GHAR BANEGA, TOH DESH BANEGA.

AADHAR HOUSING FINANCE LIMITED

Our Company was originally incorporated as 'Vysya 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 Bangalore ("**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 Vysya Housing Finance Limited' and a fresh certificate of incorporation dated October 15, 2003, was issued by the RoC. Further, 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 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 148 of the draft red herring prospectus dated January 24, 2021 ("**DRHP**").

Registered Office: 2nd floor, No. 3, JVT Towers, 8th 'A', Main Road, S.R. Nagar, Bengaluru 560 027, Karnataka, India;
Corporate Office: Unit No. 802, 8th Floor, Natraj by Rustomjee, Junction of Western Express Highway and M. V. Road, Andheri (East), Mumbai 400 069, Maharashtra, India;
Telephone: +91 22 4168 9900; **Contact Person**: Sreekanth V.N., Company Secretary and Compliance Officer; **E-mail**: complianceofficer@aadharhousing.com; **Website**: www.aadharhousing.com
Corporate Identity Number: U66010KA1990PLC011409

ADDENDUM TO THE DRHP: NOTICE TO INVESTORS (THE "ADDENDUM")

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 ₹ 73,000 MILLION COMPRISING A FRESH ISSUANCE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 15,000 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 58,000 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 SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER 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 FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE PROMOTER SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF AN ENGLISH NATIONAL DAILY NEWSPAPER, FINANCIAL EXPRESS, ALL EDITIONS OF A HINDI NATIONAL DAILY NEWSPAPER, JANSATTA AND ALL EDITIONS OF THE KANNADA DAILY NEWSPAPER, VISHWAVANI (KANNADA BEING THE REGIONAL LANGUAGE OF KARNATAKA, WHERE OUR REGISTERED OFFICE IS LOCATED) EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

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.

Potential Bidders may note the following:

1. The "*Risk Factors*", "*Industry Overview*", "*Our Business*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" sections of the DRHP have been revised for developments in our business, regulatory updates and financial information for the financial year ending March 31, 2021 and the nine months ended December 31, 2021 and December 31, 2020. Accordingly, the sections titled "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" at pages 25, 92, 121, and 286 of the DRHP, respectively have been updated to provide these updates.
2. On June 10, 2019, our Promoter acquired an aggregate of 20,310,873 Equity Shares, constituting 80.76% of the then existing share capital of our Company, from the erstwhile promoters of our Company, namely, Dewan Housing Finance Corporation Limited ("**DHFL**"), Wadhawan Global Capital Limited ("**WGCL**"), Kapil Wadhawan, Dheeraj Wadhawan, and Aruna Wadhawan (collectively, the "**Erstwhile Promoters**"), pursuant to a share purchase agreement dated February 2, 2019 entered into by and among our Company, the Erstwhile Promoters, and our Promoter and the amendment agreement dated June 10, 2019, entered into by and among our Company, the Erstwhile Promoters, and our Promoter. Subsequently, our Promoter acquired further Equity Shares by way of secondary acquisitions from certain other erstwhile shareholders of our Company, a preferential issue, a rights issue, and a bonus issue, and accordingly, as on the date of this Addendum, out of 389,683,420 Equity Shares held by our Promoter (aggregating to 98.72% of the pre-Offer share capital of our Company), 236,531,060 Equity Shares (aggregating to 59.92% of the pre-Offer share capital of our Company held by our Promoter) shall be offered for lock-in from the date of Allotment in the Offer in the following manner: (i) a portion of 236,531,060 Equity Shares, being [●] Equity Shares, aggregating to 20% of the post-Offer shareholding of our Promoter on a fully diluted basis, shall be locked-in as part of minimum promoter's contribution for a period of three years from the date of Allotment in the Offer in terms of Regulations 14 and 16(1) of the SEBI ICDR Regulations (the "**Minimum Promoter's Contribution**"); and (ii) the remaining portion of 236,531,060 Equity Shares held by our Promoter, which are not locked-in as part of the Minimum Promoter's Contribution, being [●] Equity Shares, aggregating to [●]% of our post-Offer paid-up Equity Share capital, shall be voluntarily locked-in for a period of two years from the date of Allotment in the Offer (the "**Voluntary Lock-in**"). As on the date of this Addendum, there are no proceedings pending or threatened against our Company or our Promoter in respect of the Equity Shares (including any entitlement of our Promoter in respect of such Equity Shares) acquired by our Promoter from the Erstwhile Promoters. The foregoing disclosure will be published as a public notice in all editions of English national daily newspapers, namely, Financial Express, and The Times of India, all editions of a Hindi national daily newspaper, Jansatta, and all editions of the Kannada daily newspaper, Vishwavani (Kannada being the regional language of Karnataka, where our Registered Office is located) and the public will be invited to provide comments, if any, within 21 days' from the date of such public notice. Further, pursuant to a resolution of our Shareholders dated March 13, 2021, and resolutions of our Board of Directors and our Nomination and Remuneration Committee, each dated February 18, 2021, the Employee Stock Option Plan 2020 ("**ESOP 2020**") was amended to, *inter alia*, increase the maximum number of options which can be granted. In addition, pursuant to resolutions of our Board of Directors and our Nomination and Remuneration Committee, each dated February 28, 2022 and a special resolution passed by our Shareholders on March 23, 2022, ESOP 2020 has been amended for certain changes in the vesting schedules of the options granted under ESOP 2020 and to align ESOP 2020 with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. Accordingly, the section titled "*Capital Structure*" beginning on page 67 of the DRHP has been updated to include details of the Voluntary Lock-in and capture certain updates in relation to ESAR 2018 and ESOP 2020.
3. The DRHP contains financial information for financial years ended March 31, 2018, March 31, 2019, and March 31, 2020, and six months ended September 30, 2020. The second wave of the COVID-19 pandemic, particularly in the months of April – May 2021 have impacted companies in the financial services industry in India including HFCs, in varying degree. Further, updated audited and restated financials were available since the filing of the DRHP. Accordingly, the section titled "*Restated Consolidated Financial Information*" beginning on page 191 of the DRHP has been updated to provide recent restated consolidated financial information of the Company, as at and for the financial years ended March 31, 2021, March 31, 2020, and March 31, 2019 and the nine months ended December 31, 2021 and December 31, 2020.
4. Post the filing of the DRHP, there have been certain updates to the criminal proceedings involving our Company, material civil litigation against our Company, tax proceedings against our Company and outstanding dues to creditors. Accordingly, the section titled "*Outstanding Litigation and Material Developments*" beginning on page 313 of the DRHP has been updated to include the aforementioned updates.
5. Certain other updates in relation to the business, operations, statutory auditors, and management of our Company, have been included in the section titled "*Other Material Updates*" beginning on page 262 of this Addendum.

The above changes are to be read in conjunction with the DRHP and Corrigendum to the DRHP dated February 18, 2021, and accordingly their references in the DRHP stand updated pursuant to this Addendum. The information in this Addendum supplements the DRHP and updates the information in the DRHP, as applicable. All details in the sections titled "*Risk Factors*", "*Capital Structure*", "*Industry Overview*", "*Our Business*", "*Restated Consolidated Financial Statements*", "*Selected Statistical Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Outstanding Litigation and Material Developments*" and the updates provided in the section titled "*Other Material Updates*" from this Addendum will be suitably incorporated, as may be applicable, in the Red Herring Prospectus and the Prospectus, as and when filed with the Registrar of Companies, the Securities and Exchange Board of India and the Stock Exchanges. Investors should read the Red Herring Prospectus as and when filed with the RoC, the SEBI, and the Stock Exchanges before making an investment decision in the Offer. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the DRHP. The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any state law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. accordingly, the Equity Shares are being offered and sold within the United States solely to persons who are reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from the registration requirements of the U.S. Securities Act ("**U.S. QIBs**", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "**QIBs**") that are qualified purchasers ("**QPs**") as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"); (persons who are both a U.S. QIB and a QP are referred to as "**Entitled QPs**"). The Equity Shares are being offered and sold outside the United States in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

For and on behalf of Aadhar Housing Finance Limited

Place: Mumbai
Date: April 5, 2022

Company Secretary and Compliance Officer

BOOK RUNNING LEAD MANAGERS

ICICI Securities	citi	NOMURA	SBI Capital Markets Limited	KFINTECH
ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6807 7100 E-mail: aadhar.ipo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact person: Shekher Asnani/ Gaurav Mittal SEBI Registration No.: INM000011179	**Citigroup Global Markets India Private Limited** 1202, First International Financial Center Bandra Kurla Complex, Bandra (East) Mumbai 400 098 Maharashtra, India Tel: +91 22 6175 9736 E-mail: aadhar.ipo@citi.com Investor Grievance E-mail: investors.cgmib@citi.com Website: www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm Contact Person: Dylan Fernandes SEBI Registration No.: INM000010718	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11, Plot F Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India Tel: +91 22 4037 4037 E-mail: aadharhfipo@nomura.com Investor Grievance E-mail: investorgrievances-in@nomura.com Website: www.nomuraholdings.com/company/group/asia/india/index.html Contact Person: Vishal Kanjani / Sandeep Baid SEBI Registration No.: INM000011419	**SBI Capital Markets Limited** 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Maharashtra, India Tel: +91 22 2217 8300 E-mail: aadhar.ipo@sbicaps.com Investor Grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact Person: Aditya Deshpande SEBI Registration No.: INM000003531	**KFin Technologies Limited** (*formerly known as KFin Technologies Private Limited*) Selenium Tower-B, Plot 31& 32, Financial District Nanakramguda, Serilingampally Hyderabad Rangareddi 500 032 Telangana, India Tel: +91 40 6716 2222 E-mail: ahfl.ipo@kfintech.com Investor Grievance E-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

BID/OFFER PROGRAMME

BID/OFFER OPENS ON*	**[●]**
BID/OFFER CLOSES ON**	**[●]**

** Our Company and the Promoter Selling Shareholder may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

*** Our Company and the Promoter Selling Shareholder may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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DEFINITIONS AND ABBREVIATIONS

This Addendum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislations, acts, regulations, rules, guidelines, circulars, notifications, clarifications, directions, or policies shall be to such legislations, acts, regulations, rules, guidelines, directions, or policies as amended, updated, supplemented, re-enacted or modified, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.

Company Related Terms

Term	Description
"our Company", "the Company", "the Issuer" or "Aadhar Housing" or "Aadhar Housing Finance"	Aadhar Housing Finance Limited*, originally incorporated as 'Vysya 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 RoC and having its registered office at 2nd floor, No. 3, JVT Towers, 8th 'A', Main Road, S.R. Nagar, Bengaluru 560 027, Karnataka, India. For further details, see "*History and Certain Corporate Matters*" on page 148 of the Draft Red Herring Prospectus. ****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***
DHFL	Dewan Housing Finance Corporation Limited
Erstwhile Promoters	The erstwhile promoters of our Company, namely, WGCL, DHFL, Kapil Wadhawan, Dheeraj Rajeshkumar Wadhawan, and Aruna Wadhawan
CDO	The Chief Data Officer of our Company
Pre-merger AHFPL	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. For further details, see "*History and Certain Corporate Matters*" on page 148 of the Draft Red Herring Prospectus.
WGCL	Wadhawan Global Capital Limited

Offer Related Terms

Term	Description
Addendum	This Addendum dated April 5, 2022 to the Draft Red Herring Prospectus dated January 24, 2021 filed by our Company with SEBI

Technical, Industry Related Terms or Abbreviations

Term	Description
CLM	Co-lending model

Conventional and General Terms or Abbreviations

Term	Description
CIRP	Corporate Insolvency Resolution Process
CrPC	Code of Criminal Procedure, 1973
EMI	Equated Monthly Instalments
FIR	First Information Report
ICD	Inter-Corporate Deposit
IPC	Indian Penal Code, 1860
NCLAT	National Company Law Appellate Tribunal at New Delhi, India
November 12 Circular	RBI circular dated November 12, 2021 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications
PEMI	Pre-Equated Monthly Instalments
SEBI SBEBSE Regulations 2021	Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Addendum and the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. You should read this section together with "Industry Overview", "Business", "Selected Financial Information", "Selected Statistical Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the Financial Statements, including the notes thereto, and other financial information included elsewhere in this Addendum and the Draft Red Herring Prospectus. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the equity shares.

The risks and uncertainties described below are not the only risks that we and the industry in which we currently operate face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cashflows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cashflows could suffer, the trading price of, and the value of your investment in, our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of the Company and the terms of this Offer, including the merits and risks involved.

This Addendum and the Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Addendum and the Draft Red Herring Prospectus. For details, see "Forward-Looking Statements" on page 18 of the Draft Red Herring Prospectus.

References to "our business" or "Company's business" in this section refers to the business of the Company and its Subsidiary.

Certain non-GAAP financial measures such as net interest income, operating expenses and net interest margin and certain other statistical information relating to our operations and financial performance have been included in this Addendum and the Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks/companies and are not measures of operating performance or liquidity defined by Indian GAAP and may not be comparable to similarly titled measures presented by other banks / companies. For a reconciliation of the non-GAAP measures presented in this section, see "Selected Statistical Information – Non-GAAP Reconciliations" on page 224 of this Addendum and relevant reconciliations in the respective sections of this Addendum.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from our Restated Consolidated Financial Information.

The industry-related information contained in this section is derived from the CRISIL Report. We commissioned the CRISIL Report pursuant to an engagement letter dated January 31, 2022 entered into with CRISIL Limited (available at https://aadharhousing.com/investor-relations/IPO-Material-documents.php), and CRISIL Limited has been exclusively commissioned and paid for by our Company for the purposes of confirming our understanding of the industry in connection with the Offer.

INTERNAL RISK FACTORS

RISKS RELATING TO OUR BUSINESS

1. ***Our Erstwhile Promoters are subject to certain 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.***

   Our Company was originally incorporated as 'Vysya Bank Housing Finance Limited' on November 26, 1990 and was initially promoted by ING Vysya Bank Limited. In 2003, DHFL acquired our Company from ING Vysya Bank Limited. Pursuant to the share purchase agreement dated February 2, 2019 entered into by and among our Company, the Erstwhile Promoters, namely, DHFL, WGCL, Kapil Wadhawan, Dheeraj Wadhawan, and Aruna Wadhawan, and our Promoter ("**Majority SPA**") and the amendment agreement dated June 10, 2019, entered into by and among our Company, the Erstwhile Promoters, and our Promoter ("**Amended Majority SPA**"), the Erstwhile Promoters transferred their entire shareholding of 20,310,873 Equity Shares, constituting 80.76% of the then existing share capital of our Company, to our Promoter. As a result of the aforesaid transfer, the Erstwhile Promoters ceased to be the promoters of our Company and BCP Topco become the promoter of our Company.

