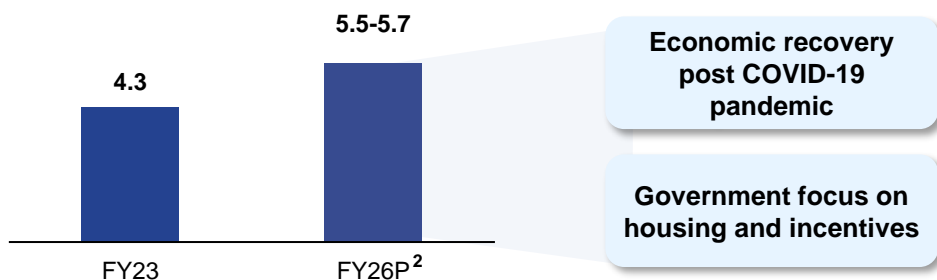
95% of housing shortage expected to be driven by EWS and LIG segments¹



...and Substantial Demand for Low Income Housing Loans...

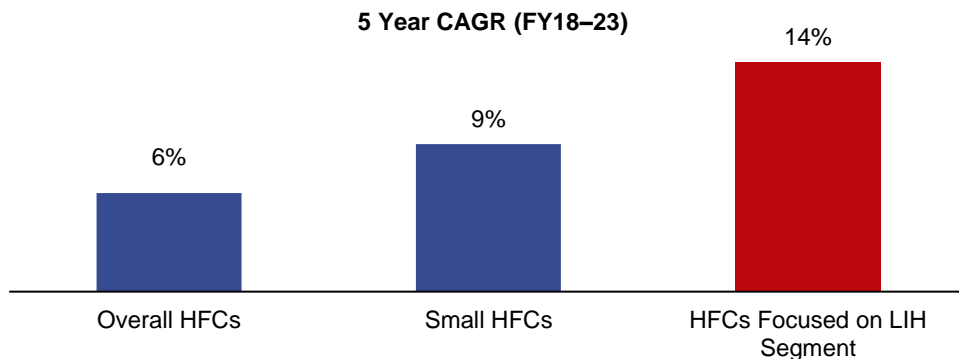
Rising demand as consumers increasingly work out of Tier 3/4 cities

INR tn



...Expected to Drive Growth of HFCs Focused on LIG Segment

Growth of HFCs focused on LIH segment has outpaced other segments





Key Highlights

Housing finance company focused on the low-income housing segment



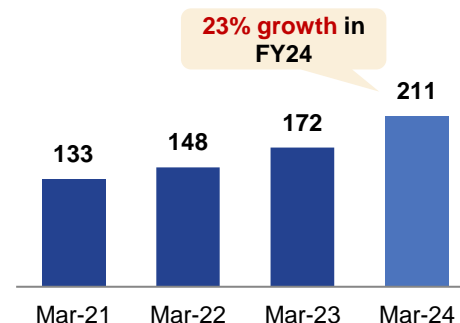
Aadhar Housing Finance – Overview

- HFC focused on low-income housing segment with ticket size less than INR1.5mn, with an AUM of **INR211bn**
- **100% secured retail** loan book
- **Granular** portfolio skewed towards **Salaried** customers; Average ticket size of **INR1.0mn**
- **Pan-India presence** with **523** branches covering **534** districts across **20** states and union territories; serving **c.266k** live accounts
- **38** lender relationships with a diversified borrowing base
- **Technology enabled** business model across functions
- Highly profitable franchise delivering **c.30% PAT CAGR¹** and **18.4% RoE²**
- **Experienced, cycle-tested** and **professional** management team with **strong corporate governance**



