



(Formerly known as DHFL Vysya Housing Finance Ltd.)
CIN: 066010KA1990PLC011409

Date: 4th March, 2019

To:

- 1) **The Non-Convertible Debenture Holder of Aadhar Housing Finance Ltd.**
- 2) The Debenture Trustee,
Beacon Trusteeship Limited
No. 4C & D, Siddhivinayak Chambers,
Gandhi Nagar, Opp MIG Cricket Club,
Bandra East (E), Mumbai 400051.
[e-mail ID: compliance@beacontrustee.co.in]

Sub: - Request for NOC on account of Change in Ownership of Aadhar Housing Finance Ltd

Dear Sir/ Madam

1. We extend our heartfelt gratitude for assisting Aadhar Housing Finance Limited (“AHFL”) and being a stakeholder during the growth journey so far.
2. AHFL is a housing finance company registered with and regulated by National Housing Bank (“NHB”). AHFL is engaged in providing housing finance to economically weaker, lower and middle income segment of the society.
3. AHFL is currently operating out of twenty states and union territories of India with a branch network of over 316 offices covering more than 2,200 locations.
4. **Financial Performance**

Particulars	Rs in crore		
	Mar 17	Mar 18	9M Mar 19
AUM	5,102	7,966	9,623
Income	569.31	798.20	903.83
PAT	63.98	99.73	135.71
Net Worth	377.90	699.60	839.44
CRAR	18.48%	18.76%	18.33%
CRAR – Tier I Capital	14.39%	16.23%	15.93%
CRAR – Tier II Capital	4.09%	2.54%	2.40%
Retail NPA	0.70%	0.58%	0.79%

Corp.Off:201, Raheja Point-1, Nr Shamrao Vitthal Bank, Nehru Rd, Vakola, Santacruz (E), Mumbai-400055 (MH.)

Regd. Off.: 2nd Floor, No.3, JVT Tower, 8th “A” Main Raod, S-R Nagar, Bengaluru-560027, Karnataka.

Web: www.aadharhousing.com / Email ID: treasury@aadharhousing.com, / Toll Free No.: 180030042020




5. **About AHFL**

- Largest independent affordable housing finance company with an AUM of Rs 96 billion
- Strong growth tailwinds in affordable housing due to low mortgage penetration combined with low competition from private sector banks
- Priority Sector Lending benefit to banks providing funding; low dependence on capital markets
- Low concentration risk due to wide geographical presence: Presence across 20 states and union territories vs. peers who are primarily exposed to 2 or 3 states (no single state contributes to more than 16% of AHFL’s AUM)
- 100% secured retail advances (post transaction) with average ticket size of Rs 8.6 lakhs. High share of low risk salaried customers (65% of loan book) and moderate LTV ratios of 56%
- Largest origination franchise with strong brand vs. peers: 316 branches which cover more than 2,200 locations
- High asset quality: Only 11 bps of cumulative write-offs over last 7 years
- Strong management team and robust credit appraisal process backed by an internal dedicated team of 300 legal & technical experts

6. **Current Event – Details of the Proposed Transaction**

(a) As on date, the shareholding of AHFL is as follows:

SR NO	NAME OF THE SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE (%)
1.	Wadhawan Global Capital Limited (“WGCL”)	1,75,97,715	69.98%
2.	Dewan Housing Finance Corporation Limited (“DHFL”)	23,01,090	9.15%
3.	Kapil Wadhawan	1,34,017	0.53%
4.	Dheeraj Wadhawan	1,34,017	0.53%
5.	Aruna Wadhawan	1,44,034	0.57%
6.	International Finance Corporation	42,53,389	16.91%
7.	Other Shareholders	5,84,210	2.33%