Subsequently, our Promoter acquired further Equity Shares by way of secondary acquisitions from certain other erstwhile shareholders of our Company, a preferential issue, a rights issue, and a bonus issue, and accordingly, as on the date of this Addendum, the shareholding of our Promoter is 98.72% of the pre-Offer paid-up Equity Share capital of our Company, comprising 389,683,420 Equity Shares, out of which 236,531,060 Equity Shares held by our Promoter, constituting 59.92% of the pre-Offer paid-up Equity Share capital of our Company pertain to the Equity Shares acquired by our Promoter from the Erstwhile Promoters, and Equity Shares acquired pursuant to a rights issue and a bonus issue on the basis of such Equity Shares. For further details regarding the acquisition of our Company's shareholding by our Promoter from the Erstwhile Promoters and details of further acquisitions by our Promoter, see "*Capital Structure – Notes to Capital Structure – History of the Share capital held by our Promoter*" on page 37 of this Addendum and "*History and Certain Corporate Matters – Our Holding Company*" on page 151 of the Draft Red Herring Prospectus.

As the promoter of our Company, BCP Topco has offered its abovementioned shareholding, acquired from the Erstwhile Promoters, for lock-in, being [●] Equity Shares aggregating to 20% of the post-Offer shareholding of our Promoter on a fully diluted basis, shall be locked-in as part of minimum promoter's contribution for a period of three years from the date of Allotment in the Offer, and including [●] Equity Shares, constituting [●]% of our post-Offer paid-up Equity Share capital calculated on the basis of Floor Price or [●] Equity Shares, constituting [●]% of our post-Offer paid-up Equity Share capital calculated on the basis of Cap Price, being locked-in for a period of two years from the date of Allotment in the Offer on a voluntary basis. For further details regarding the Equity Shares held by our Promoter which will be locked-in, see "*Capital Structure – Notes to Capital Structure – History of the Share capital held by our Promoter – Details of Promoter's Contribution and Lock-in*" and "*Capital Structure – Notes to Capital Structure – History of the Share capital held by our Promoter*" on page 39 and 37 of this Addendum.

Further, based on media reports, we understand that the Erstwhile Promoters are subject to various ongoing regulatory investigations by enforcement agencies including investigation by the Enforcement Directorate under the Prevention of Money Laundering Act, 2002. While we or our Promoter are not a party to any such proceedings, we cannot assure you that any such proceedings will not adversely impact our Company or our Promoter including adverse actions against Equity Shares held by our Promoter or will not have an impact on the market price of the Equity Shares of our Company.

2. ***Whilst our Company has disassociated itself from the Erstwhile Promoter Entities, there are existing agreements with certain Erstwhile Promoter Entities which cannot be unilaterally terminated by us.***

While our Company disassociated itself from the Erstwhile Promoters in June 2019 pursuant to the transfer of the entire shareholding, i.e., 20,310,873 Equity Shares, held by the Erstwhile Promoters to our Promoter in terms of the Majority SPA and the Minority SPA, our Company has certain agreements with Pramerica Life Insurance Limited (formerly known as DHFL Pramerica Life Insurance Limited) ("**PLI**") and DHFL, and a loan pool purchase arrangement with DHFL, which are existing as on the date of this Addendum. For further details regarding the acquisition of our Company's shareholding by our Promoter from the Erstwhile Promoters, see "*Capital Structure – Notes to Capital Structure – History of the Share capital held by our Promoter*" on page 37 of this Addendum and "*History and Certain Corporate Matters – Our Holding Company*" on page 151 of the Draft Red Herring Prospectus.

Our Company had entered into a corporate agency agreement dated April 25, 2016 with PLI (the "**Corporate Agency Agreement**") and a distribution agreement dated July 25, 2013 with DHFL, Pre-Merger AHFPL, Avanse Financial Services Limited, Prudential International Insurance Holdings Limited, Kapil Wadhawan, Dheeraj Wadhawan, and Aruna Wadhawan (the "**Distribution Agreement**"), pursuant to which the Company had been appointed as an exclusive distributor of life insurance products of PLI. Our Company does not have the right to unilaterally terminate these agreements due to our Company being an exclusive distributor of such products. The term of the Distribution Agreement is 15 years from July 25, 2013 which shall be automatically renewed for a further period of three years unless terminated in accordance with the termination clause of the agreement. The Corporate Agency Agreement is co-terminus with the Distribution Agreement. Pursuant to the Corporate Agency Agreement and the Distribution Agreement, our Company received an aggregate commission of ₹ 64.5 million, ₹ 51.3 million, ₹ 47.6 million, and ₹ 29.9 million in the Financial Year ended March 31, 2019, March 31, 2020, March 31, 2021, and nine months ended December 31, 2021, respectively, from PLI, as the exclusive distributor of life insurance products of PLI. We cannot assure you that such agreements will be terminated in the future or at all. Further, our Company had purchased a loan pool from DHFL in Fiscal 2011 ("**DHFL Loan Pool**"). As on December 31, 2021, the aggregate outstanding amount of the DHFL Loan Pool was ₹ 24.0 million which forms 0.02% of the total loan book of our Company, as on December 31, 2021. While our Company has fully provided for the outstanding amount of ₹ 24.0 million of the DHFL Loan Pool in the Restated Consolidated Financial Information, there is no assurance that our Company will be able to complete the handover of customer servicing of the DHFL Loan Pool in a timely manner or at all. Except for the (i) Corporate Agency Agreement and the Distribution Agreement; and (ii) DHFL Loan Pool, our Company has no association with the Erstwhile Promoters and/or the Erstwhile Promoter Entities as on the date of this Addendum. For further details, see "*Our Group Companies*" beginning on page 173 of the Draft Red Herring Prospectus.

3. ***Our Promoter will continue to exert substantial voting control over our Company after completion of the Offer, which may limit your ability to influence the outcome of matters submitted for approval of our shareholders.***

As on the date of this document, our Promoter holds 98.72% of our pre-Offer Equity Share capital. Following the completion of the Offer, our Promoter may continue to hold a majority of our post-Offer Equity Share capital. This concentration of ownership could limit your ability to influence corporate matters requiring shareholders' approval. Our Promoter will have the ability to significantly influence matters requiring shareholders' approval, including the ability to appoint Directors on our Board and the right to approve significant actions at Board and at shareholders' meetings, including the issuance of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association. In addition, if our shareholders do not act together, such matters requiring shareholders' approval may be delayed or may not occur at all, which could adversely affect our business. Moreover, these shareholders are not obligated to provide any business opportunities to us. If such other shareholders invest in another company in competition with us, we may lose the support provided to us by them, which could adversely affect our business, results of operations, financial condition and cash flows. We cannot assure you that our existing shareholders will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business. Further, the trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive disadvantages to a large shareholding being concentrated in our Promoter. For details of our Equity Shares held by our Promoter, see "*Capital Structure*" on page 32 of this Addendum. For details of interests of our Promoters in our Company, see "*Our Promoter and Promoter Group*" on page 171 of the Draft Red Herring Prospectus.

4. ***We are party to certain legal proceedings and any adverse outcome in these or other proceedings may adversely affect our business.***

We are involved, from time to time, in legal proceedings that are incidental to our operations and these involve proceedings filed by and against us. These include among others, criminal and civil proceedings, tax proceedings, and criminal complaints filed by us under the Negotiable Instruments Act and applications under the SARFAESI Act challenging proceedings adopted by us towards enforcement of security interests. These proceedings are pending at different levels of adjudication before various fora, and authorities. A significant degree of judgment is required to assess our exposure in these proceedings and determine the appropriate level of provisions, if any. There can be no assurance on the outcome of legal proceedings or that the provisions we make will be adequate to cover all losses we may incur in such proceedings, or that our actual liability will be as reflected in any provision that we have made in connection with any such legal proceedings.

The summary of outstanding matters set out below includes details of criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving our Company and Directors as of the date of this Addendum. According to the Materiality Policy, any outstanding litigation other than criminal proceedings, statutory or regulatory actions and taxation matters is considered material if the monetary amount of claim by or against the entity or person in any such pending matter is in excess of ₹ 34.0 million or if an adverse outcome of any such litigation could materially and adversely affect our business, prospects, operations, financial position or reputation.

Types of proceedings	**Number of cases**	**Amount (in ₹ million)***
Litigation against our Company		
Actions by regulatory or statutory bodies	-	-
Criminal proceedings	17	-
Material civil litigation above the materiality threshold of ₹ 34.0 million	2	2,276.6
Tax proceedings	8	57.3**
Litigation by our Company		
Criminal proceedings***	3,914	3,294.2
Material civil litigation above the materiality threshold of ₹ 34.0 million	3	-
Litigation against our Directors		
Criminal proceedings	1	-
Actions taken by statutory or regulatory authorities	1	-
Material civil litigation	1	-

**To the extent quantifiable.*

***This does not include outstanding demand of ₹1.1 million in respect of tax deducted at source.*

****Includes 3,803 proceedings filed under section 138 of the Negotiable Instruments Act, 1881 involving an aggregate amount of ₹ 3,165.4 million.*

We cannot assure you that any of the outstanding material litigation matters will be settled in favour of our Company or that no additional liability will arise out of these proceedings.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. If a significant number of these disputes are determined against us and if we are required to pay all or a portion of the disputed amounts or if we are unable to recover amounts for which we have filed recovery proceedings, there could be a material and adverse impact on our reputation, business, financial condition, cash flows and results of operations. For details in relation to the proceedings involving our Company and Directors, see "*Outstanding Litigation and Material Developments*" on page 256 of this Addendum.

5. ***We are subject to periodic inspections by the NHB and RBI. Non-compliance with the NHB's observations made during any such inspections could adversely affect our reputation, financial condition and results of operations.***

Prior to the notification of the NHB Act Amendments, we were subject to periodic inspection by the NHB under the NHB Act, 1987 ("**NHB Act**"), wherein the NHB inspected our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for obtaining any information, which we may have failed to furnish when called upon to do so. However, pursuant to the NHB Act Amendments, the RBI will also have the power to conduct such inspections, in addition to the NHB. In its past inspection reports, the NHB has (a) identified certain deficiencies in our operations, (b) made certain observations in relation to our operations during its periodic inspections and (c) sought certain clarifications on our operations.

While we attempt to be in compliance with all regulatory provisions applicable to us, in the event that we are unable to comply with the observations made by the NHB in the past or comply with NHB's or RBI's directions at any time in the future, we could be subject to penalties and restrictions which may be imposed by the NHB or RBI. Imposition of any penalty or adverse finding by the NHB or RBI during any future inspection may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows. For further details, see "*Key Regulations and Policies in India – Introduction – Registration as an HFC and generally applicable regulations*" on page 140 of the Draft Red Herring Prospectus.

6. ***We have entered into a number of related party transactions and may continue to enter into related party transactions, which may involve conflicts of interest.***

We have entered into a number of related party transactions, within the meaning of AS-18 and Ind AS-24, as applicable. While we believe that all such transactions have been conducted on an arm's length basis, in accordance with our related party transactions policy and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Such transactions may give rise to potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. For further details of historical related party transactions, see "*Restated Consolidated Financial Information – Notes to Restated Consolidated Financial Information – Related Party Transactions*" on pages 193-197 of this Addendum.

7. ***Statistical and industry data in this document is derived from the CRISIL Report commissioned by us and paid for by us exclusively for the purpose of the Offer.***

The CRISIL Report is not exhaustive and is based on certain assumptions, parameters and conditions made and identified by CRISIL. The data and statistics in the CRISIL Report may be inaccurate, incomplete or unreliable. This document includes information that is derived from the report on 'Industry report on housing finance focused on low income housing segment, February 2022', prepared and issued by CRISIL Research, a division of CRISIL Limited ("**CRISIL Report**"), pursuant to an engagement with us. We have exclusively commissioned and paid for the services of CRISIL for the CRISIL Report for the purpose of confirming our understanding of the industry in connection with the Offer. CRISIL Research is not in any manner related to us, our Directors or our Promoter. The CRISIL Report includes definitions and categorises market participants under headings and definitions such as "HFCs focused on low income housing segment", "large HFCs", "medium HFCs", "small HFCs" and "mini HFCs". These terms, categorisations and definitions are not based on any legal, governmental, or regulatory definition or categorisation but have been created by CRISIL specifically to explain the nature of housing loans, the industry, its constituents and the nature of business undertaken in the housing finance industry. The CRISIL Report is subject to various limitations and is based on certain subjective assumptions. While we have taken reasonable care in the reproduction of the information from the CRISIL Report and we have no reason to believe the data and statistics in the CRISIL Report are incorrect, we cannot assure you that they are accurate, complete or reliable and, therefore, we make no representation or warranty, express or implied, as to the accuracy, completeness or reliability of such data or statistics. Therefore, discussions of matters relating to India, its economy and the industry in which we currently operate are subject to the caveat that the data and statistics upon which such discussions are based may be inaccurate, incomplete or unreliable. Further, there can be no assurance that such data and statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other reports. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this document.

8. ***We may not be able to maintain our capital adequacy ratio, which could adversely affect our business.***

The NHB Directions currently require HFCs to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital.

Pursuant to NHB regulations, HFCs are currently required to maintain a minimum capital to risk (weighted) assets ratio ("**CRAR**") consisting of Tier I and Tier II Capital which collectively shall not be less than 13.00% of their aggregate risk weighted assets and their risk adjusted value of off-balance sheet items on or before March 31, 2020, 14% on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter. This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. As of December 31, 2020 and December 31, 2021, our CRAR (%) was 46.88% and 44.73%, respectively. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. Further, the NHB may increase its current CRAR requirements or risk weight for assets, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future in order to maintain our CRAR above the existing and future minimum required levels or otherwise on terms favourable to us, in a timely manner, or at all, which may adversely affect the growth of our business. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Government Policy and Regulation*" on page 233 of this Addendum.

9. ***We do not own our branch offices, including our registered office and corporate office. Any termination or failure by us to renew the lease/ leave and license agreements in a favourable and timely manner, or at all, could adversely affect our business and results of operations. Moreover, many of the lease/ leave and license agreements entered into by us may not be duly registered or adequately stamped.***

Our branch offices including our registered office and corporate office are located on leased or licensed premises. For further details, see "*Our Business – Properties*" on page 111. The lease agreements can be terminated, and any such termination could result in any of our offices being shifted or shut down. Some of the lease/ leave and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease/ leave and license agreements. While we have not faced major issues renewing the leases of our offices in the past, if these lease/ leave and license agreements are not renewed or not renewed on terms favourable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations. Further, most of our lease/ leave and license agreements may not be adequately stamped or duly registered. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India or may not be authenticated by any public officer and the same may attract penalty as prescribed under applicable law or may impact our ability to enforce these agreements legally, which may result in an adverse effect on the continuance of our operations and business.