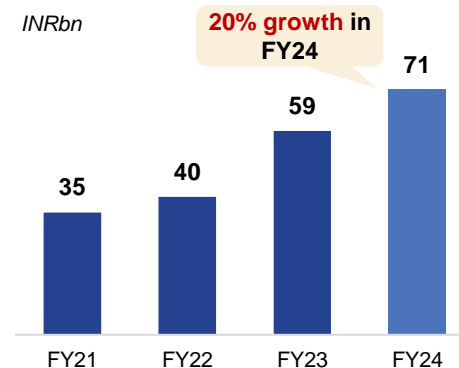
Strong AUM Growth

INRbn

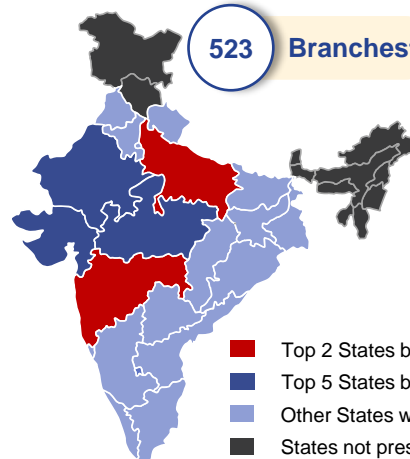


Disbursements Trend

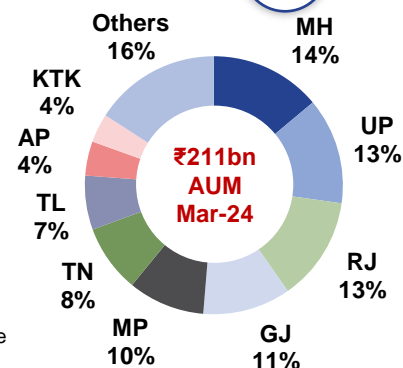
INRbn



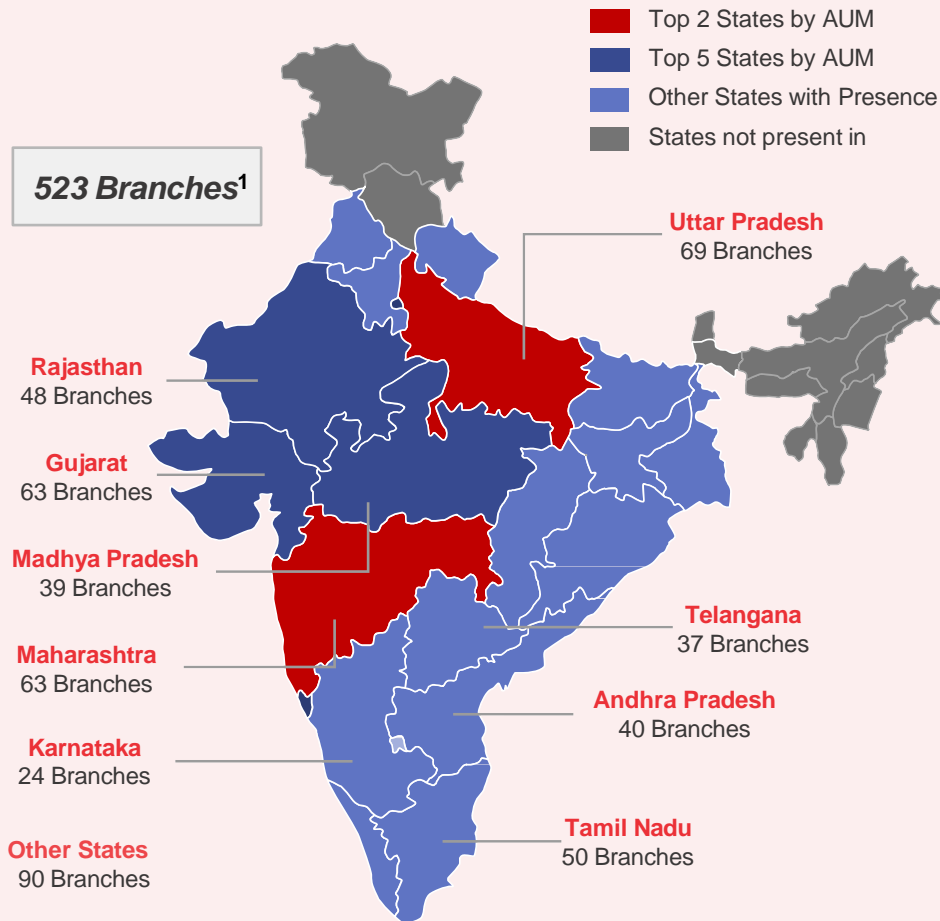
Pan India Distribution Network



No state accounts for **>14%** of AUM



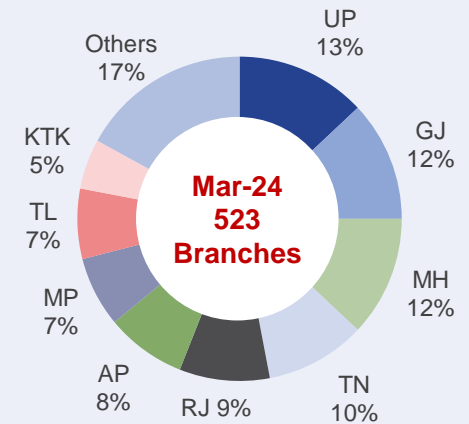
Distribution Network



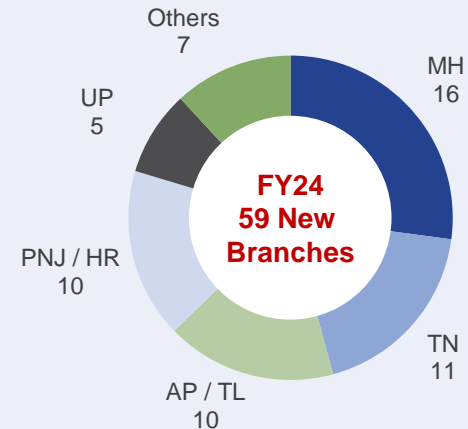
Branch Distribution

Diversified presence with a focus on cost control

By State (Mar 31, 2024)

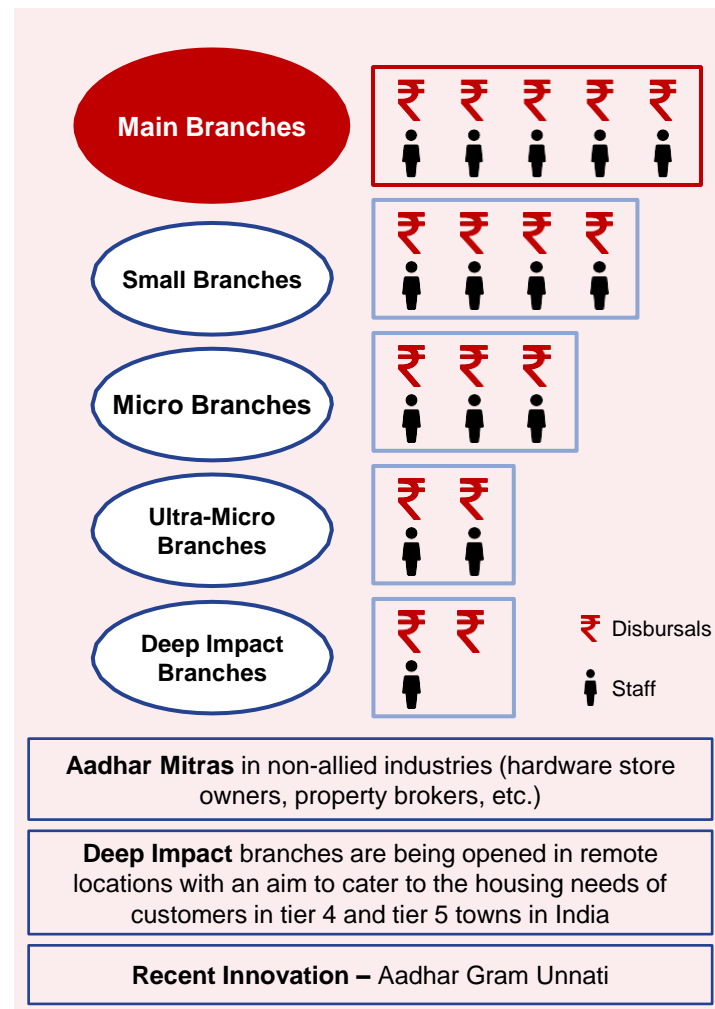
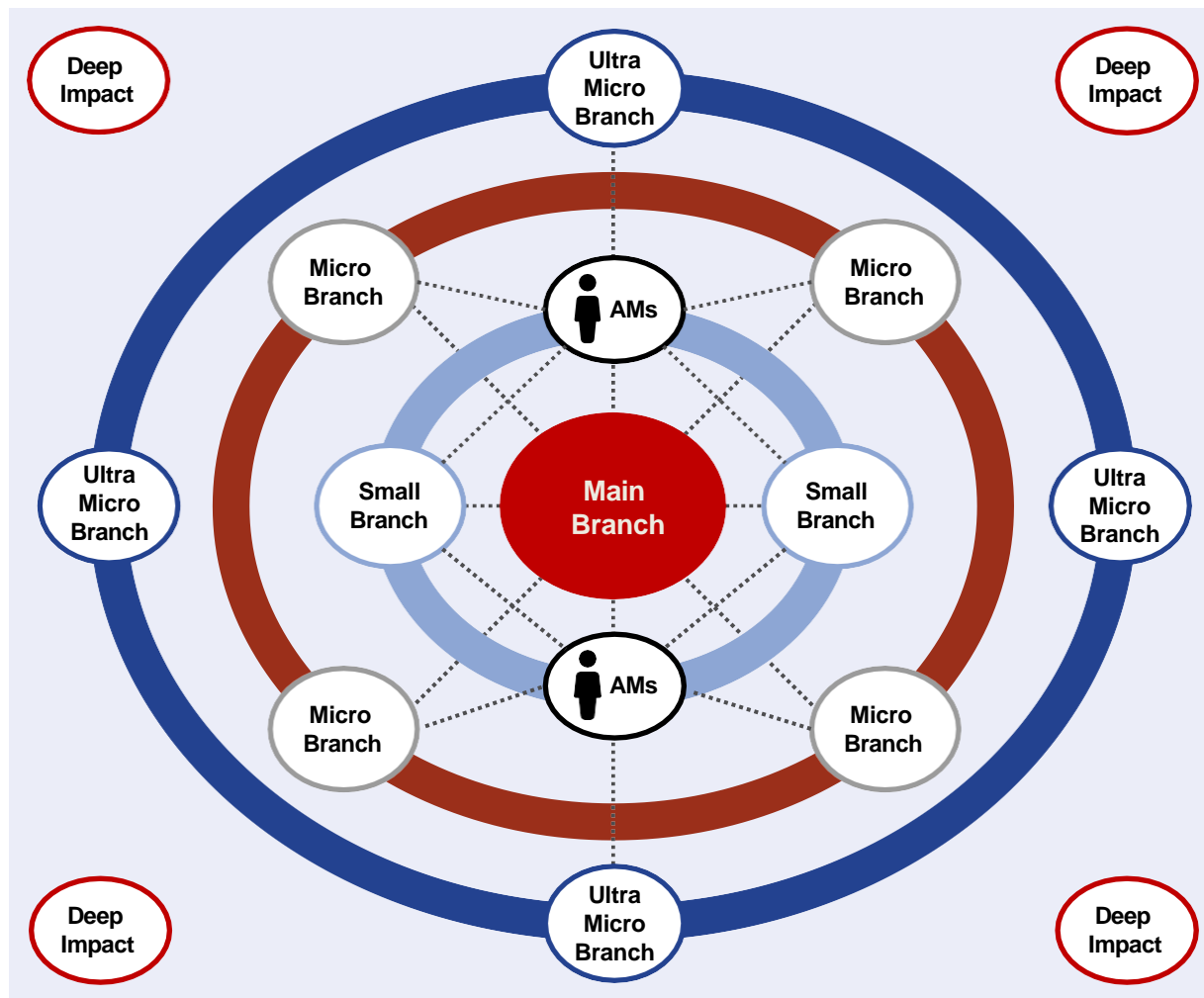