(b) **Proposed Transaction:** On 2nd February 2019, the current promoters of AHFL – i.e. WGCL and DHFL, along with Kapil Wadhawan, Dheeraj Wadhawan, Aruna Wadhawan (collectively the “Sellers”) and AHFL, have entered into a share purchase agreement with BCP Topco VII Pte. Ltd., which is held through intermediary companies by private equity funds managed by wholly owned subsidiaries of The Blackstone Group L.P. (collectively “Blackstone”), for transfer of the Sellers’ entire shareholding, i.e. 80.76% of the equity



shareholding of AHFL, to Blackstone, subject to regulatory and lender approvals. Simultaneously with the transaction, Blackstone will infuse fresh primary capital amounting to Rs 800 Crores into AHFL. Pursuant to the Proposed Transaction, Blackstone intends to acquire the shareholding of the other existing shareholders in AHFL as well and ultimately own up to 100% of AHFL.

7. About Blackstone

Blackstone is one of the world’s leading investment firms. It is publicly listed (NYSE :BX) with a market capitalization of USD 40.2 billion (as of February 8, 2019). Blackstone’s alternative asset management businesses, with approximately USD 472.2 billion in assets under management (as of December 31, 2018), includes investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on global basis. The investors include many of the largest and most sophisticated institutional investors from around the world, including leading government investment agencies, public and private sector pension funds, banks, insurance companies, credit institutions, endowments and foundations.

Blackstone has invested or committed over USD 60 billion in equity in over 240 transactions. Combining Blackstone’s 90+ investments translates to aggregate revenues in excess of USD 79 billion and approximately 470,000 employees (as September 30, 2018). Investments have been made in a wide variety of industry sectors, business situations and business climates.

Blackstone has been active in India since 2006 and has committed USD 9.4 billion of investments in India through private equity real estate, and structured finance businesses. Blackstone is a long-term investor, and is currently investing from Blackstone Capital Partners VII (having approximately USD 18.6 billion of committed capital) and Blackstone Capital Partners Asia funds (having approximately USD 2.4 billion of committed capital). It brings in a dedicated portfolio operations team to add value to its portfolio companies.

8. Details of our existing relationship with you

Details of the debenture trust deeds (“Trust Deeds”) executed between AHFL and you are as follows (“Trust Deeds”):

Amount of NCDs outstanding (in crores)	Governing Trust Deed (Sr. No.)	Date of Trust deed	ISIN Number
676.40	IPO-DTD	26-09-2018	INE538L07486
			INE538L07494
			INE538L07502
			INE538L07510
			INE538L07528
			INE538L07536



9. **Advantages of AHFL post the Proposed Transaction:**

AHFL continues to remain healthy and the Proposed Transaction will further strengthen its position with the strong parentage of Blackstone. The transaction will be beneficial to all stakeholders:

- (i) **Fresh Primary Capital Infusion in AHFL:** Blackstone has committed to infuse Rs 800 crores primary equity capital into the company immediately upon successful closure of the transaction. This will benefit AHFL in the following ways:
- **Doubling Net worth:** The net worth of AHFL will almost double from Rs 839.44 crores as at December 31, 2018 and will take it to over Rs 1,600 crores.
 - **Low Debt Equity Ratio:** The debt-equity ratio of AHFL will come down to almost half from the current levels. The net-debt equity ratio as at December 31, 2018 ratio was nearly 8.6 times which will come down to below 5 post the capital infusion. This would give comfort to all stakeholders.
 - **Positive ALM buckets:** AHFL has a well-managed ALM position with more than 98% of the liabilities having long tenure maturity and a very low dependence on short term borrowings (under 2% of the total liabilities). Fresh capital infusion will further strengthen the funding profile of AHFL resulting in positive gaps across all ALM buckets.
- (ii) The Proposed Transaction will help in strengthening AHFL's leadership position in the Affordable housing Finance. Presently, AHFL is one of the largest independent affordable housing finance company both in terms of Assets under Management and Distribution network and the capital infusion will provide the required growth capital to the company to continue its robust growth journey in meeting the housing finance needs of the economically weaker section and lower income section of the country. Blackstone ownership brings with it the global reputation and trust with strong corporate governance would enable AHFL access to diversified funding avenues at competitive rates. It would also help AHFL to improve its credit profile with the rating agencies.
- (iii) Blackstone's ownership brings to its portfolio companies best-in-class corporate governance, high reporting standards, eminent industry veterans as independent directors and robust technology systems.