10. ***We assign a portion of our loan assets through direct assignments and through a co-lending arrangement to banks and other institutions. Any deterioration in the performance of any pool of receivables assigned to banks and other institutions or any decline in demand for such assignment of loan assets may adversely impact our financial performance and/or cash flows.***

As part of our means of raising and/or managing our funds, we assign a portion of the receivables from our loan portfolio to banks and other institutions. Such assignment transactions are conducted on the basis of our internal estimates of our funding requirements, which may vary from time to time. In Fiscal Years 2019, 2020 and 2021 and the nine month period ended December 31, 2020 and December 31, 2021, our fresh assignment of loan assets at book value was ₹ 14,831.1 million, ₹ 9,546.7 million, ₹ 5,778.7 million, ₹ 4,515.2 million and ₹ 5,592.2 million, respectively. In November 2021, following the amendment of the co-lending framework by RBI, we also signed our first co-lending agreement with UCO Bank to leverage our distribution network and widen our sources of funds. Under the co-lending arrangement, which is akin to a bilateral assignment, we will source and disburse loans in our usual course of business, and UCO Bank may agree to participate by transferring an 80% share of the loan to our Company through an escrow account. Our Company will continue to service the loan as a servicing agent, and continue to have interface with the customers, and share the collections with UCO Bank. See "*Our Business – Our Strategy - Optimize our borrowing costs and reduce operating expenses further*." on page 97 of this Addendum. Any change in statutory and/or regulatory requirements in relation to assignments by financial institutions, including the requirements prescribed by RBI and the Government of India, could have an adverse impact on our assignment transactions. The commercial viability of assignment transactions has been significantly affected by changes and developments relating to regulation governing such transactions. Such changes include:

- Prohibition on carrying out assignment transactions at rates lower than the prescribed base rate of the bank;
- Prohibition on HFCs focused on the low income housing segment such as our Company from offering credit enhancements in any form and liquidity facilities in the case of loan transfers through direct assignment of cash flows;
- Minimum holding period or 'seasoning' and minimum retention requirements of assignment loans; and
- Assignments shall be eligible for classification under priority sector only if the interest rate charged to the ultimate borrower by the originating entity does not exceed base rate of such bank plus 8% per annum.

Additionally, on September 24, 2021, the RBI introduced the Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021(the "**Master Directors on Loan Exposures**"), which is a comprehensive set of self-contained guidelines governing transfer of loan exposures by Schedules Commercial Banks, Regional Rural Banks, Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks; All India Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI); Small Finance Banks and NBFCs (including HFCs), which prohibit the transfer and acquisition of loans except as permitted under the Master Directions on Loan Exposures. In terms of the Master Directions on Loan Exposures, lenders are required to frame a comprehensive policy approved by their board of directors for transfer and acquisition of loan exposures. The policy must, among others, lay down the minimum quantitative and qualitative standards relating to due diligence, valuation, requisite IT systems for the capture, storage and management of data, risk management and periodic oversight including by the board of directors of the lenders. For instance, in terms of the Master Directions on Loan Exposures, transfer of loans not in default can be made to permitted transferees under the Master Direction including novation, assignment or loan participation contracts, only on a cash basis and the consideration must be received not later than at the time of the transfer of the loans. Loans can only be transferred after a minimum holding period (MHP), as counted from the date of registration of security interest, viz. (a) three months in case of loans with tenor of up to two years; (b) six months in case of loans with tenor of more than two years. There is no assurance that we will continue to comply with existing policies and/or regulations, particularly in connection with the assignment of our loan assets, which may adversely affect our ability to manage our liquidity and raise or transfer external funds. Any adverse changes in the policy and/or regulations in connection with the assignment of assets by HFCs and/or new circulars and/or directions issued by the RBI in this regard, affecting HFCs or the purchasers of assets, would affect the assignment market in general and our ability to assign our assets. In addition, a decline in demand for assignment would adversely affect our ability to assign our assets.

11. ***Any negative events affecting the Indian real estate sector could adversely affect the value of the collateral for our loans, our business and result of operations.***

Our lending products include housing loans and loans against property. All of our AUM is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. In the event the real estate sector is adversely affected due to any reason whatsoever, including without limitation, the passing of any stringent norms regarding construction, floor space index or other compliances, the value of our collateral may diminish which may affect our business and results of operations in the event of a default in repayment by our clients. Also, if any of the projects which form part of our collateral are stalled for any reason for any length of time, the same may affect our ability to enforce our security, thereby effectively diminishing the value of such security.

The primary security for the loans disbursed by us is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time, as well the quality of the construction and the relevant developer. The value of the collateral on the loans disbursed by us may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collateral may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose us to losses and, in turn, result in a material adverse effect on our business, results of operations, cash flows and financial condition.

Following the introduction of the SARFAESI Act and the subsequent extension of its application to HFCs, we are allowed to foreclose on collateral and take certain other actions, including taking over the management of the business of the borrower, and which includes our right to transfer (in any manner) the underlying collateral after 60 days' notice to a borrower whose loan has been classified as non-performing.

Although the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the value of its collateral, in full or in part. The Debt Recovery Tribunal ("**DRT**") has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower. As a result, there can be no assurance that any foreclosure proceedings would not be stayed by the DRT or any other relevant authority. In addition, delays on our part to take immediate action, delays in bankruptcy foreclosure proceedings, economic downturns, defects in security and fraudulent transfers by borrowers, may hinder our ability to realize the full value of security. In the event that a regulatory agency asserts jurisdiction over the enforcement proceedings, creditor actions can be further delayed. Therefore, there can be no assurance that we will be able to foreclose on collateral on a timely basis, or at all, and if we are able to foreclose on the collateral, that the value will be sufficient to cover the outstanding amounts owed to us, any of which may result in a material adverse effect on our business, results of operations, cash flows and financial condition.

12. ***We may not be able to identify or correct defects or irregularities in title to the properties which are made collateral to the loans offered by us to our customers, which may adversely affect our business.***

There is no central title registry for real property in India and the documentation of land records in India has not been fully digitized. Property records in India are maintained at the state/ district/local sub-registrar level and in local languages and are updated manually through physical records. Therefore, property records may not be available online for inspection, may be illegible, untraceable, tampered and incomplete, may not have been updated regularly, may be inaccurate in certain respects or may have been kept in poor condition which may impede title investigations or our ability to rely on such property records. Title to land in India is often fragmented, and in many cases, land may have multiple owners. Title may also suffer from irregularities, such as non-execution or non-registration of conveyance/title deeds and inadequate stamping and may be subjected to encumbrances that we are unaware of and that may not be apparent on the face of the relevant documentation. Any defects in, or irregularities of, title may result in a loss of development or operating rights over the land, which may prejudice our ability to realize the loan amount extended to our customers in case of a default in payment. This will compel us to write off such loans or litigate the cases with a heavy cost and an indefinite time to resolution, which will adversely affect our revenues.

We undertake a Property Search/ Non-Encumbrance report/ certificate for all the cases from the empanelled Advocates prior to disbursement of the loans and to check that the title to the property is clear and marketable.

Furthermore, there is no mechanism to verify multiple executions on the same day with different registrars or to verify the legitimacy of such executions. Whenever a customer submits his original agreement to sell, the sale deed or any other title deed, we can only verify, among other things, if the correct stamp duty has been paid, if the agreement to sell or the sale deed has been signed by all parties, if there is a proper seal of registrar and if there is a registration receipt with the customer. We also cannot immediately ascertain the legitimacy of the deed without obtaining a certified copy of the deed from the relevant registrar office to verify its genuineness, and this involves cost and time since we are compelled to rely on officials.

Additionally, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. Secondly, any deed if registered is a public document and is easily accessible from the sub registrar by any third party to mutilate the title of the property.

The Government set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**") under SARFAESI in April 2011 to have a central database of all mortgages created by lending institutions. The objective of this registry is to compile and maintain data relating to all transactions secured by mortgages; all banks and HFCs which fall under the range of SARFAESI are required to register with CERSAI and submit the data in respect of all properties mortgaged in their favour. However, de-duplication is subject to the accuracy of descriptions of property submitted by borrowers and highlighted in the deeds of sale. In all cases, we verify online CERSAI data before disbursement.

As a result, potential disputes or claims over title to our mortgaged properties may arise. However, an adverse decision from a court or the absence of an agreement with such third parties may result in additional costs and delays in the realization of the loan amount. Also, such disputes, whether resolved in our favour or not, may divert management's attention, harm our reputation, and otherwise disrupt or adversely affect our business, financial condition and results of operations.

13. We have had negative net cash flows in the past and may continue to have negative cash flows in the future.

The following table sets forth our cash flows for the periods indicated:

	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2021	For the nine months ended December 31, 2020	For the nine months ended December 31, 2021
Net cash used in operating activities	(25,535.2)	(17,847.9)	(17,801.6)	(8,413.1)	(10,659.5)
Net cash generated from / (used in) investing activities	(485.9)	(14,951.3)	(4,804.8)	(6,975.3)	7,038.2
Net cash generated from financing activities	33,563.7	37,014.5	12,792.6	4,446.7	9,667.8

For further details, see "*Restated Consolidated Financial Information – Restated Consolidated Statement of Cash Flow*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 120 and 227 of this Addendum, respectively. For instance, we have in the past experienced negative net cash used in operating activities for Fiscals 2019, 2020 and 2021 and for the nine months ended December 31, 2020 and December 31, 2021. We cannot assure you that our net cash flow will be positive in the future, which could adversely affect our ability to, among others, fund our operations or pay our debts in a timeline manner, which could in turn adversely affect our business, cash flows, financial condition and results of operations.

14. ***We have geographic concentration in certain states and therefore are dependent on the general economic conditions and activities in these states.***

Although among the peer set analysed by CRISIL, we have a presence in 20 states and UTs which is the highest among these peers, the cumulative share of the top 5 states in the AUM is generally very high among the peer set, ranging from 63% to 100%. (*Source: CRISIL Report)*. For further details about our geographic concentration, see "*Our Business - Overview*" on page 89 of this Addendum. As of December 31, 2021, 81.2 % of our Gross AUM is from eight states. Our concentration in these states exposes us to any adverse geological, ecological, economic and/or political circumstances in those respective regions. If there is a sustained downturn in the economy of those regions or a sustained change in housing market in those regions for any reason, including consequences of the COVID-19 pandemic, our financial position may be adversely affected.

15. ***Any increase in the levels of non-performing assets ("NPAs") in our AUM, for any reason whatsoever, would adversely affect our business, results of operations, cash flows and financial condition.***

All our customers are retail borrowers. As of December 31, 2020 and December 31, 2021, 53.9% and 51.0%% of our Gross AUM were from formal salaried customers, 10.5% and 11.4% from informal salaried customers, 17.1% and 14.2% from formal self-employed and 18.5% and 23.4% from informal self-employed customers, respectively. Such borrowers may be particularly adversely affected by COVID-19 and its impact on the Indian economy, which could lead to increased customer defaults, leading to an increase in the levels of our NPAs.

Income of informal customers is assessed by the credit manager during personal discussion with such customers and verification and collection of other secondary data, in the absence of a documented proof of income. Such an assessment of income for customers from the informal segment may be incorrect or inaccurate for multiple reasons which may result in an increased chance of delinquencies and defaults from such customers.

The Housing Finance Companies Directions, 2010, as amended (the "**NHB Directions**"), which are applicable to us, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs, though we follow Ind AS for income recognition against NPAs. There is no assurance that our NPA level will continue to stay at its current level. If the credit quality of our AUM deteriorates or we are unable to implement effective monitoring and collection methods, our results of operations and financial condition may be adversely affected. As we intend to continue our efforts to originate new loans, we cannot assure you that there will not be significant additional NPAs in our AUM in the future.

Further, the NHB/RBI Directions on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations. The NHB/RBI Directions also prescribe the provisioning required in respect of our outstanding AUM. However, we follow Ind AS for provisioning as per the RBI Circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020. In the event that the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms, then the difference shall be appropriated from the Net Profit or loss after tax to a separate "Impairment Reserve". Should the overall credit quality of our AUM deteriorate, the current level of our provisions may not be adequate to cover further increases in the amount of our NPAs. As of March 31, 2021, our Gross Retail NPAs, as a percentage of our Retail AUM, were 1.07% and our net Retail NPAs as a percentage of our retail AUM were 0.75%. Our provisions for Retail NPAs (ECL provision for Stage 3) as at March 31, 2021, March 31, 2020 and March 31, 2019 were ₹ 433.6 million, ₹ 254.9 million and ₹ 128.0 million representing 30.32%, 27.19% and 22.35%, respectively of our Gross Retail NPAs in those years. For further details about the statistical information of our Company, see "*Selected Statistical Information*" on page 211 of this Addendum.

On November 12, 2021, the RBI issued a circular on *Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications* (the "**November 12 Circular**") which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). Following the November 12 Circular, from a reporting perspective, we classified our Stage 3 assets into: (a) Stage 3a loans not more than 90 days past due and (b) Stage 3b loans more than 90 days past due. Our Stage 3b loans are comparable to our NPA for the previous period/years and our Stage 3a loans have been classified as a result of the November 12 Circular with effect from November 12, 2021. As a result of the reclassification of Stage 3 loans, our Retail GNPAs as of December 31, 2021 of ₹3,162.5 million (2.25% of our Retail AUM) includes loan assets of ₹ 913.8 million (0.65% of our Retail AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular. Our Own Book GNPA as of December 31, 2021 of ₹2,729.3 million (2.40% of our Own Book) includes loan assets of ₹ 754.6 million (0.66% of our Own Book) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular. Our Retail GNPAs increased from ₹1,430.3 million (1.07% of our Retail AUM) as of March 31, 2021 to ₹3,162.5 million (2.25% of our Retail AUM) as of December 31, 2021, and our Own Book GNPA increased from ₹1,307.1million (1.21% of our Own Book) to ₹2,729.3 million (2.40% of our Own Book). This clarification by the RBI could cause our NPAs to continue to increase in the near term, and increase stickiness of NPAs for NBFCs going forward, and consequently result in an increase in provisioning requirements, higher capital requirements and losses over time.

If we are required to increase our provisioning in the future due to increased NPAs or the introduction of more stringent requirements in respect of loan loss provisioning, this may reduce our profit after tax and adversely impact our results of operations. Further, there can be no assurance that we will be able to recover the outstanding amounts due under any defaulted loans. We may also face difficulties in disposing of the underlying assets relating to such loans, as a result of which we may be unable to realize any liquidity from such assets. Further, as our loan portfolio grows, our NPAs may increase and the current level of our provisions may not adequately cover any such increases. We cannot assure you that there will not be a significant increase in the portion of our loans that are classified as NPAs as our loan portfolio matures. Any material increase in NPAs may have a material adverse effect on our financial condition, results of operations and business.

The provisioning measures imposed by the RBI may also have an adverse effect on our business, cash flows, financial condition and results of operations.

16. ***If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.***

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see " *Our Business – Competitive Strengths - Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality*" on page 94 of this Addendum, "*Our Business – Loan collection and Monitoring*" on page 103 of this Addendum, "*Our Business – Risk Management*" on page 105 of this Addendum. For instance, to address cash management risks, we have developed advanced cash checks at every level to track and tally accounts, as described in "*Our Business – Risk Management – Cash Management Risk*" on page 106 of this Addendum. Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. For details, see "*Our Business – Information Technology*" on page 106 of this Addendum. Further, some of our methods of managing risks are based upon the use of observed historical market behaviour. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. To the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses. For details, see "*Any increase in the levels of NPAs in our AUM, for any reason whatsoever, would adversely affect our business, results of operations, cash flows and financial condition*" above.