New Branches (FY24)



...Backed by a Nimble Distribution Strategy

Agile branch network with each location catered to by an appropriate branch size, helping keep opex in control



Credit Underwriting



Centralized processing at regions – Salaried Customers

- Regional processing units to process applications for salaried customers
- Ensures standardisation, cost optimization and better turn-around time



Decentralized processing – other customers

- Branch led processing through credit managers
- On-ground verification of business and income
- Analysis of expected cash flow of customer's business

Technical Due Diligence



Activities

- Site visits, technical evaluation of properties and the periodical review of construction projects



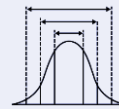
Assessment of property valuation

- Done by in-house technical team of civil engineers



Multiple opinions sought in specific cases

- Technical assessments through in-house engineers
- For properties above a certain threshold, additional valuation from independent third parties



Post-disbursement sampling

- ~5% of the properties mortgaged in each quarter are re-valued to review the variance in valuation
- Cases of variance are examined for taking remedial actions

Legal Due Diligence



Loan documentation, builder due diligence, title checks

- Inhouse legal team and empaneled lawyers verify documents; ensure that the property is legally enforceable
- Reports prepared by empanelled lawyers reviewed by in-house legal team

Risk Containment Unit



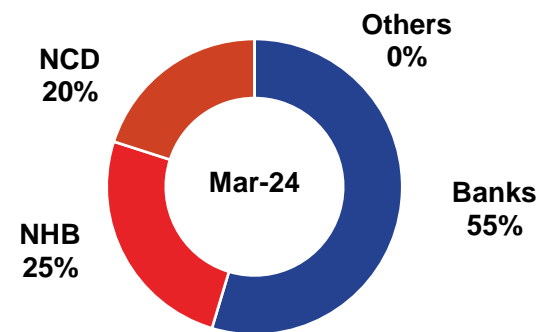
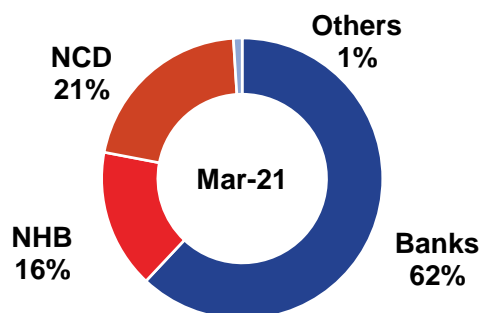
File screening, field investigation, document verification

- RCU screens every loan application and supporting document
- Suspicious documents sampled and verified at source

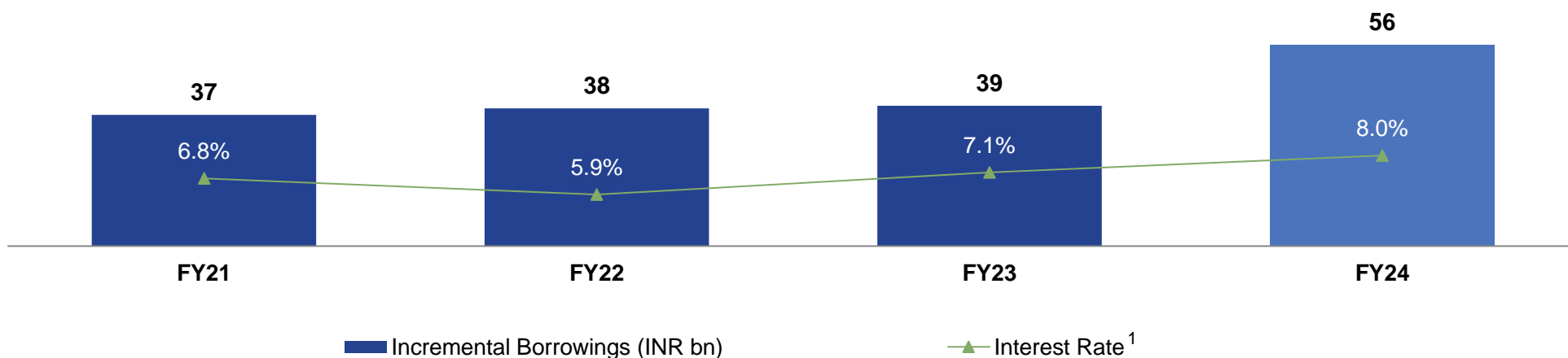
Distributed Funding Mix having Low Short-term Exposure...