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "Aadhar Housing Finance Ltd" around the perimeter, "Mumbai" in the center, and a small star at the bottom.

10. Request for Consent

In accordance with the terms of the Trust Deeds, we request your consent/confirmation on the following in order to consummate the Proposed Transaction and the highly positive event of Blackstone coming in as the incoming controlling shareholder of AHFL:

- No Objection/ consent for undertaking the Proposed Transaction and matters connected thereto including the change in shareholding of up to 100% of share capital of AHFL in favour of BCP Topco VII Pte. Ltd. (PE Fund managed by Blackstone) and change in management of AHFL, and other necessary documentation and / or regulatory/statutory compliance pursuant thereto; and –
- Release of Letter of Comfort provided by Dewan Housing Finance Corporation Ltd. (DHFL) in relation to the debentures governed by the above Trust Deed, subsequent to the proposed transaction.

in a form substantially set out in **Annexure 1** hereto.

We hereby confirm that there is no other change in any other terms & conditions mentioned in the Debenture Trust Deed executed by AHFL with the Trustees and adequate security cover as per the above Trust Deed is being maintained by AHFL. We also confirm that other requirements under the above Trust Deed and term sheet issued for the NCDs have been and shall be duly complied with by AHFL.

We request you to keep the contents of this letter and the no-objection letter to be issued, as strictly confidential.


In view of our long term relationship with you we hope that our request will be considered favorably.

We request you to provide your consent/NOC for the Proposed Transaction as mentioned above within 15 days from date of this letter by email/letter addressed to the Debenture Trustee as per the enclosed format.

Thanking you,

Yours truly,

For Aadhar Housing Finance Limited


Authorized Signatory



Encl: Annexure 1 – Format of NOC

Annexure 1

Format of No-Objection / Consent Letter

Ref: _____

Date: _____

To

The Debenture Trustee,
Beacon Trusteeship Limited
No. 4C & D, Siddhivinayak Chambers,
Gandhi Nagar, Opp MIG Cricket Club,
Bandra East (E), Mumbai 400051.
[e-mail ID: compliance@beacontrustee.co.in]

Dear Sir/Madam,

Re: Request for consent/no-objection letter

1. We refer to your letter dated 4th March, 2019 in relation to the Proposed Transaction, comprising of:
 - (a) the proposed sale of shares of Aadhar Housing Finance Limited (“**AHFL**”) held by the current promoters of AHFL – i.e. WGCL and DHFL, along with Kapil Wadhawan, Dheeraj Wadhawan, Aruna Wadhawan and other shareholders of AHFL to private equity funds managed by Blackstone (“**Blackstone**”), such that Blackstone will hold upto 100% of the share capital of AHFL; and
 - (b) change in management and control of AHFL, subject to all regulatory and other approvals.
2. With respect to the Proposed Transaction, we convey the following:
 - (a) we have no objection to, and hereby grant our unconditional consent to the Proposed Transaction and matters connected thereto;
 - (b) the letter of comfort provided by DHFL shall stand released on and from the date of consummation of the Proposed Transaction.

Thanking You,
Yours Faithfully,

<p>Signature</p> <p>*Name: (Name of Individual/ Karta of HUF being NCD Holder)</p>	<p>@ For and on behalf of NCD Holder</p> <p>_____</p> <p>(Authorised Signatory)</p> <p>Name:</p> <p>Designation: (Affix Office Seal)</p>
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*Strike-off, whichever is not applicable, for use by respective category of NCD holders.

@In case of Corporate/ Trust NCD Holders, please provide this consent/NOC on their Letter heads.