If we fail to effectively implement our risk management policies, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

17. ***We rely significantly on our information technology systems for our business and operations. A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operations, cash flows and financial condition.***

Our ability to operate and remain competitive depends in part on our ability to maintain and upgrade our information technology systems and infrastructure on a timely and cost-effective basis, including our ability to process a large number of transactions on a daily basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our financial, accounting and other data processing systems, management information systems and our corporate website may fail to operate adequately or become disabled as a result of events beyond our control, including a disruption of electrical or communications services.

We may also face risks relating to our migration to a new IT infrastructure as part of our digital transformation program. For instance, in FY2020, we launched a Digital Transformation program and transitioned to our new Tata Consultancy Services ("**TCS**") platform which became operational in October 2021. As we implemented the TCS platform concurrently across all our branches, there was some disruption in disbursement numbers in October and November 2021 due to the "learning curve" associated with the adoption of a new technological system, which have settled down since mid-November 2021. As part of our Digital Transformation program, there are certain initiatives on the TCS platform which are a part of the "roadmap deliverables" to be completed over the next few months. Any delays in the development of these initiatives could also adversely impact the overall productivity of our business and any failure to successfully develop these initiatives could lead to business interruptions. There is no assurance that our transition to our new technological platforms will be smooth or in the manner that we anticipate or that the any or all technologies we adopt will achieve the efficiencies we expect, or that we will not face any disruptions or problems resulting from any or all technologies we use, which may adversely affect our business, results of operations, cash flows and financial condition. See "*Our Business – Information Technology – Digital Transformation Program*" on page 108 of this Addendum.

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, customer applications and interfaces, may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and to us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex -filtration of account sensitive information; (b) hacking – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; (d) ransomware – a malware which threatens to block or publish data unless a ransom is paid and (e) advanced persistency threat – network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time. In addition, due to the recent social distancing measures and the lockdown imposed by the government, there has been a recent increase in electronic transactions which increases the risk of cyber-attacks. The intention of these attacks is to steal our data or information, or to shut down our systems and only release them for a fee. Attempted cyber threats fluctuate in frequency but are generally not decreasing in frequency. There have been certain such instances of breaches and theft in the past.

Further, the information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. If any of these systems are disabled or if there are other shortcomings or failures in our internal processes or systems, it may disrupt our business or impact our operational efficiencies and render us liable to regulatory intervention or damage to our reputation. The occurrence of any such events may adversely affect our business, results of operations, cash flows and financial condition.

18. ***We depend on the accuracy and completeness of information provided by our potential borrowers and third-party service providers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition.***

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, we conduct searches on Credit Information Bureau (India) Limited ("**CIBIL**") and other credit bureaus for creditworthiness of our borrowers. We also verify information with registrars and sub-registrars of assurances for encumbrances on collateral. We follow the know your customer ("**KYC**") guidelines prescribed by the NHB on the potential borrower, verifies the place of business or place of employment as applicable to the potential borrower and also verifies the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. Additionally, once a prospective borrower has submitted a completed loan application, our empanelled third-party agencies conduct various on-site checks to verify the prospective customer's work and home addresses. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010, as amended mandating the policies of HFCs to have certain key elements, including, *inter alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, results of operations and financial condition.

While we have a credit appraisal process, there can be no assurance that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with credit bureaus and NHB, or the on-site verification conducted by our empanelled third-party agencies will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing assets, which could adversely affect our business and results of operations.

19. ***We depend on third-party selling agents for referral of a certain portion of our customers, who do not work exclusively for us.***

We depend on external direct selling agents ("**DSAs**"), who are typically proprietorships and self-employed professionals, as well as Aadhar Mitras, who are people in non-allied industries (for example, hardware store owners, property brokers and building material suppliers) who act as lead providers to our sales teams in return for referral fees, to source a portion of our customers. Our DSAs pass on leads of any loan requirements of these small businesses to us. Our agreements with such DSAs typically do not provide for any exclusivity, and accordingly, such DSAs can work with other lenders, including our competitors. There can be no assurance that our DSAs will continue to drive a significant number of leads to us, and not to our competitors, or at all. As of December 31, 2021, we had approximately 3,630 DSAs and 9,403 Aadhar Mitras.

20. ***We may not be able to sustain our business growth, which may have a material adverse effect on our business, results of operations, cash flows and financial condition.***

We experienced growth in our business in the past. Our total income grew from ₹ 12,656.3 million for the financial year 2019 to ₹ 15,755.5 million for financial year 2021 and was ₹ 11,626.2 million and ₹ 12,764.1 million for the nine months ended December 31, 2020 and December 31, 2021, respectively, while our profit after tax grew from ₹ 1,618.8 million for the financial year 2019 to ₹ 3,401.3 million for financial year 2021 and was ₹ 2,470.4 million and ₹ 3,296.0 million for the nine months ended December 31, 2020 and December 31, 2021, respectively. Our Gross AUM has grown from ₹ 100,157.5 million as of March 31, 2019 to ₹ 126,664.1 million and ₹ 140,521.9 million as of December 31, 2020 and December 31, 2021, respectively. However, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, or at the same rate. Growth in our business exposes us to a wide range of increased risks within India, including business risks, operational risks, fraud risks, regulatory and legal risks and the possibility that the quality of our AUM may decline. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key management personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients, developing managerial experience to address emerging challenges and ensuring a high standard of customer service. Going forward, we may not have adequate processes and systems such as credit appraisal and risk management to sustain this growth. Our results of operations depend on a number of internal and external factors, including the increase in demand for low income housing segment loans in India, competition, the RBI's monetary and regulatory policies, NHB / RBI regulations, inflation, our ability to expand geographically and diversify our product offerings and also, significantly, on our net interest income. Further, it cannot be assured that we will not experience issues such as capital constraints, difficulties in expanding our existing business and operations, and hiring and training of new personnel in order to manage and operate our expanded business.

Our business depends significantly on our marketing initiatives. There can be no assurance in relation to the impact of such initiatives and any failure to achieve the desired results may negatively impact our ability to leverage our brand value. There can also be no assurance that we would be able to continue such initiatives in the future in a similar manner and on commercially viable terms. Furthermore, any adverse publicity about, or loss of reputation by us could negatively impact our results of operations.

If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers or new businesses, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our business, prospects, financial condition, cash flows and results of operations.

We cannot assure you that our existing or future management, operational and financial systems, processes, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations. Any one or a combination of some or all of the above-mentioned factors may result in a failure to maintain the growth of our AUM which may in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

21. ***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.***

Our operations are particularly vulnerable to volatility and mismatches in interest rates. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow. The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competition pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying the loan to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability. If interest rates rise, some or all of our lenders may increase the interest rates at which we borrow resulting in an increase in our effective cost of funds. We may or may not be able to pass on the increased interest rates to our borrowers simultaneously with the increase in our borrowing rates, or at all, thereby affecting our net interest income and we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits. Additionally, an increase in interest rates may result in some of our borrowers prepaying their loans by arranging funds from other less expensive sources, thereby impacting our growth and profitability.

Further, an increase in general interest rates in the economy could reduce the overall demand for housing finance and impact our growth. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

The pricing on our issuances of debt will also be negatively impacted by any downgrade or potential downgrade in our credit ratings. This would increase our financing costs, affect our margins and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

22. Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter. For details of such financing arrangements, see "*Financial Indebtedness*" beginning on page 282 of the Draft Red Herring Prospectus. We cannot assure you that we will be able to pay dividends in the future. For further details, see "*Dividend Policy*" beginning on page 175 of the Draft Red Herring Prospectus.

23. We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and medium -term funding sources such as bank loans, non-convertible debentures, refinancing from the NHB, commercial paper, or cash credit. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our business, results of operations and financial condition. For further details, see "*Our Business – Risk Management*" on page 105 of this Addendum.

24. Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations.

As at December 31, 2020 and December 31, 2021, our borrowings (other than debt securities) were ₹ 72,862.4 million and ₹ 89,205.4 million, debt securities were ₹ 22,361.0 million and ₹ 17,841.2 million, subordinated liabilities were ₹ 832.1 million and ₹ 833.7 million and deposits were ₹ 469.2 million and ₹ 162.8 million, respectively. We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings. Some of our agreements require us to take consent from our lenders for undertaking various actions, including, for:

- Entering into any schemes of mergers, amalgamations, compromise or reconstruction;
- Disposal of our Promoter's shareholding in the Company including effecting any change in the management control of the company involving transfer of ownership;
- Enter into any borrowing arrangement with any bank, financial institution, company or person or otherwise accepting deposits which increase the indebtedness of the company beyond the permitted limits as per sanction terms;
- Approaching capital market for mobilizing additional resources either in the form of debt or equity;
- Changing the substantial nature of the business of our Company;
- Effecting any change in our capital structure, including shareholding of our Promoter;
- Pledging of our Promoter's shareholding in the company to any bank or non-banking financial institution;
- Any material change in our management or business;
- Any amendments to our Memorandum or Articles of Association;
- Undertaking guarantee obligations on behalf of any third party;

- Declare any dividends to our shareholders if an there is a subsisting event of default/ breach in any financial covenant;

- Repaying any monies brought in by our Promoter / directors / principal shareholders and their affiliates, friends and relatives by way of deposits / loans / advances during the currency of the facility;

- Transfer or dispose of any of our undertakings;

- Utilization of funds for any other purpose other than for which approval has been granted or agreed to be granted; and

- Entering into any long-term contractual obligations that significantly affect the lender.

Some of our loan agreements also require us to maintain certain periodic financial ratios. Additionally, most of our financing agreements also contain cross-default and cross-acceleration clauses, which are triggered in the event of default by our Company under the respective financing agreements. Also, our Company has certain loan facilities which the lenders can recall without any cause. In particular, in December 2021, we were in breach of our covenant with one lender to maintain a certain level of NPAs (this was due to increase in our NPAs as a result of the November 12 Circular) and have received a condonation from the relevant lender. There is no assurance that we will receive a similar condonation or waivers for any breaches from any of our present or future lenders.

Our future borrowings may also contain similar restrictive provisions. In the event that we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which are only identified in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell some or all of the assets in our portfolio if we do not have sufficient cash or credit facilities to make repayments.

We cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

25. ***Any downgrade in our credit ratings may increase interest rates for raising new debt, refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis.***

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. For details of our current credit ratings, see "*Our Business – Credit Ratings*" on page 104 of this Addendum. Any downgrades in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to borrow on a competitive basis, which may in turn adversely affect our business, financial condition, results of operations and cash flows. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our borrowings and also lead to lenders imposing additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations and financial condition. In the event of any downgrade in our credit ratings, we cannot assure you that we would be able to refinance any debt on acceptable terms or at all.

26. ***We may experience difficulties in expanding our business or pursuing new business opportunities in new regions and markets.***

As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business and pursue new business opportunities in new regions and markets. Factors such as competition, customer requirements, regulatory regimes, culture, business practices and customs in these new markets may differ from those in our current markets, and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who may be more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers.

Our present and future business may be exposed to various additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully marketing our products in markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to different regions of India in which different languages are spoken, including engagement with local DSAs, Aadhar Mitra and Digital Aadhar Mitra. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not recover. We may not be able to expand our current operations or pursue new business opportunities, which may adversely affect our business prospects, financial condition, cash flows and results of operations.

27. ***Borrowing for the purchase or construction of property may not continue to offer borrowers the same fiscal benefits it currently offers and the housing sector may not continue to be regarded as a priority sector by the Government, which may adversely affect our business, prospects, financial condition and results of operations.***

The rapid growth in the housing finance industry in India in the last decade is in part due to the introduction of fiscal benefits for home owners. Since the early 1990s, interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits, and tax rebates have been available for borrowers of such capital up to specified income levels. There can be no assurance that the Government will continue to offer such tax benefits to borrowers at the current levels or at all. In addition, there can be no assurance that the Government will not introduce tax efficient investment options which are more attractive to borrowers than property investment. The demand for housing and/or housing finance may be reduced if any of these changes occur.

The RBI has also provided incentives to the housing finance industry by extending priority sector status to housing loans. In addition, pursuant to Section 36(1)(viii) of the Income Tax Act, 1961, up to 20% of profits from eligible business computed under the head "profits and gains of business or profession", may be carried to a "Special Reserve" and are not subject to income tax. This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid-up share capital (excluding the amounts capitalized from reserves) and general reserves of the company. Further, in terms of the Section 41(4A) of the Income Tax Act, 1961, where a deduction has been allowed in respect of any special reserve created and maintained under Section 36(1)(viii) of the Income Tax Act, 1961, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income tax as the income of the previous year in which such amount is withdrawn, if it does not, this may result in a higher tax outflow. By way of notification no. NHB(ND)/DRS/Pol. Circular No. 62/2014 dated May 27, 2014, NHB stipulated that all HFCs are required to create a deferred tax liability ("**DTL**") on the Special Reserve created from current and past profits, irrespective of whether it is intended to withdraw from such reserve or not, however, we follow Ind AS for our accounting and accordingly as per Ind AS have not created deferred tax liability on special reserve.

In addition, availing of housing loans for residential properties has become attractive due to certain government schemes and income tax exemptions on the repayment of loans and interest payments. Principal repayment qualifies for tax deduction under section 80C of the Income Tax Act, 1961 and interest payment qualifies for a reduction in taxable income as per the maximum limit specified in Income Tax Act, 1961. There can be no assurance that the government will continue with such schemes or tax benefits on housing loans and any significant change by the government in its monetary policy or tax laws, may adversely affect our business and results of operations. Changes in tax laws and reduction in tax concessions for housing loans may negatively impact the housing market and the housing loan market in general, which could adversely affect our business, financial condition, cash flows and results of operation.

28. ***We may not be able to obtain, renew or maintain statutory and regulatory permits and approvals required to operate our business may materially and adversely affect our business and results of operations.***

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business. These include registration with the NHB for carrying out business as an HFC. We are also required to maintain licenses under various applicable national and state labour laws in force in India for some of our offices and with regard to some of our employees. While we currently possess or have applied for renewals of certain licenses, including shops and establishment licenses for some of our branches, there can be no assurance that the relevant authorities will renew these in the anticipated timeframe, or at all. In addition, we may apply for more approvals. For further details, please see "*Government and Other Approvals*" on page 318 of the Draft Red Herring Prospectus.

A majority of these approvals are granted for a limited duration and are subject to numerous conditions. We cannot assure you that these approvals would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Additionally, failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, cash flows and results of operations.

29. ***We may have to comply with stricter regulations and guidelines issued by regulatory authorities in India, including the NHB and RBI, which may increase our compliance costs, divert the attention of our management and subject us to penalties.***

We are regulated principally by and have reporting obligations to the NHB and the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us differs in certain material respects from that in effect in other countries and may continue to change as India's economy and commercial and financial markets evolve. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented which are intended to provide tighter control and more transparency in India's housing finance sector.