Increasing focus on diversifying borrowings

Continue to increase share of NHB refinancing and rely on long term sources of borrowings



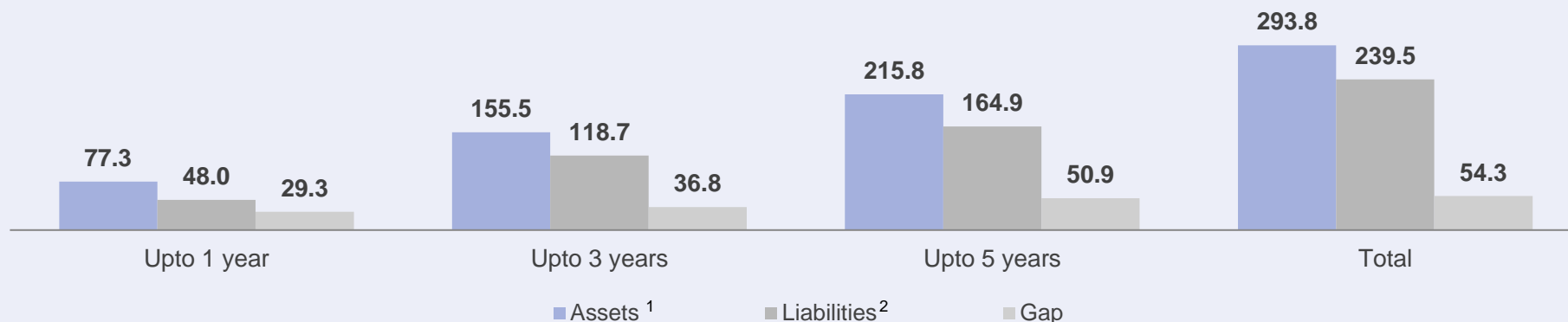
Focus on rationalizing cost of funding



...With Positive ALM across Buckets

Asset Liability Management – INR bn (as on Mar-24)

79% of Gross AUM and 79% of borrowings have floating interest rates



High-level of Ratings Across Tenures from Leading Rating Agencies

Long Term

AA / Stable

Care Ratings

AA / Stable

ICRA

AA / Stable

India Ratings

AA / Stable

Brickworks

Short Term

A1+

ICRA



Lending and Securitization Platform (Developed by TCS)

Digital Onboarding

- Digitizing loan life cycle management
- Capturing leads from multiple sources
- Customer onboarding
- Loan application processing

Loan Origination

- Enabling credit team to underwrite applications through rule-based deviations and workflows based on customer profile

Loan Servicing

- Disbursal and repayment schedule management
- NPA tracking
- Interfacing with agencies such as CIBIL, CERSAI, PMAY etc.

Collection Management

- Enabling real time solution to allocate accounts to agents
- Handles payments and collections from agents

Mobility Solutions

- Enables collection agents on field to capture customer payments electronically
- Developing a sales mobility app to assist field sales team in submitting customer leads

Customer Engagement

- Website and mobile application acting as convenient platforms for customers
- Offers loan account tracking, payments, service requests etc.
- Developing social media channels (like WhatsApp)

Finance & Accounting

- Enabling an enterprise wise integrated accounting solution
- Enabling capturing and generation of GST data to be filed in various GST returns

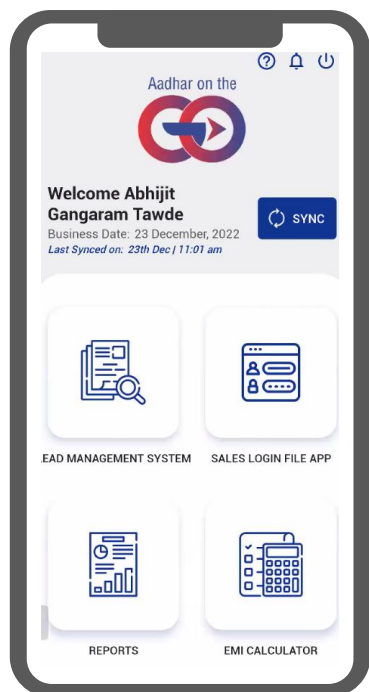
Analytics

- Monitoring of loan portfolios
- Servicing & performance management of pool investments on a continuous basis

Backed by Complete Suite of Applications for Managing the Entire Loan Life Cycle

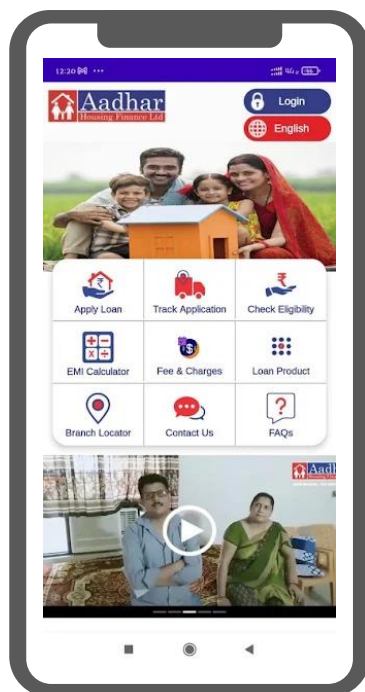
Robust customer engagement and partner empowerment through mobility apps; Focus on consistently improving employee experience through virtual office

Sales Mobility App



Faster onboarding of customers

Customer Service



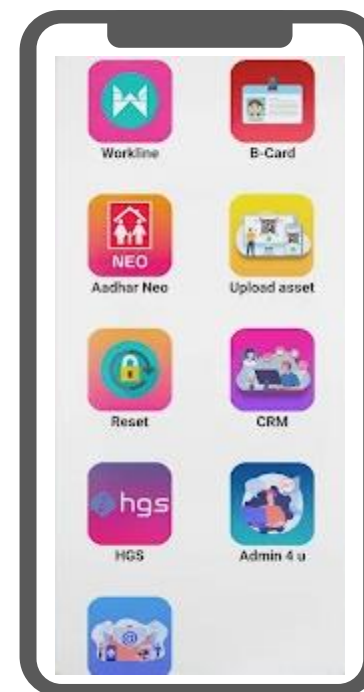
All-in-one customer app

Collections App



Live tracking of collections

Employee Super App



Integrated HR app for all employee services

Focus on Business Transformation through Data Science



Improving Asset Quality

Enhancing the robustness of existing risk analytics for credit risk underwriting and collections