The laws and regulations governing the housing finance industry in India have become increasingly complex and cover a wide variety of issues. Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations.

Moreover, new regulations may be passed that restrict our ability to do business. Further, these regulations are subject to frequent amendments and depend upon government policy. We cannot assure you that we will not be subject to any adverse regulatory action in the future. The costs of compliance may be high, which may affect our profitability. If we are unable to comply with any such regulatory requirements, our business and results of operations may be materially and adversely affected.

Further, pursuant to the NHB Act Amendments which came into force on August 9, 2019, and read with the 'Master Direction – Exemptions from the RBI Act, 1934' dated November 24, 2020, amongst others, (i) existing exemptions available to HFCs under the RBI Act have been withdrawn and accordingly the RBI has the power to determine policy and issue instructions in relation to housing finance institutions; and (ii) the RBI has the power to regulate by specifying conditions or prohibit the issue by any HFC which is a company of any prospectus or advertisement soliciting deposits of money from the public. The NHB Act Amendments also provide for certain powers to be exercised by the RBI concurrently with the NHB, such as the power to conduct inspections and request for documents from the HFCs.

Further, pursuant to the amendments to the 'Master Direction – Exemptions from the RBI Act, 1934' dated November 24, 2020, sections 45 – IA, 45 -IB and 45 – IC of the RBI Act, which deal with requirement of registration and net owned fund, maintenance of percentage assets, and the setting up and maintenance of a reserve fund are not applicable to HFCs.

On June 17, 2020, the RBI released proposed changes to be undertaken in the regulatory framework for HFCs post the transfer of regulation of HFCs from NHB to the RBI with effect from August 9, 2019, for public comments ("**Draft Framework**"). These included changes such as (a) defining principal business and qualifying assets for HFCs; (b) defining the phrase 'providing finance for housing' or 'housing finance'; (c) classification of HFCs as systematically important or non-systematically important; and (d) applicability of liquidity risk framework, liquidity coverage ratio, and securitisation of NBFCs to HFCs.

Basis the inputs received in relation to the Draft Framework, the RBI issued a revised framework for regulating the HFCs by way of its circular dated October 22, 2020 ("**Revised HFC Framework**"). Pursuant to the Revised HFC Framework, the RBI has, amongst others, (a) exempted HFCs from the applicability of section 45-IB and 45-IC of the RBI Act. However, relevant notifications in this regard are yet to be issued; (b) increased the minimum net owned fund requirement for HFCs from ₹ 100 million to ₹ 200 million; and (c) extended applicability of regulations applicable on NBFCs to HFCs pertaining to monitoring of frauds, information technology framework and implementation of Indian Accounting Standards for impairment allowances and regulatory capital.

Further, pursuant to the Revised HFC Framework, the NBFC-ND-SI Directions have been made applicable on various aspects including loan against security of shares and gold jewellery, securitisation transactions, managing risk and code of conduct in outsourcing, liquidity risk management framework and liquidity coverage ratio.

Activities of HFCs, are primarily regulated by the RBI and the NHB, including various aspects of our business such as definition of housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, on-boarding of customers, credit approval and risk management and asset classification and provisioning. Accordingly, there may be further scrutiny and instructions from the RBI in relation to the regulation of HFCs. If we fail to comply with such requirements, we may be subject to penalties or compounding proceedings.

Further, pursuant to recent notification dated November 18, 2019 issued by the Ministry of Corporate Affairs, certain prescribed non-banking finance companies (which include HFCs) with asset size of ₹ 500 crore or more, as per last audited balance sheet have been notified as a category of financial service providers ("**Notified FSPs**"). The Ministry of Corporate Affairs has also issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, in terms of which the RBI may initiate insolvency and liquidation proceedings under the IBC against Notified FSPs (which includes our Company) for a 'default' in terms of the IBC.

If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. Any changes in the existing regulatory framework, including any increase in the compliance requirements, may require us to divert additional resources, including management time and costs towards such increased compliance requirements. Such an increase in costs could have an adverse effect on our business, prospects, financial condition and results of operations. Additionally, our management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards our business, which may have an adverse effect on our future business, prospects, financial condition and results of operations.

There can be no guarantee that we will be able to comply with any increased or more stringent regulatory requirements, in part or at all. Failure to comply with such further regulatory requirements could lead to regulatory actions, including penalties, which may have an adverse effect on our future business, prospects, financial condition, cash flows and results of operations.

30. We have contingent liabilities as at December 31, 2021 and our financial condition may be adversely affected if these contingent liabilities materialize.

We have contingent liabilities, which could adversely affect our business and results of operations. Our contingent liabilities aggregated to ₹ 32.1 million and ₹ 2.1 million as at December 31, 2021 and December 31, 2020, respectively, in accordance with Ind AS 37. The contingent liabilities consist of liabilities on account of income tax matters of earlier years. In the event that any of these contingent liabilities materialize, our results of operations and financial condition may be adversely affected. Below are the details of Contingent liabilities as at March 31, 2019, March 31, 2020 and March 31, 2021 and as at December 31, 2020 and December 31, 2021:

Particulars	As at March 31, 2019	As at March 31, 2020	As at March 31, 2021	As at December 31, 2020	As at December 31, 2021
Income tax matters of earlier years*	13.6	11.3	2.1	2.1	12.5
Indirect tax matters of earlier years	-	-	-	-	19.6
Total*	**13.6**	**11.3**	**2.1**	**2.1**	**32.1**

** Part of the aforementioned contingent liabilities towards income tax have been paid under protest.*

31. Security breaches of customers' confidential information that we store may expose us to liability and harm our reputation.

As part of our business, we store and have access to customers' bank information, credit information and other sensitive data. Any accidental security breaches or other unauthorized access to confidential information could expose us to liability related to the loss of the information, legal proceedings against us including the potential imposition of penalties, and negative publicity. Data security breaches could lead to the loss of trade secrets or other intellectual property, or the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. Security measures could be breached by third-party actions, intrusion into our software by hackers due to software flaws or due to employee error and malfeasance. In addition, we may be required under applicable regulations to notify individuals of data security breaches involving their personal data. Any security breach may cause our customers to lose confidence in the effectiveness of our data security measures, and in turn have an adverse effect on our business, operations, financial condition or cash flows.

32. Our insurance coverage may not be sufficient or may not adequately protect us against losses, and successful claims that exceed our insurance coverage could harm our results of operations and diminish our financial position.

We maintain insurance coverage of the type and in the amounts that we believe are commensurate with, and appropriate to, our operations. For further details on our insurance coverage, see "*Our Business – Insurance*" on page 109 of this Addendum. Our insurance policies, however, may not provide adequate coverage in certain circumstances and may be subject to certain deductibles, exclusions and limits on coverage. Even if we have insurance for the incident giving rise to the loss, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. However, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. In addition, there are various types of risks and losses for which we do not maintain insurance because they are either uninsurable or because insurance is not available to us on acceptable terms. We cannot assure you that that we will not face claims that are not covered by our existing insurance coverage, which could adversely affect our business, financial condition, cashflows and results of operations. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or results in changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cashflows and results of operations.

33. We may be unable to protect our brand names and other intellectual property rights which are critical to our business.

We may be required to resort to legal action to protect our brand names and other intellectual property rights. Any adverse outcome in such legal proceedings may impact our ability to use our brand names and other intellectual property rights in the manner in which such intellectual property is currently used or at all, which can have a material adverse effect on our business and financial condition.

34. Negative publicity could damage our reputation and adversely impact our business and financial results.

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the banking and financial services industry in general has been closely monitored as a result of the global financial crisis and other matters affecting the financial services industry. Negative public opinion about the banking and financial services industry generally or us specifically could materially adversely affect our ability to attract and retain customers and may expose us to litigation and regulatory action. While we have developed our brand and reputation over our history, any negative incidents or adverse publicity could rapidly erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations. Negative publicity can result from our own or our third- party service providers' actual or alleged conduct in any number of activities, including lending practices, mortgage servicing and foreclosure practices, technological practices, corporate governance, regulatory compliance, mergers and acquisitions, and related disclosure, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. Although we take steps to minimize reputational risk in dealing with customers and other constituencies, we, as a large financial services organization with a high industry profile, are inherently exposed to this risk.

Further, a failure of a cooperative bank, private sector bank, non-banking finance company or small finance bank or housing finance company could also affect the sentiment towards the low income housing segment industry in general and lead to a reduction in business for all HFCs. Any damage to our brand or our reputation may result in withdrawal of business by our existing customers, loss of new business from potential customers.

35. We, together with our Promoter, are required to comply with certain restrictive covenants in relation to its shareholding, under our financing agreements.

Under certain agreements in relation to the refinancing availed from the NHB, our Promoter is required to submit a non-disposal undertaking with respect to its shareholding in the Company, and any transfer and/or dilution of our Promoter's shareholding in our Company requires prior approval from the NHB. Such restrictions on the transferability of shareholding of our Promoter, if not waived by NHB in a timely manner or at all, could impact our ability to undertake the Offer or prevent, in the future, a change in control, merger, consolidation, takeover or other business combination involving us.

36. We have in this document included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial condition. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses. Many financial services businesses provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry. Therefore, such non-GAAP measures may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

37. Our management will have flexibility over the use of the Net Proceeds of the Fresh Offer.

We intend to use the Net Proceeds of the Fresh Offer towards augmenting our capital base to meet our future capital requirements, in accordance with applicable law, and in the manner indicated in "*Objects of the Offer*" on page 81 of the Draft Red Herring Prospectus. Our management may not apply the Net Proceeds of the Fresh Offer in ways that increase the value of your investment. Various risks and uncertainties, including those set forth in this "*Risk Factors*" section, may limit or delay our efforts to use the Net Proceeds of the Fresh Offer in the manner indicated in "*Objects of the Offer*" on page 81 of the Draft Red Herring Prospectus.

38. A portion of the proceeds from this Offer will not be available to us.

As this Offer includes an offer for sale of Equity Shares by the Promoter Selling Shareholder, the proceeds from the Offer for Sale will be remitted to the Promoter Selling Shareholder and our Company will not benefit from such proceeds.

39. The bankruptcy code in India may affect our rights to recover loans from our customers.

The Insolvency and Bankruptcy Code, 2016 ("**IBC**") was notified on August 5, 2016. The IBC offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The IBC creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against our debtor, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority.

Accordingly, if the provisions of the IBC are invoked against any of our customers, it may affect our ability to recover our loans from the borrowers and enforcement of our rights will be subject to the IBC.

40. ***We expect to be classified a passive foreign investment company, and our U.S. shareholders may suffer adverse tax consequences as a result.***

We will be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes for any taxable year in which (i) 75% or more of our gross income consists of "passive income" or (ii) 50% or more of the average quarterly value of our assets consists of assets that produce, or are held for the production of, passive income. For this purpose "passive income" generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions with exceptions for, among other things, dividends, interest, rents and royalties received from certain related companies to the extent attributable (in accordance with U.S. Treasury regulations) to non-passive income derived by such related companies, as well as for gains from sale or exchange of inventory or similar property. In addition, for the PFIC asset test, cash and cash equivalents are considered passive assets. Based on estimates of our gross income, gross assets, and the nature of our business, we expect that we were a PFIC in prior taxable years and expect to be classified as a PFIC in the current taxable year and in the foreseeable future. If we are classified as a PFIC for any taxable year, U.S. investors may be subject to adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of Equity Shares and certain excess distributions, and a requirement to file annual reports with the U.S. Internal Revenue Service. Prospective U.S. investors should consult their tax advisors regarding the Company's PFIC status and the consequences to them if we are classified as a PFIC for any taxable year.

Alternatively, a U.S. taxpayer that makes a timely and effective "QEF election" generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of our "net capital gain" and "ordinary earnings" (calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by us. For a U.S. taxpayer to make a QEF election, we must supply annually to the U.S. taxpayer the "PFIC Annual Information Statement" and permit the U.S. taxpayer access to certain information in the event of an audit by the U.S. tax authorities. We do not intend to provide information necessary for U.S. Holders to make QEF elections. As a possible second alternative, if available, a U.S. taxpayer may make a "mark-to-market election" with respect to a taxable year in which we are a PFIC and the Equity Shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Equity Shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in such Equity Shares.

41. ***Our Company is not, and does not intend to become, regulated as an investment company under the Investment Company Act and related rules. The Volcker Rule may affect the ability of certain types of entities to purchase the Equity Shares.***

Our Company will not be subject to the provisions of the U.S. Investment Company Act, in reliance on Section 3(c)(7) thereof, which excludes from the definition of "investment company" any issuer whose outstanding securities are owned exclusively by "qualified purchasers" (as defined in such Section 3(c)(7)), and who meet the other conditions contained therein. For purposes of the Volcker Rule, a "covered fund" includes any issuer that would be an investment company but for the exclusions contained in Section 3(c)(1) or Section 3(c)(7) under the U.S. Investment

Company Act.

The Volcker Rule may negatively affect the ability of certain types of entities to purchase the Equity Shares. The Volcker Rule generally prohibits "banking entities" (including certain of the Underwriters and their affiliates) from engaging in proprietary trading, or from acquiring or retaining an "ownership interest" in, sponsoring or having certain relationships with "covered funds", subject to certain exclusions and exemptions under the Volcker Rule. A "banking entity" generally includes any U.S. insured depository institution, any company that controls an U.S. insured depository institution (as defined in Section 3 of the U.S. Federal Deposit Insurance Act (12 U.S.C § 1813)), subject to certain exclusions), any company that is treated as a bank holding company for purposes of Section 8 of the U.S. International Banking Act of 1978, or any affiliate or subsidiary of any of the foregoing entities. The Volcker Rule's prohibition on "covered fund" investments and proprietary trading activities is subject to certain limited exemptions, including for, among other things, certain underwriting and market making activities and the activities of qualified non-U.S. banking entities which are conducted solely outside the United States.

These and other exemptions under the Volcker Rule are subject to specific conditions and requirements. With respect to the market making and underwriting exemptions, recent amendments to the Volcker Rule's implementing regulations eliminated the requirement that a "banking entity" include "ownership interests" in third-party "covered funds" or "covered funds" guaranteed by a "banking entity" that are acquired or retained under the market making or underwriting exemptions towards its per-fund and aggregate "covered fund" investment limits and for the required Tier 1 capital deduction.

Any prospective investor in the Equity Shares should consult its own legal counsel regarding the potential impact of the Volcker Rule and its ability to purchase or retain the Equity Shares. None of the Company, the Promoter Selling Shareholder nor any BRLM nor any of their respective affiliates makes any representation to any prospective investor or purchaser of the Equity Shares regarding the or to such investor's investment in the Equity Shares on the date of issuance or at any time in the future.

42. ***Fluctuations in the market value of our investments could adversely affect our results of operations and financial condition.***

Fluctuations in the market values of our investments as part of Treasury Management could cause us to write down the value of our assets, affect our liquidity and reduce our ability to enforce our security, which could adversely affect our result of operations and financial condition. We may not accurately identify changes in the value of our investments caused by changes in market prices, and our assessments, assumptions or estimates may prove inaccurate or not predictive of actual results.

43. ***Some of our secretarial records are not traceable.***

The secretarial records for certain past allotments of Equity Shares made by our Company and changes in relation to our registered office could not be traced as the relevant information was not available in the records maintained by our Company, at the MCA Portal maintained by the Ministry of Corporate Affairs and the RoC, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. The allotments include allotments of 2,899,830 Equity Shares on March 25, 1991, 100,000 Equity Shares in Financial Year 1992, 1,500,000 Equity Shares in Financial Year 1995, and 2,580,705 Equity Shares on April 30, 2001, and the change in the registered office includes change from 72, St. Mark's Road, Bengaluru 560 001, Karnataka to S-401, Brigade Plaza, Ananda Rao Circle, S.C. Road, Bengaluru 560 009, Karnataka.

While certain information in relation to the allotments has been disclosed in the "*Capital Structure*" section on page 32 of this Addendum, and in relation to changes to the registered office has been disclosed in the section "*History and Certain Corporate Matters*" beginning on page 148 of the Draft Red Herring Prospectus, based upon the details provided in the search report dated January 24, 2021 prepared by Roy Jacob & Co, independent practicing company secretary, and certified by their certificate dated January 24, 2021, we may not be able to furnish any further information, other than what is already disclosed in "*Capital Structure*" and "*History and Certain Corporate Matters*".

While no legal proceedings or regulatory action has been initiated against our Company in relation to untraceable secretarial and other corporate records and documents as of the date of this Addendum, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future.

RISKS RELATING TO COVID-19

1. ***The COVID-19 pandemic poses unique challenges to the economy and to our business and the effects of the pandemic could adversely impact our ability to originate loans, our customers' ability to service our loans, our liquidity and our employees. Such effects, if they continue for a prolonged period, may have a material adverse effect on our business and results of operations.***

An outbreak of COVID-19 was recognized as a pandemic by the World Health Organization ("**WHO**") on March 11, 2020. In response to the COVID-19 outbreak the governments of several countries, including India, had taken and may continue to take preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations and advising or requiring individuals to limit their time outside of their homes. Temporary closures of businesses were ordered and numerous other businesses were temporarily closed on a voluntary basis as well.

The COVID-19 pandemic has had, and continues to have, a significant impact on the Indian economy and the communities in which we operate. According to the CRISIL Report, India's GDP growth was dented in calendar year 2020 by 7.3% year-on-year due to COVID-19, but the International Monetary Fund estimates India's GDP growth to grow by 9.0% in the calendar year of 2021 due to the lower base of calendar year 2020 and approved vaccines and policy measures. For further details, see "*Industry Overview*" on page 48 of this Addendum. Despite the lifting of the lockdowns, there is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Government of India, which makes it impossible for us to predict with certainty the impact that the COVID-19 pandemic will have on our business and operations in the future. Further, the detection of new strains, evolving variants such as 'Omicron variant', potential waning of vaccine effectiveness over time and lower vaccination rates in certain areas of the country could lead to new lockdowns or other business restrictions or constraints and reduction in business activity in subsequent years, which may adversely affect our business operations.

We believe that the COVID-19 outbreak will present at least the following challenges to India's financial services industry this year: (1) uncertainties over the duration and the severity of the COVID-19 pandemic; (2) a downturn in the global economy and impact to India's economy; (3) weakening purchasing power because of weak economic growth; and (4) worsening asset quality due to weak economic condition.

We expect that the COVID-19 pandemic may also impact our origination of loans. The lockdown restrictions imposed by governments in India slowed our business operations that depend on customer facing activities, back-office operations, recoveries and others for loan-related verifications and processing. Additionally, home sales slowed during the first wave of COVID-19, and during the second wave of COVID-19 in April to May 2021, our overall business was impacted negatively with a slowdown both in our disbursements and collections, due to a surge in infections across the country, which resulted in localized lockdowns in various regions of India. Whilst the third wave of the 'Omicron variant' did not result in any major impact on our business, given the uncertainty regarding the duration and long-term impact of COVID-19, there is no assurance that the ongoing COVID-19 pandemic, including the detection and spread of new variants, will not result in an adverse impact to our business, financial condition and results of operations. If the COVID-19 pandemic leads to a prolonged economic downturn with sustained high unemployment rates, we anticipate that real estate transactions may be affected. Any such slowdown may materially decrease the number and volume of loans we originate. Further, a majority of our customers are retail customers who belong to economically weaker and low-to-middle income segments. Due to the slowdown and downturn in the global and Indian economies, it is possible that large-scale furloughs, terminations of employees, reductions in salaries or closure of businesses during lockdowns may lead to loss of pay or income of our customers which may lead to increased defaults by our customers. Further, an overall deterioration in the economy may also lead to a reduction in the value of collateral provided for our loans, leading to higher than anticipated losses on default. In addition, economic deterioration could lead to significantly higher interest rates for our customers which could increase the number of customers who face difficulty paying the amounts due on their loans.

The lockdown imposed by the Government of India and state/local authorities also led to widespread reverse migration of migrant labour from various cities and towns of India. As the real estate industry employs a large number of migrant labour for construction, the ability to complete and handover housing projects in time may be adversely affected, which could impact our borrowers' ability to service their loans.

While we were able to operate our branches as we were categorized as an "essential service", our branch operations were impacted due to the second wave of COVID-19 in April and May 2021. There is no assurance that future developments, including the detection of new variants, will not result in government measures or responses to contain spread of COVID-19, including imposing country-wide lockdowns and other restrictions on travel and business operations, which may result in a complete or partial closure of our branches. Further, a number of our offices and employees have been working from home/ different locations utilizing remote working technologies. As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated. In particular, we face heightened cyber-security risks with a large proportion of our employees working from home. The requirement to work from home has required changes to be made to certain operating procedures, which are relatively new. Any unforeseen weaknesses in these processes exposes us to operational risk.

Additionally, if any of our employees or customers are suspected to have been infected or identified as a possible source of COVID-19, we may be required to quarantine the employees as well as any others that had come into contact with them and may also be required to disinfect the affected branches or other offices and therefore suffer a temporary suspension of business operations.

Further, our Statutory Auditors have included emphasis of matters in their audit reports on our financial statements for

Fiscal Year 2020, Fiscal Year 2021 as well as in their audit report for our financial statements for the nine months ending December 31, 2020 and December 31, 2021, noting our business and financial results will depend on future developments, which are highly uncertain and the actual credit loss could be different from that estimated as of the date of our financial statements. For further details in relation to the managements explanation of this matter and emphasis of matter, see "*Restated Consolidated Financial Information*" on page 112 of this Addendum.

While we have been able to continue to grow our business (with our AUM growing from Rs. 114,316.6 million as of March 31, 2020 to Rs. 126,664.1 million as of December 31, 2020, Rs. 133,271.0 million as of March 31, 2021 and to Rs. 140,521.9 million as of December 31, 2021), there is no assurance that COVID-19 will not have a material adverse effect on our business. For a discussion of the significant areas where we have seen an impact of COVID-19 on our business and our approach on these areas going forward, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations – General Economic Conditions in India and the impact of the COVID-19 outbreak*" on page 230 of this Addendum.

2. ***Increase in customer delinquencies and the RBI mandated moratorium may impact our business operations and revenues significantly.***

The COVID-19 pandemic may affect us in a number of ways, and we expect the potential magnitude and duration of increasing customer delinquencies and a fallout of the RBI mandated moratorium may be severe. According to the CRISIL Report, delinquencies are expected to further inch up over the course of Fiscal 2022 and Fiscal 2023 as a result of the slowdown in economic growth induced by COVID-19 and new norms for asset classification issued by the RBI. In particular:

- Our customers (in particular, our retail customers) may default on loan and other payments or other commitments. Our delinquency ratios may substantially increase, and our asset quality may deteriorate;

- Pursuant to RBI's directions, we granted moratorium on payment of requested instalments falling due between March 1, 2020 and August 31, 2020 (the "**Moratorium Period**") to all eligible borrowers who requested for moratorium or failed to pay instalments. The RBI also clarified that for all standard accounts as on February 29, 2020 moratorium period will be excluded from days past-due ("**DPD**") calculation for the purpose of asset classification under the IRAC norms. As of December 31, 2020 and December 31, 2021, we had impairment loss allowance amounting to ₹ 1,698.7 million and ₹ 1,873.0 million, respectively, for loans on a consolidated basis which also includes provision for increased risk of deterioration of our loan portfolio on account of macroeconomic factors caused by the COVID-19 pandemic. The impairment loss provision has been determined by the management based on estimates using information available as of the reporting date and, given the unique nature and scale of the economic impact of this pandemic, the expected credit loss including management overlay is based on various variables and assumptions, which could result in actual credit loss being different than that being estimated. Further, as a result of this pandemic, the credit performance and repayment behaviour of our customers' needs to be monitored closely and, in the event that the impact of the pandemic is more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of the financial assets;

- Further, the RBI has also released a notification dated August 6, 2020 titled "Resolution Framework for COVID-19-related Stress" and related notifications dated September 7, 2020, May 5, 2021 and August 6, 2021 (collectively, the "**Resolution Framework 1.0**"), which allowed a one-time restructuring of loans impacted by COVID-19 to help lenders and customers reschedule repayment of instalments based on customers' present income and restoration of income in subsequent months. The restructuring will limit the potential increase in NPAs out of restructured loan accounts till a revised repayment schedule is agreed with such customers. These restructured accounts might become NPAs if customers fail to make payments as per the restructured schedule;

- During the second wave of COVID-19 in May 2021, RBI announced several measures to protect small and medium businesses and individual borrowers from the adverse impact of the intense second wave of COVID-19 across the country. Resolution Framework 2.0 was announced wherein individuals and MSMEs having aggregate loan exposure of up to ₹ 250 million, who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021, were allowed to restructure their loans. Restructuring under the proposed framework could be invoked up to September 30, 2021 and had to be implemented within 90 days after invocation. Further, for small businesses and MSMEs restructured earlier, banks and NBFCs had also been permitted, as a one-time measure, to review the working capital sanctioned limits, based on a reassessment of, among other things, the working capital cycle and margins; and

- There is no assurance that the payments due on such loans will be made or these loans will not be classified as NPAs in the future. We may be required to recognize higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods.

3. ***Our liquidity may be affected by the COVID-19 pandemic which may impact our ability to continue to operate and grow our business.***

   There is no guarantee that we and the Indian financial services industry in general, notwithstanding measures taken by the government, will be able to maintain sufficient liquidity given the uncertain scope and duration of the COVID-19 outbreak. We fund substantially all of the loans through borrowings under our various funding facilities. Given the broad impact of COVID-19 on the financial markets, our ability to borrow money to fund our current and future customer demand is uncertain. Our liquidity could also be affected as our lenders reassess their exposure to HFCs or HFC focused on the low income housing segment (ticket size less than ₹ 1.5 million) and either curtail access to lending facilities or impose higher costs to access such facilities. Our liquidity may be further constrained as there may be less demand by investors to acquire our loans in the secondary market. Even if such demand exists, we face a higher risk as a result of the COVID-19 pandemic stemming from our customers inability to repay the underlying loans. Further, if as a consequence of COVID-19, certain banks or HFCs are unable to meet their market commitments, this can impact investor confidence in HFCs generally and result in a loss to investors in the HFCs. A liquidity shortage for the industry as a whole may also adversely impact our short to medium term cash flows. While, there have been various measures adopted by RBI, the Government of India and NHB to ensure the availability of sufficient liquidity during the COVID-19 pandemic, such as the announcement by the Government of India of a ₹ 450 billion partial guarantee scheme (for NBFCs) and ₹ 300 billion special liquidity scheme for NBFCs, HFCs and MFIs, and our Company continued to maintain sufficient liquidity with sanctioned undrawn bank lines, however, given the uncertainty regarding the duration and long-term impact of COVID-19, there is no assurance that the ongoing COVID-19 pandemic, including the detection and spread of new variants, will not affect our ability to maintain sufficient liquidity or result in an adverse impact to our business, financial condition and results of operations.

EXTERNAL RISK FACTORS

1. ***The growth rate of India's housing finance industry may not be sustainable.***

   The Government of India has been pursuing various social welfare schemes and initiatives to create an enabling and supportive environment to both enhance the flow of credit to the housing sector and increase home ownership in India. Various Central Government policies and initiatives such as "Smart Cities" and the "Pradhan Mantri Awas Yojana" or the "Housing for all by 2022" scheme have reinforced the primacy of the housing sector and the need to provide housing to all and are expected to promote the low income housing segment through partnerships with private sector entities. However, it is not clear how certain trends and events, such as the impact of COVID-19 on the economy the pace of India's economic growth, the development of domestic capital markets and the ongoing reform will affect India's housing finance industry. In addition, there can be no assurance that the housing finance industry in India is free from systemic risks. Consequently, there can be no assurance that the growth and development of India's housing finance industry will be sustainable. Any slowdown or reversal of the growth of India's housing finance industry may affect our business, results of operations, cash flows and financial condition.

2. ***The Indian housing finance industry is highly competitive and if we are not able to compete effectively, it could adversely affect our business and results of operations.***

   We operate in a highly competitive industry in India and we compete with banks, other HFCs focused on low income housing segment, HFCs, small finance banks and NBFCs in each of the geographies in which we operate. Our competitors may have more resources, a wider branch and distribution network, access to cheaper funding, superior technology and may have a better understanding of and relationships with customers in these markets. This may make it easier for competitors to expand and to achieve economies of scale to a greater extent. In addition, our competitors may be able to rely on the reach of the retail presence of their affiliated group companies or banks. Competition in this market segment has also increased as a result of interest rate deregulation and other liberalization measures affecting the housing finance industry in India and we expect competition to intensify in the future.

   Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. Our margins are affected in part by our ability to continue to secure low-cost capital, and to charge optimum interest rates when lending to our customers. Consequently, our ability to maintain or increase our margins will be dependent on our ability to pass on increases in the interest rates on our interest-bearing liabilities to our customers. Moreover, any increases in the interest rates on the loans we extend may also result in a decrease in business. We cannot assure you that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive housing finance industry. If we are unable to compete effectively, our business and results of operations may be adversely affected.

   Further, our well-performing loans are liable to be taken over by competitors at low rate as there is no penalty on the pre-closure of floating rate loans. Floating rate loans account for a majority of our loans. If many customers choose to transfer their loans to other institution, it may make it difficult for us to grow our portfolio.

3. ***Changing laws, rules and regulations and legal uncertainties, including adverse application of RBI or NHB regulations or tax laws and regulations, may materially adversely affect our business, financial condition, results***

of operations, cash flows and prospects.