Increasing Operational Efficiencies

Increasing operational efficiencies by integrating business processes with data science like branch opening, customer retention strategies



Amplifying Yields & Mitigating Outward BT

Automating solutions for risk-based pricing to improve approval rates; emphasizing on customer retention through data-driven strategies



Credit Risk Underwriting

- ✓ Application scorecards for credit underwriting
- ✓ Automatic rejection of non-creditworthy loan applicants



Collections Analysis

- ✓ Identification of high-risk customer cohorts using the Red-Amber-Green ("RAG") segmentation model



Branch Opening

- ✓ Branch opening strategy has undergone a transformation
- ✓ Driven by data science methodologies



Risk Based Pricing

- ✓ RAG segmentation model integrates data science in credit underwriting
- ✓ Provides the basis for risk-based pricing
- ✓ Higher approval rates

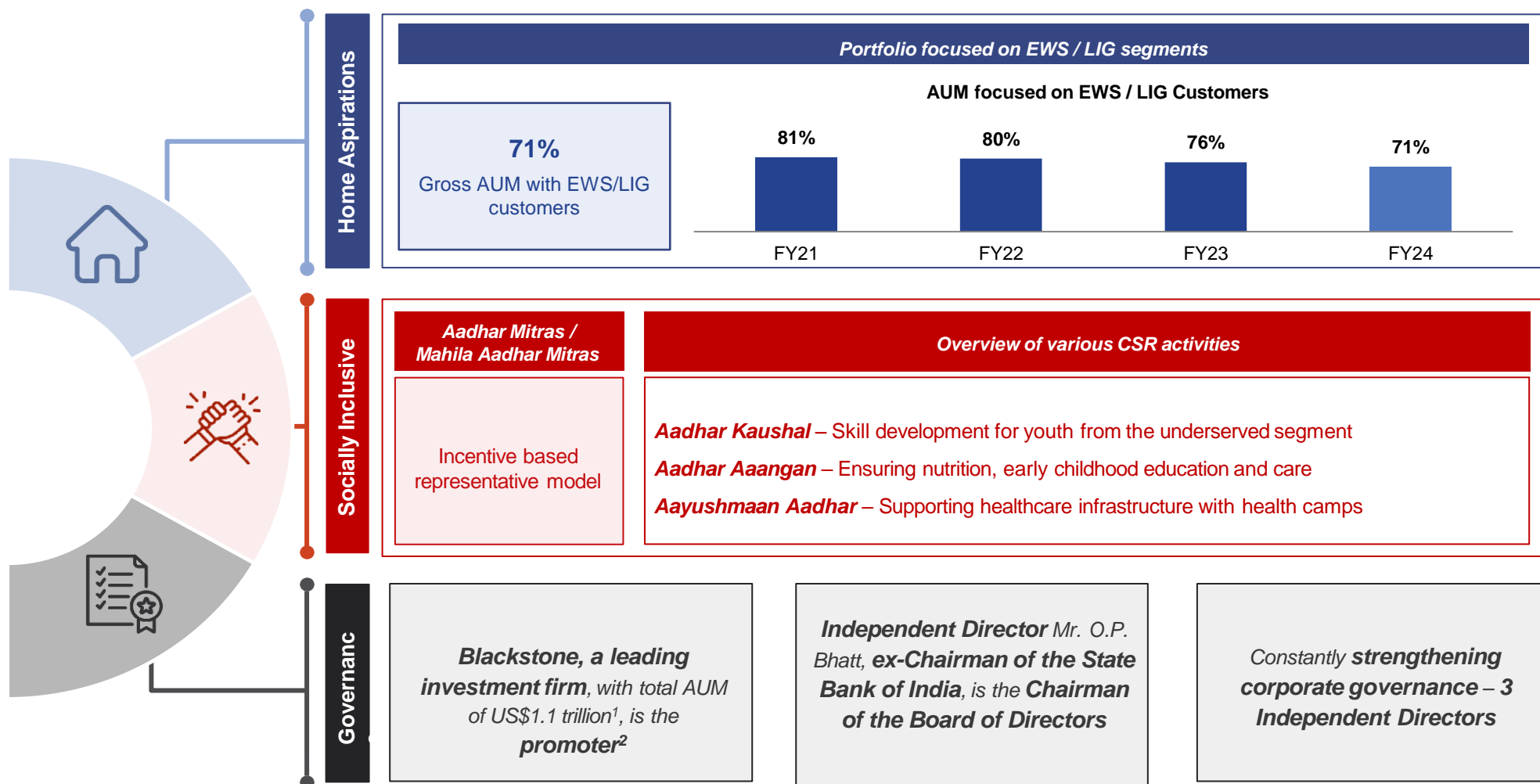


Customer Retention

- ✓ Emphasize on customer retention through data-driven strategies
- ✓ Mitigate outward balance transfers and identify refinancing opportunities

Social Objectives at the Core of the Business

Aadhar has adopted and implemented a social objective across all aspects of the business