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and the low income housing segment finance business, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For instance:

- The General Anti Avoidance Rules ("**GAAR**") came into effect from 1 April 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in a denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us;

- The Government of India has implemented a comprehensive national goods and services tax ("**GST**") regime with effect from 1 July 2017 that combines taxes and levies by the Central and State Governments into a unified rate structure. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions;

- The Finance (No. 2) Act, 2019 ("**Finance Act**"), passed by the Parliament and which has received the assent of the President of India, has introduced various amendments to legislations. Amongst others, the Finance Act includes amendments to the NHB Act ("N**HB Act Amendments**") which have transferred the regulation authority over the housing finance sector from NHB to RBI. The NHB Act Amendments came into force on August 9, 2019. Pursuant to the NHB Act Amendments, amongst others, (i) the RBI has the power to determine policy and issue instructions in relation to housing finance institutions; and (ii) the RBI has the power to regulate by specifying conditions or prohibit the issue by any housing finance institution which is a company of any prospectus or advertisement soliciting deposits of money from the public. However, the NHB Act Amendments, retain certain powers with the NHB, in addition to conferring such powers on the RBI, such as power to conduct inspections and request for documents from the HFCs. This may result in a change in policy and interpretations with respect to regulations governing HFCs; and

- Further, pursuant to the amendments to the 'Master Direction – Exemptions from the RBI Act, 1934' dated November 24, 2020 existing exemptions available to HFCs under the RBI Act have been withdrawn.

Further, our employees are entitled to statutory employment benefits such as a defined benefit gratuity plan, among others.

We are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labour and work permits.

A change of law that requires us to increase the benefits to the employees from the benefits now being provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work for or increase in number of mandatory casual leaves, which all can affect the productivity of the employees.

A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. If we fail to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, this could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Risks Relating to India

4. ***India's existing credit information infrastructure may cause increased risks of loan defaults.***

All of our business is located in India. India's existing credit information infrastructure may pose problems and difficulties in running a robust credit check on our borrowers. We may also face difficulties in the due diligence process relating to our customers or to any security or collateral we take in relation to our loans. We may not be able to run comprehensive searches relating to the security and there are no assurances that any searches we undertake will be accurate or reliable. Hence, our overall credit analysis could be less robust as compared to similar transactions in more developed economies, which might result in an increase in our NPAs and we may have to increase our provisions correspondingly. Any of the foregoing may have a material adverse effect on our business, financial condition, results of operations and cash flows.

5. ***Financial difficulty and other problems in certain financial and other non-banking financial institutions in India could materially adversely affect our business and the price of our Equity Shares.***

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial and non-banking financial institutions could materially and adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may materially adversely affect financial intermediaries, such as clearing agencies, banks, NBFCs, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions and other non-banking financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

6. ***Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.***

India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB-with a "stable" outlook (S&P) and BBB- with a "negative" outlook (Fitch). India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our ability to raise additional financing in a timely manner or at all, as well as the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

7. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

8. ***If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.***

Inflation rates could be volatile, and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, salaries, and other expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

While the Government of India through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

9. ***We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are to be listed on the BSE and the NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- Any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- The impact of international trade wars or uncertain or unfavourable policies on international trade or (whether or not directly involving the Government of India);
- Any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- Prevailing income conditions among Indian customers and Indian corporations;
- Epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- Macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- Volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- Decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- Political instability, including terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries, such as the conflict between Ukraine and Russia;
- Civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- International business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- Logistical and communication challenges;
- Downgrading of India's sovereign debt rating by rating agencies;
- Changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India;
- Occurrence of natural calamities and force majeure events;
- Difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and
- Being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could materially adversely affect our business, financial condition, results of operations, cash flows and prospects.

10. ***Investors may have difficulty enforcing foreign judgments in India against us or our management.***

We are constituted in India. All of our Directors and Key Managerial Personnel named herein are residents of India and all of our assets are located in India. As a result, it may not be possible for investors outside of India to effect service of process on us or such persons from their respective jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon our civil liabilities or such Directors and the Managing Director and Chief Executive Officer under laws other than Indian Law. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore, UAE, and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

11. ***Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.***

The financial statements included in this Addendum have been prepared in accordance with Ind AS and Indian GAAP. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Addendum, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Ind AS and Indian GAAP financial statements, which are restated as per the SEBI ICDR Regulations included in this Addendum, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Addendum should be limited accordingly.

RISKS RELATING TO THE EQUITY SHARES AND THE OFFER

12. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India. Until March 31, 2018, any gain realized on the sale of equity shares, listed on a stock exchange and held for more than 12 months was not subject to capital gains tax in India if STT was paid on the transaction. However, with the enactment of the Finance Act, 2018 the exemption previously granted in respect of payment of long-term capital gains tax has been withdrawn and such taxes are now payable by the investors with effect from April 1, 2018. The Finance Act, 2018 provides that existing investors are eligible for relief on such capital gains accrued until January 31, 2018 and any long-term capital gains made after January 31, 2018 shall be subject to taxation.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

13. ***The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world.

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Offer could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Addendum. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- The failure of security analysts to cover the Equity Shares after this Offer, or changes in the estimates of our performance by analysts;
- The activities of competitors and suppliers;
- Future sales of the Equity Shares by us or our shareholders;
- Investor perception of us and the industry in which we operate;
- Our quarterly or annual earnings or those of our competitors;
- Developments affecting fiscal, industrial or environmental regulations;
- The public's reaction to our press releases and adverse media reports; and
- General economic conditions.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

14. ***The Offer Price may not be indicative of the market price of the Equity Shares after the Offer.***

The Offer Price will be determined by our Company and the Promoter Selling Shareholder in consultation with the BRLMs through the Book Building Process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 85 of the Draft Red Herring Prospectus and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. There can be no assurance that the investor will be able to resell their Equity Shares at or above the Offer Price or at the time they would want to sell their Equity Shares.

15. ***Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they are Allotted in the Offer.***

Pursuant to the Offer, the Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one (1) working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to sell their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified herein. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

16. ***Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

17. ***Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares or securities linked to the Equity Shares by our Company, including issuance of Equity Shares to employees or former employees up on exercise of vested options held by them under the ESAR 2018 and the ESOP 2020, may dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise funds through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that our existing shareholders including our Promoter will not dispose of further Equity Shares after the completion of the Offer (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or pledge or encumber their Equity Shares. Any future issuances could also dilute the value of shareholder's investment in the Equity Shares and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

18. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles, the instructions issued by the NHB and the RBI, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

19. ***Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

20. ***Foreign Account Tax Compliance withholding may affect payments on the Equity Shares.***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign pass thru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Equity Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Equity Shares, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Equity Shares, such withholding would not apply prior to the second anniversary of the date on which final regulations defining the term "foreign passthru payments" are published in the U.S. Federal Register. Investors should consult their own tax advisors regarding how these rules may apply to their investment in the shares. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Equity Shares, no person will be required to pay additional amounts as a result of the withholding.

21. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations which are currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions.

For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 361 of the Draft Red Herring Prospectus. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.

22. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

23. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. RIBs can revise or withdraw their Bids during the Bid/Offer Period. While our Company is required to complete Allotment pursuant to the Offer within such period as may be prescribed under applicable law, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment pursuant to the Offer. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Addendum is set forth below:

(in ₹, except share data)

		Aggregate nominal value	Aggregate value at Offer Price*
A	**AUTHORISED SHARE CAPITAL**(1)		
	500,000,000 Equity Shares (having face value of ₹ 10 each)	5,000,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	394,754,970 Equity Shares (having face value of ₹ 10 each)	3,947,549,700	-
C	**PRESENT OFFER IN TERMS OF THIS ADDENDUM**(2)		
	Offer of up to [●] Equity Shares (2) (3)	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 15,000 million(2)		
	Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 58,000 million(3)		
	Which includes:		
	Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million(4)	[●]	[●]
	Net Offer of up to [●] Equity Shares	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	[●] Equity Shares (having face value of ₹ 10 each)	[●]	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	13,370.0 million	
	After the Offer	[●] million	

* *To be included upon finalisation of the Offer Price.*

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 148 of the Draft Red Herring Prospectus.*

(2) *The Fresh Issue has been authorized by a resolution of our Board of Directors at their meeting held on December 22, 2020, and a special resolution passed by our Shareholders at their meeting held on January 16, 2021. The Promoter Selling Shareholder has confirmed and authorized its participation in the Offer for Sale. For further details, see "Other Regulatory and Statutory Disclosures" on page 321 of the Draft Red Herring Prospectus.*

(3) *The Equity Shares being offered by the Promoter Selling Shareholder have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus in accordance with the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details of authorisations for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 321 of the Draft Red Herring Prospectus.*

(4) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment in the Offer, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹ [●]), shall be added to the Net Offer. For further details, see "Offer Structure" beginning on page 342 of the Draft Red Herring Prospectus.*

Notes to the Capital Structure

I. Equity Share capital history of our Company

The history of the Equity Share capital of our Company since incorporation till the date of this Addendum is set forth below:

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital
November 26, 1990	170	10	10	Initial subscription to the	Cash	170	1,700

Date of allotment of Equity Shares	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Nature of allotment	Nature of consideration	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital
				Memorandum of Association[(1)]			
March 25, 1991*	2,899,830	10	-	Preferential allotment[(2)]	Cash	2,900,000	29,000,000
Financial Year 1992*	100,000	10	-	-[(3)]	-	3,000,000	30,000,000
Financial Year 1995*	1,500,000	10	35	Rights issue[(4)]	Cash	4,500,000	45,000,000
April 30, 2001*	2,580,705	10	15	Rights issue[(5)]	Cash	7,080,705	70,807,050
November 28, 2009	4,000,000	10	30	Preferential allotment [(6)]	Cash	11,080,705	11,0807,050
December 5, 2017	10,125,360	10	291.50	Allotment pursuant to the Scheme of Amalgamation (Share swap) [(7)]	Other than cash	21,206,065	212,060,650
March 8, 2018	3,942,407	10	291.70	Preferential allotment [(8)]	Cash	25,148,472	251,484,720
June 11, 2019	8,810,088	10	908.05	Preferential allotment [(9)]	Cash	33,958,560	339,585,600
March 26, 2020	5,506,338	10	908.05	Rights issue[(10)]	Cash	39,464,898	394,648,980
August 18, 2020	10,599	10	10	Allotment pursuant to ESAR 2018 [(11)]	Cash	39,475,497	394,754,970
January 16, 2021	355,279,473	10	-	Bonus issue [(12)]	-	394,754,970	3,947,549,700
Total	**394,754,970**						**3,947,549,700**

* *The secretarial records for certain past allotments of Equity Shares made by our Company could not be traced as the relevant information was not available in the records maintained by our Company, the Ministry of Corporate Affairs at the MCA Portal and the RoC. Accordingly, we have relied on the search report dated January 24, 2021 prepared by Roy Jacob & Co, independent practicing company secretary, and certified by their certificate dated January 24, 2021 ("**RoC Search Report**"). For details of risks arising out of missing or untraceable past secretarial records of our Company, see "Risk Factors – Some of our secretarial records are not traceable" on page 21 of this Addendum.*

(1) *Allotment of 100 Equity Shares to The Vysya Bank Limited and allotment of 10 Equity Shares each to Ramesh Gelli, P.V. Satyanarayana, V. Rajagopal, A. Rama Mohana Rao, C.A. Subramanya Gupta, P. Nageswara Rao and Sridhar Subasri pursuant to subscription to the Memorandum of Association.*

(2) *Allotment of 1,889,830 Equity Shares to The Vysya Bank Limited and the Karur Vysya Bank Limited, allotment of 510,000 Equity Shares to Unit Trust of India and Industrial Credit and Investment Corporation of India, allotment of 300,000 Equity Shares to the NHB, allotment of 150,000 Equity Shares to corporate bodies and allotment of 50,000 Equity Shares to the Bank of Madura. In respect of this allotment, details of the issue price of the Equity Shares were not available in the RoC Search Report.*

(3) *In respect of this allotment, details of date of allotment, the issue price, the nature of allotment, nature of consideration, and the names of the allottees of the Equity Shares were not available in the RoC Search Report.*

(4) *In respect of this allotment, details of the date of allotment and the names of the allottees of the Equity Shares were not available in the RoC Search Report.*

(5) *In respect of this allotment, the names of the allottees of the Equity Shares were not available in the RoC Search Report.*

(6) *Allotment of 2,328,000 Equity Shares to DHFL, and allotment of 836,000 Equity Shares each to Kapil Kumar Wadhawan and Dheeraj Rajesh Kumar Wadhawan.*

(7) *Allotment of 10 Equity Shares for every 119 equity shares of face value of ₹ 10 each held in Pre-merger AHFPL pursuant to the Scheme of Amalgamation and approved by our Board through a resolution dated December 5, 2017. Equity Shares were allotted to shareholders of Pre-merger AHFPL as per the share exchange ratio (swap ratio) mentioned in the Scheme of*

Amalgamation based on the fair valuation of Pre-merger AHFPL and our Company as at April 1, 2017, which was ₹ 24.4 per equity share and ₹ 291.50 per Equity Share, respectively. Allotment of 6,587,684 Equity Shares to WGCL, allotment of 2,025,072 Equity Shares to IFC, allotment of 1,252,101 Equity Shares to DHFL, allotment of 84,034 Equity Shares to Aruna Rajeshkumar Wadhawan, allotment of 84,017 Equity Shares each to Dheeraj Rajeshkumar Wadhawan and Kapil Kumar Wadhawan, allotment of 8,403 Equity Shares to Variya Hospitality and Investments Private Limited, and allotment of eight Equity Shares each to Mohit B. Chaturvedi, Pralhad Kulkarni, PK Kumar and Vijay Tambe. For further details, see "History and Certain Corporate Matters" beginning on page 148 of the Draft Red Herring Prospectus.

(8) Allotment of 2,228,317 Equity Shares to IFC and allotment of 1,714,090 Equity Shares to WGCL.

(9) Allotment of 8,810,088 Equity Shares to our Promoter.

(10) Allotment of 5,506,305 Equity Shares to our Promoter and allotment of 33 Equity Shares to R. Nambirajan.

(11) Allotment of 5,281 Equity Shares to Komala Nair, allotment of 1,683 Equity Shares to Sathish Kumar K, allotment of 946 Equity Shares to Rakesh Kumar, allotment of 901 Equity Shares to Srinivasa BV, allotment of 840 Equity Shares to Kannan Govindan, allotment of 748 Equity Shares to Arindam Basu and allotment of 200 Equity Shares to Rahul Arvind Patil.