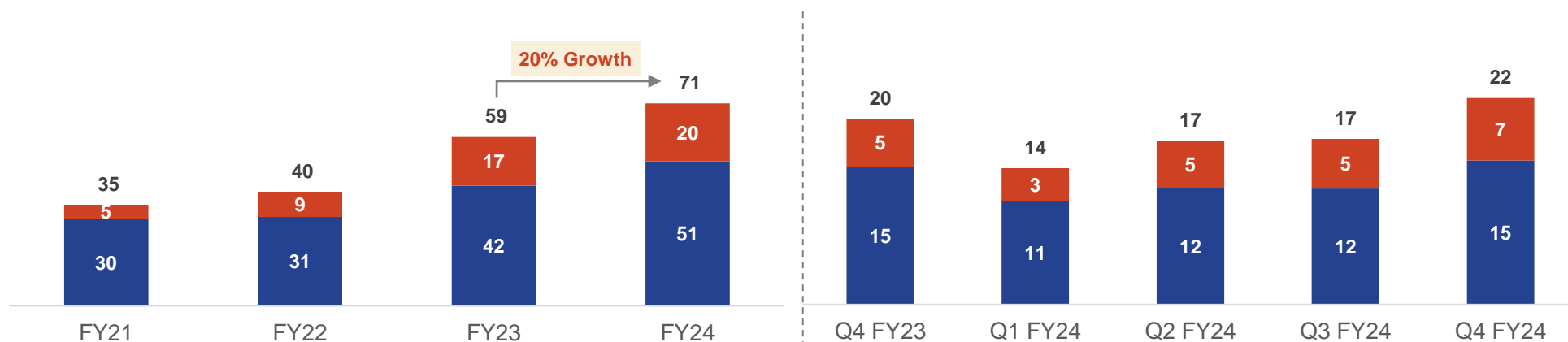




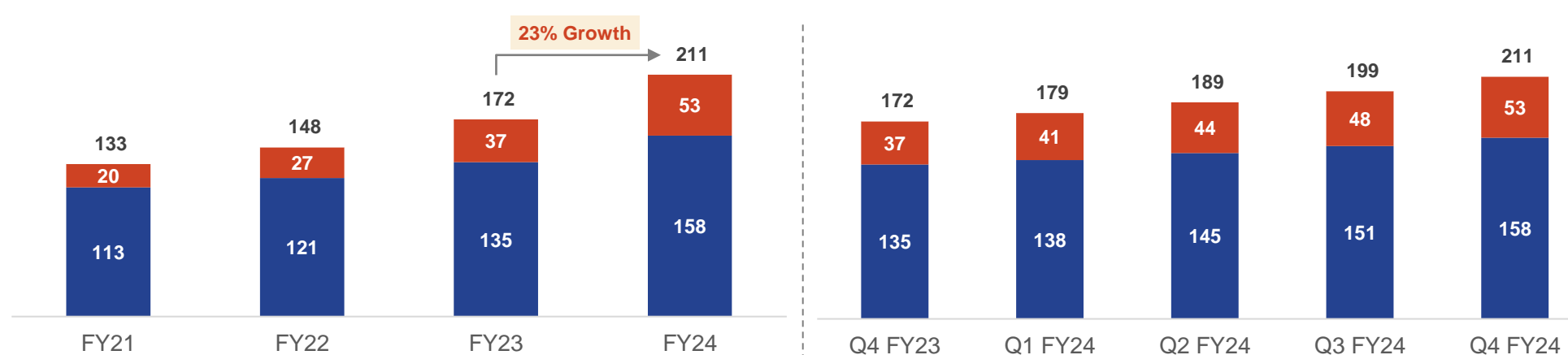
Business and Financial Performance

Strong Disbursement and AUM Growth...

Disbursement – By Product (INRbn)

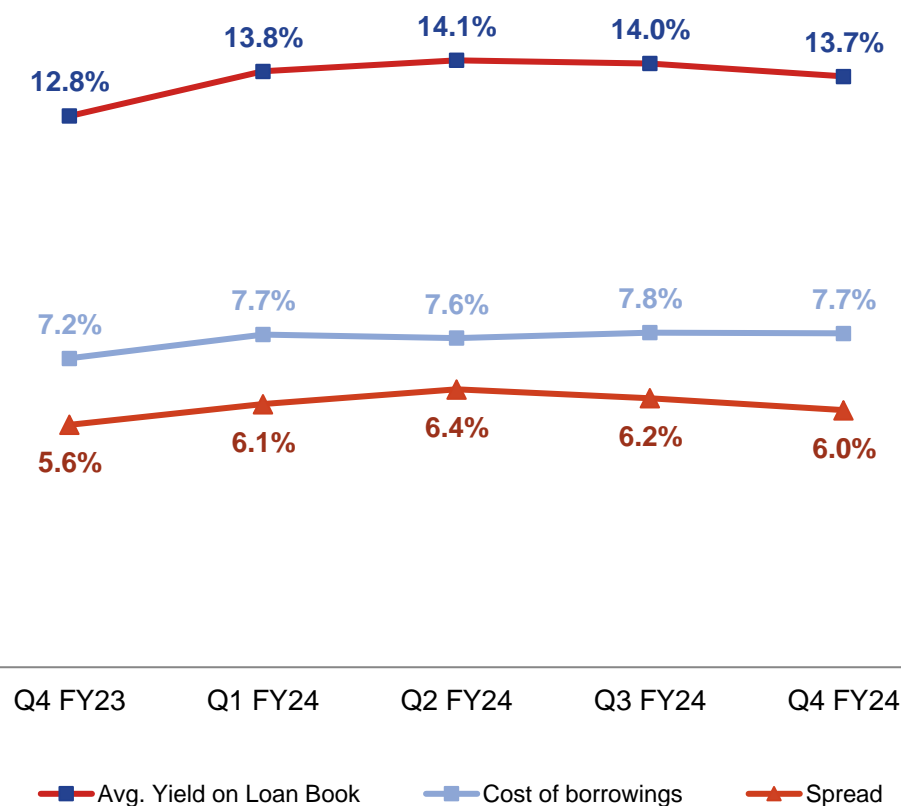
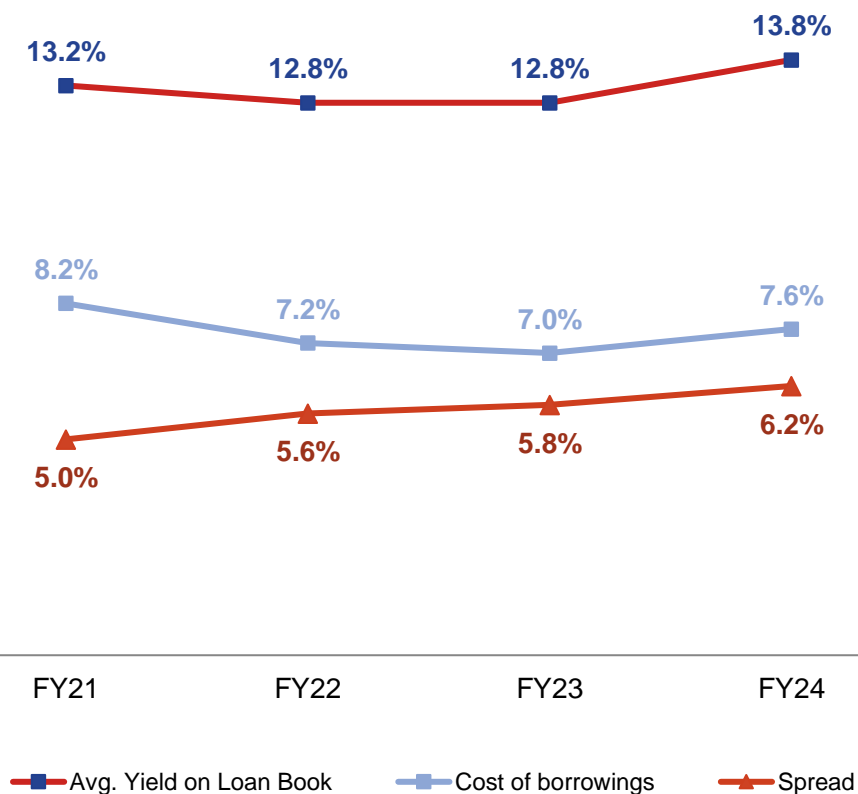


AUM – By Product (INRbn)



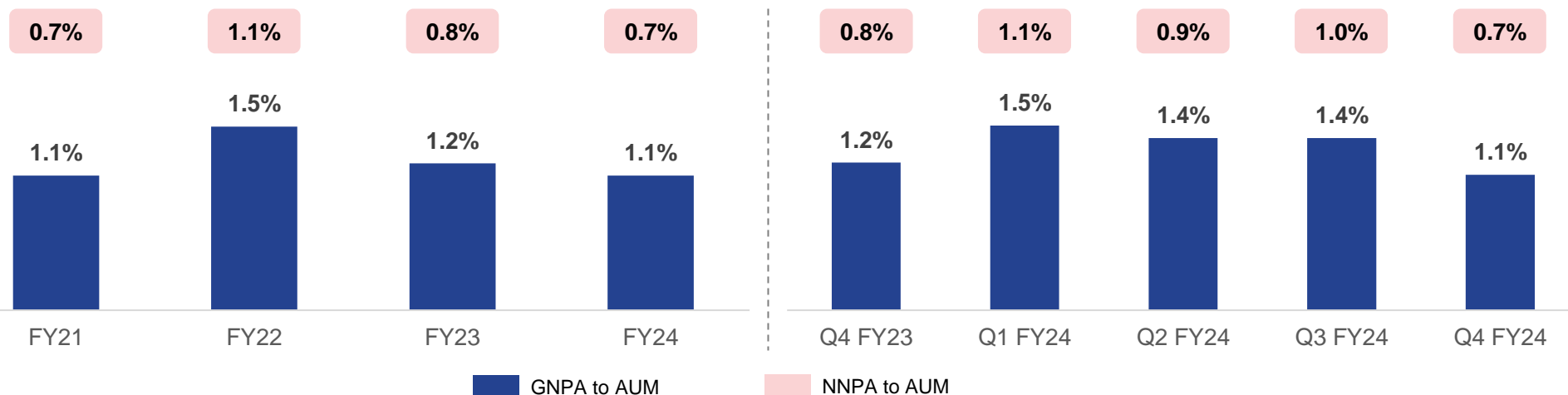
...With Stable Yields and Increasing Spreads...

Yields, Cost of Borrowings and Spreads (%)

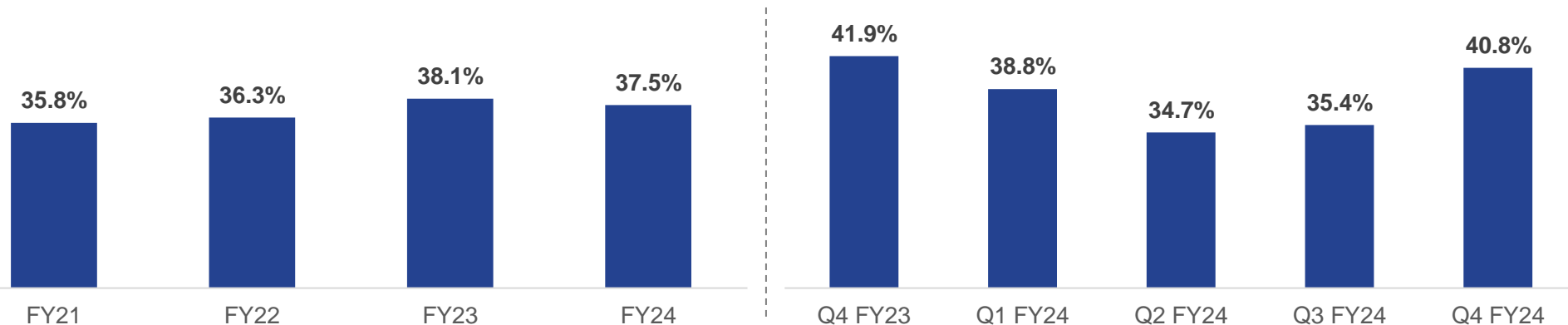


...And Improving Asset Quality and Efficiency...

Asset Quality Metrics

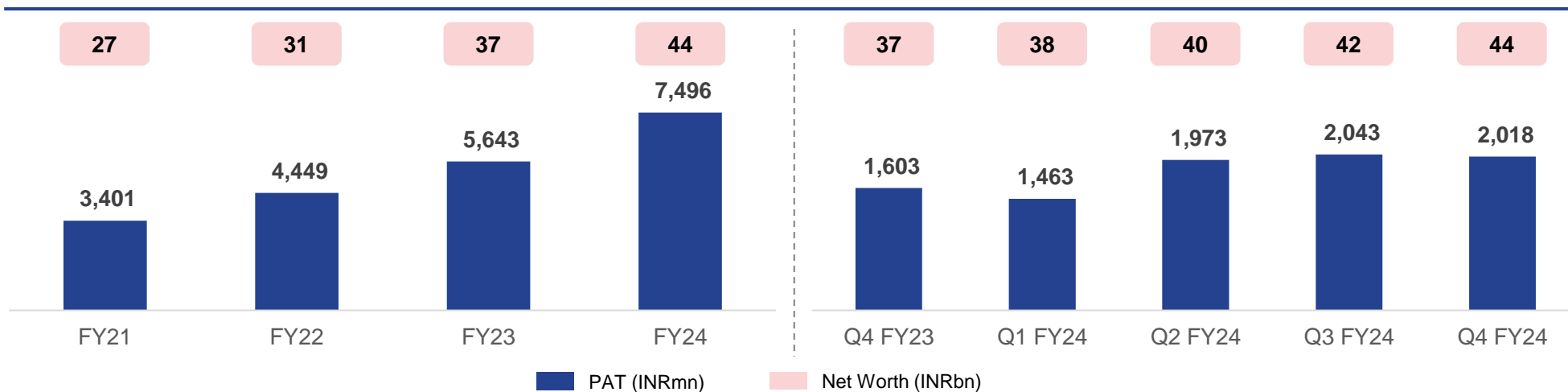


Cost to Income

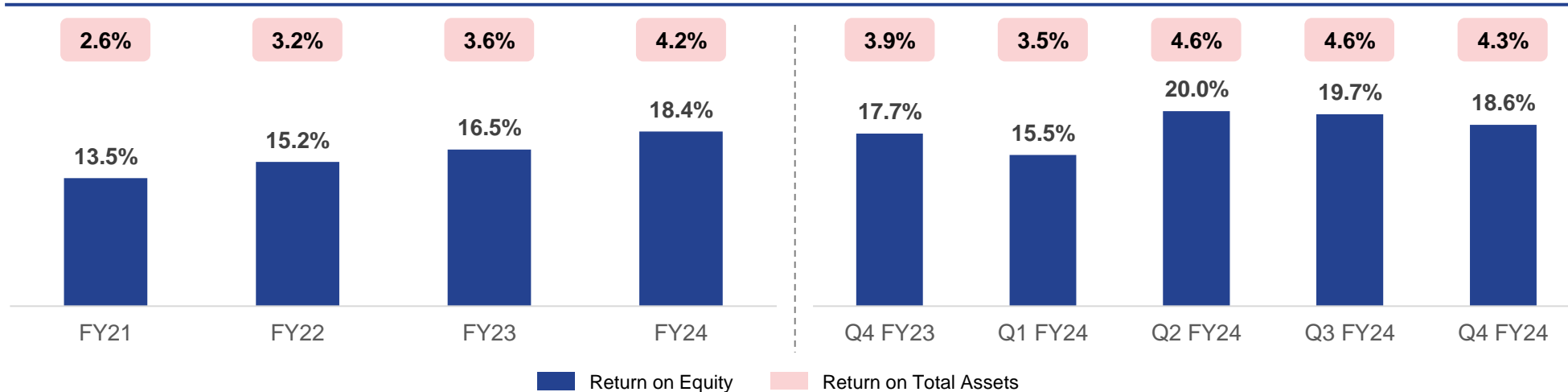


...Leading to Consistent Improvement in Return Metrics

Profit after Tax¹ and Net Worth



Return on Equity and Return on Assets



Profit and Loss Statement

Particulars (INRmn)	Q4 FY24	Q4 FY23	YoY	Q3 FY24	FY24	FY23	YoY
Interest on loans	5,686.7	4,413.0	29%	5,528.2	21,480.7	16,748.5	28%
Other Interest and Investment Income	347.8	428.2		330.6	1,436.3	1,332.2	
Non-Interest Income	513.3	307.5		507.3	1,743.8	1,050.2	
Net gain on DA	370.3	406.4		364.7	1,209.0	1,304.3	
Total Income	6,918.1	5,555.1	25%	6,730.8	25,869.8	20,435.2	27%
Finance costs	2,618.8	2,134.6		2,508.4	9,866.9	7,991.9	
Net interest margin	4,299.3	3,420.5	26%	4,222.4	16,002.9	12,443.3	29%
Operating Expenses	1,754.6	1,435.6		1,496.1	5,994.7	4,743.0	
Credit Costs	(41.4)	(60.7)		120.7	412.3	492.1	
Profit Before Tax and exceptional items	2,586.1	2,045.6		2,605.6	9,595.9	7,208.2	
Exceptional Items	-	250.0		-	-	250.0	
Profit Before Tax	2,586.1	1,795.6	44%	2,605.6	9,595.9	6,958.2	38%
Tax Expenses	568.5	388.6		562.9	2,099.5	1,510.6	
Profit After Tax	2,017.6	1,407.0	43%	2,042.7	7,496.4	5,447.6	38%
Total Comprehensive Income	2,019.2	1,405.1	44%	2,047.7	7,500.6	5,453.4	38%
Earnings per equity share (Diluted)	4.89	3.46		5.01	18.35	13.39	

Balance Sheet

Particulars (INRmn)	March 31 st , 2024	March 31 st , 2023
Sources of Funds		
Share capital	3,948	3,948
Reserves and surplus	40,550	33,029
Borrowings	1,39,596	1,21,535
Trade payables	1,086	805
Other Liabilities	5,751	6,863
Total	1,90,931	1,66,179
Application of Funds		
Loan Assets	1,69,029	1,38,515
Investments and Cash & Cash Equivalent	17,354	23,774
Other Financial Assets and Trade Receivables	2,851	2,668
Other Assets	1,696	1,222
Total	1,90,931	1,66,179



Annexure

ECL Provisions

Particulars (INRmn)	March 31 st , 2024	December 31 st , 2023	March 31 st , 2023
Gross Stage 1	1,63,054	1,52,812	1,32,944
% portfolio in Stage 1	95.3%	94.8%	94.7%
ECL Provision Stage 1	538	539	529
ECL Provision % Stage 1	0.3%	0.4%	0.4%
Gross Stage 2	6,189	6,143	5,806
% portfolio in Stage 2	3.6%	3.8%	4.1%
ECL Provision Stage 2	772	776	775
ECL Provision % Stage 2	12.5%	12.6%	13.3%
Gross Stage 3 a (DPD <= 90)	17	52	59
% portfolio in Stage 3 a	0.01%	0.03%	0.04%
ECL Provision Stage 3 a	5	12	14
Gross Stage 3 b (DPD > 90)	1,852	2,256	1,567
% portfolio in Stage 3 b	1.1%	1.4%	1.1%
ECL Provision Stage 3 b	766	842	543
ECL Provision % Stage 3	41.3%	37.0%	34.2%
Gross Stage 1, 2 & 3	1,71,112	1,61,263	1,40,376
ECL Provision Stage 1, 2 & 3	2,082	2,169	1,861
Total ECL Provision %	1.2%	1.3%	1.3%

Terminology	Definition
ALM	Asset Liability Management
AM	Aadhar Mitra
ATS	Average Ticket Size
AUM	Assets Under Company's Management
CAGR	Compounded Annual Growth Rate
CPU	Central Processing Unit
CRWAR	Capital to Risk Weighted Assets Ratio
DPD	Days Past Due
ESG	Environmental, Social and Governance
EWS	Economically Weaker Sections
RCU	Risk Containment Unit
GNPA	Gross Non Performing Assets
GST	Goods and Services Tax
HFC	Housing Finance Company
LAP	Loan Against Property
LIG	Low Income Group

Terminology	Definition
LIH	Low Income Housing
LTV	Loan to Value
NBFC	Non-Banking Financial Company
NCD	Non-Convertible Debenture
NHB	National Housing Bank
NNPA	Net Non Performing Assets
NPA	Non Performing Assets
PAT	Profit After Tax
PMAY	Pradhan Mantri Awas Yojana
PSL	Priority Sector Lending
QIB	Qualified Institutional Buyers
RERA	Real Estate (Regulation and Development) Act
RoA	Return on Asset
RoE	Return on Equity
TAT	Turnaround Time
TCS	Tata Consultancy Services Limited

Thank You



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