(12) Bonus issue of 355,279,473 Equity Shares in the ratio of nine Equity Shares for every one Equity Share held by the existing shareholders as on the record date, i.e., January 16, 2021. Accordingly, allotment of 350,715,078 Equity Shares to our Promoter, allotment of 4,185,000 Equity Shares to ICICI Bank Limited, allotment of 101,835 Equity Shares to Investor Education and Protection Fund Authority (jointly with Ministry of Corporate Affairs), allotment of 47,529 Equity Shares to Komala Nair, allotment of 24,147 Equity Shares to Simi Mathew, allotment of 18,000 Equity Shares each to B L Narayana Murthy, B N Chandrasekar (jointly with Prathibha Chandrasekar) and Gowra Leasing and Finance Limited, allotment of 13,500 Equity Shares each to A Aparna and A Ashwin, allotment of 9,000 Equity Shares each to T Raghavan (jointly with Kamala Raghavan), S Narasimhulu Chetty, Sharath Kumar S N, Murali Mohan S N, Manandi Nanjundasetty Dwarakanath and Padmini Ratnam, allotment of 8,514 Equity Shares to Rakesh Kumar, allotment of 8,109 Equity Shares to B V Srinivasa, allotment of 7,560 Equity Shares to G Kannan, allotment of 6,732 Equity Shares to Arindam Basu, allotment of 4,500 Equity Shares to Boda Subba Rao, allotment of 2,700 Equity Shares to K Seetharamasetty, allotment of 2,097 Equity Shares to R Nambirajan (jointly with N Jayalakshmi), allotment of 1,800 Equity Shares each to T N Sankaran, Pola Prabhakar (jointly with Rangaiah Pola), R Indrani, K Lakshmi Devi, Vankadari Ramachandra Gupta, Mahesh K V, Venkata Rajeswari Thatavarthy, Sarva Lakshmi Chintalapudi and Rahul Arvind Patil, allotment of 1,206 Equity Shares to Ranga Subrhamanyam Chaluvadi, allotment of 900 Equity Shares each to C S Siva Kumar (S Vimala), K L Lakshmidevamma, Kota Rangaiah, Kanigelupula Sankara Rao, Sarala Udayashankar, Gautham Rokkam, Kota Bala Anjaneyulu, Kasimsetty Laxmikanth Vimalabai, Jayashree R Ail, K V Sreenivasulu, H Pramoda, Swaranamba, G Vittalkrishna, Neelaiah Gari Rajeswari, allotment of 594 Equity Shares to Sudhakar Chaluvadi, and allotment of 72 Equity Shares to Pralhad N Kulkarni.

For details of the history of the share capital held by our Promoter, see, "- *History of the Share capital held by our Promoter – Build-up of Promoter's shareholding in our Company*" on page 37 of this Addendum.

1. **Equity Shares issued for consideration other than cash or by way of bonus issue or out of revaluation reserves**

Except as disclosed below, our Company has not issued Equity Shares through bonus issue or for consideration other than cash or out of revaluation reserves.

Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (in ₹)	Issue price per Equity Share (in ₹)	Reason for allotment	Benefits accrued to our Company
December 5, 2017	10,125,360	10	291.50	Allotment pursuant Scheme of Amalgamation (Share swap) (1)	The benefits accrued include consolidation of businesses, maximize synergies, simplification of organizational structure, reduction of administrative cost, and achieving operational and management efficiency, including reduction of managerial overlaps.
January 16, 2021	355,279,473	10	-	Bonus issue(2)	-

(1) Allotment of 10 Equity Shares for every 119 equity shares of face value of ₹ 10 each held in Pre-merger AHFPL pursuant to the Scheme of Amalgamation and approved by our Board through a resolution dated December 5, 2017. Equity Shares were allotted to shareholders of Pre-merger AHFPL as per the share exchange ratio (swap ratio) mentioned in the Scheme of Amalgamation based on the fair valuation of Pre-merger AHFPL and our Company as at April 1, 2017, which was ₹ 24.40 per equity share and ₹ 291.50 per Equity Share, respectively. Allotment of 6,587,684 Equity Shares to WGCL, allotment of 2,025,072 Equity Shares to IFC, allotment of 1,252,101 Equity Shares to DHFL, allotment of 84,034 Equity Shares to Aruna Rajeshkumar Wadhawan, allotment of 84,017 Equity Shares each to Dheeraj Rajeshkumar Wadhawan and Kapil Kumar Wadhawan, allotment of 8,403 Equity Shares to Variya Hospitality and Investments Private Limited, and allotment of eight Equity Shares each to Mohit B. Chaturvedi, Pralhad Kulkarni, PK Kumar and Vijay Tambe. For further details, see "History

and Certain Corporate Matters" beginning on page 148 of the Draft Red Herring Prospectus.

(2) Bonus issue of 355,279,473 Equity Shares in the ratio of nine Equity Shares for every one Equity Share held by the existing shareholders as on the record date, i.e., January 16, 2021. Accordingly, allotment of 350,715,078 Equity Shares to our Promoter, allotment of 4,185,000 Equity Shares to ICICI Bank Limited, allotment of 101,835 Equity Shares to Investor Education and Protection Fund Authority (jointly with Ministry of Corporate Affairs), allotment of 47,529 Equity Shares to Komala Nair, allotment of 24,147 Equity Shares to Simi Mathew, allotment of 18,000 Equity Shares each to B L Narayana Murthy, B N Chandrasekar (jointly with Prathibha Chandrasekar)and Gowra Leasing and Finance Limited, allotment of 13,500 Equity Shares each to A Aparna and A Ashwin, allotment of 9,000 Equity Shares each to T Raghavan (jointly with Kamala Raghavan), S Narasimhulu Chetty, Sharath Kumar S N, Murali Mohan S N, Manandi Nanjundasetty Dwarakanath and Padmini Ratnam, allotment of 8,514 Equity Shares to Rakesh Kumar, allotment of 8,109 Equity Shares to B V Srinivasa, allotment of 7,560 Equity Shares to G Kannan, allotment of 6,732 Equity Shares to Arindam Basu, allotment of 4,500 Equity Shares to Boda Subba Rao, allotment of 2,700 Equity Shares to K Seetharamasetty, allotment of 2,097 Equity Shares to R Nambirajan (jointly with N Jayalakshmi), allotment of 1,800 Equity Shares each to T N Sankaran, Pola Prabhakar (jointly with Rangaiah Pola), R Indrani, K Lakshmi Devi, Vankadari Ramachandra Gupta, Mahesh K V, Venkata Rajeswari Thatavarthy, Sarva Lakshmi Chintalapudi and Rahul Arvind Patil, allotment of 1,206 Equity Shares to Ranga Subrhamanyam Chaluvadi, allotment of 900 Equity Shares each to C S Siva Kumar (S Vimala), K L Lakshmidevamma, Kota Rangaiah, Kanigelupula Sankara Rao, Sarala Udayashankar, Gautham Rokkam, Kota Bala Anjaneyulu, Kasimsetty Laxmikanth Vimalabai, Jayashree R Ail, K V Sreenivasulu, H Pramoda, Swaranamba, G Vittalkrishna, Neelaiah Gari Rajeswari, allotment of 594 Equity Shares to Sudhakar Chaluvadi, and allotment of 72 Equity Shares to Pralhad N Kulkarni.

2. Our Company does not have any preference share capital as on the date of this Addendum.

3. **Issue of Equity Shares under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act**

Except for the allotment of 10,125,360 Equity Shares on December 5, 2017, details of which are set forth above in "– *Notes to the Capital Structure – Share Capital History of our Company*", our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act.

4. **Issue of Equity Shares under employee stock option schemes**

Except for the issue of Equity Shares pursuant to the exercise of options which have been granted pursuant to the ESAR 2018, our Company has not issued any Equity Shares under employee stock option schemes. For further details in relation to ESAR 2018, see "*Capital Structure – Aadhar Housing Finance Limited - Employee Stock Appreciation Rights Plan 2018*" on page 42 of this Addendum.

5. **Equity Shares issued in the preceding one year below the Offer Price**

Our Company has not issued any Equity Shares at a price which may be lower than the Offer Price during a period of one year preceding the date of this Addendum.

6. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of filing of this Addendum:

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of partly paid-up equity shares held (V)	Number of shares underlying depository receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of total voting rights (A+B+C)			Number (a)	As a % of total shares held (b)	Number (a)	As a % of total shares held (b)	
								Class e.g.: Equity Shares	Class e.g.: Others	Total								
(A)	**Promoter and Promoter Group**	1	389,683,420	-	-	389,683,420	98.72	389,683,420	-	389,683,420	98.72	-	-		-		Nil	389,683,420
(B)	**Public**	49	5,071,550	-	-	5,071,550	1.28	5,071,550	-	5,071,550	1.28	-	-		-		Nil	5,042,550
(C)	**Non Promoter-Non Public**	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-
(C1)	**Shares underlying depository receipts**	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-
(C2)	**Shares held by employee trusts**	-	-	-	-	-	-	-	-	-	-	-	-		-		-	-
	Total	**50**	**394,754,970**	**-**	**-**	**394,754,970**	**100.00**	**394,754,970**	-	**394,754,970**	**100.00**	**-**	**-**		**-**		**-**	**394,725,970**

7. **Details of equity shareholding of the major shareholders of our Company**

a) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as on the date of this Addendum:

S. No.	Name of the shareholder	Number of Equity Shares	Percentage of the Equity Share capital as on the date of this Addendum (%)
1.	BCP Topco	389,683,420	98.72
2.	ICICI Bank Limited	4,650,000	1.18
	Total	**394,333,420**	**99.90**

b) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of 10 days prior to the date of this Addendum:

S. No.	Name of the shareholder	Number of Equity Shares	Percentage of the Equity Share capital as of 10 days prior to the date of this Addendum (%)
1.	BCP Topco	389,683,420	98.72
2.	ICICI Bank Limited	4,650,000	1.18
	Total	**394,333,420**	**99.90**

c) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of one year prior to the date of this Addendum:

S. No.	Name of the shareholder	Number of Equity Shares	Percentage of the Equity Share capital as of one year prior to the date of this Addendum (%)
1.	BCP Topco	389,683,420	98.72
2.	ICICI Bank Limited	4,650,000	1.18
	Total	**394,333,420**	**99.90**

d) Set forth below is a list of shareholders holding 1% or more of the paid-up Share Capital of our Company, as of two years prior to the date of this Addendum:

S. No.	Name of the shareholder	Number of Equity Shares	Percentage of the Equity Share capital as of two years prior to the date of this Addendum (%)
1.	BCP Topco	33,462,037	98.54
2.	ICICI Bank Limited	465,000	1.37
	Total	**33,927,037**	**99.91**

8. **History of the Share capital held by our Promoter**

As on the date of this Addendum, our Promoter holds in aggregate 389,683,420 Equity Shares, constituting 98.72% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoter's shareholding is set forth below.

a) Build-up of Promoter's shareholding in our Company

The build-up of the shareholding of our Promoter since incorporation of our Company till the date of this Addendum is set forth below.

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred#	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer Equity Share capital (%)	Percentage of the post- Offer Equity Share capital (%)^
June 10, 2019	Transfer from WGCL	17,597,715	Cash	10	711.11*	4.46	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares allotted/ transferred#	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer Equity Share capital (%)	Percentage of the post-Offer Equity Share capital (%)^
	Transfer from IFC	4,253,389	Cash	10	908.05	1.08	[●]
	Transfer from DHFL	2,301,090	Cash	10	711.11*	0.58	[●]
	Transfer from Aruna Wadhawan	144,034	Cash	10	711.11*	0.04	[●]
	Transfer from Kapil Wadhawan	134,017	Cash	10	711.11*	0.03	[●]
	Transfer from Dheeraj Wadhawan	134,017	Cash	10	711.11*	0.03	[●]
June 11, 2019	Preferential allotment	8,810,088	Cash	10	908.05	2.23	[●]
July 3, 2019	Transfer from Variya Hospitality and Investments Private Limited	8,403	Cash	10	908.05	0.00	[●]
July 9, 2019	Transfer from Ramco Industries Limited	30,000	Cash	10	908.05	0.01	[●]
January 9, 2020	Transfer from minority shareholders (1)	36,266	Cash	10	908.05	0.01	[●]
February 28, 2020	Transfer from minority shareholders (2)	13,018	Cash	10	908.05	0.00	[●]
March 26, 2020	Rights issue	5,506,305	Cash	10	908.05	1.39	[●]
January 16, 2021	Bonus issue	350,715,078	-	10	-	88.84	[●]
Total		**389,683,420**				**98.72**	

(1) Transfer from H R B Family Trust, V Radhakrishna Murthy, Immadi Padmaja Rani, K V Dwaraknath, Ramesh Gelli, Jayanthi Puljal, Immadi Venkata Krishna Udaya Sankar, V T Henderson, Venkateswarlu Parimi and Parimi Purna Kumari, Pola Sujatha, Meda Sainath Saivani, K M Rajamma, Nagaraju, Jayalakshmi Radhakrishna Murthy Vankayala, Jhansi Lakshmi Konagalla, Subbaraju Kanumari, Vijay Shankar Tambe, Mohit Chaturvedi, Venkata Naga Sri Ramana Juluri, Meda Anitha Padmaja, Meda Nagarathna, Meda Narendra Kumar, K S Dwarakanath, E M Vishalakshi, K Satyanarayana Gupta, Sampath Kumari B N, A S Dwarakanath Setty, K Nirmala, D Nagendra Prasad, K Gayathri Prasad, B V Krishnamurthy and B K Praveena, Arveti Murthy, M Nagaraja Gupta, B V Srinivasa, R Nambirajan and N Jayalakshmi, Kothamachu Nirmala and Kothamachu Venkata Chalamaiah Chetty, R Nambirajan, Manjula K S, Ashirwad Bingi Ramesh, B K Vijayalakshmi, M N Suresh, Rajendra Kumar, Sridhar Kumar G, Grandhi Satya Ramakrishna, M Ramakrishnan, Pamadi Rambabu, M S Seshachalam, B V Ramesh, V Ravichandra, Manandi Nanjundasetty Ramesh, Shylaja D B, Bangaruswamy D S, M Suresh Kumar, Dinesh Gupta P, I V S V B Panchajanyam, Kollukuduru Praveena, Ambati Sreenivasulu, Manjunatha S R, Venkatarathnam K V, Katta Venkata Sugunaratnam, Sridhar Subasri, Geetha P S, Mamidi Madhuri, Manandi Nanjunda Setty, and K Varamahalakshmi Devi.

(2) Transfer from Mamilla Ranganath, Sudeshna N, A Rajagopal Gupta, Nanda Kumar V, Gudditi Eswaraiah,, Yadalam Nagaraja, Vankadari Ramachandra Gupta, B V Mohan and B M Geetha, Vinita Veerabhadran, Vathsala H L, Devaraju N , Nagaruru Padmaja, Krishna Kumar Ponniah, G Sreevaran, Nataraju K R, Vijaya Lakshmi B Y, K. V. Harinath, Attaluri Sridevi and Attaluri Sambasiva Rao, Aruna Somisetty, Vanamala E R and M S Shelvapille Iyengar, G Sreedhara Babu, Kasimsetty Laxmikanth Vimalabai, Pabbisetty Subbaramiah Sundaramurthy, V R Nataraj, Ramanlal Manikchand Sha, Somisetty Krishna Priya, Sree Ramachandra Murthy Maddula and Maddula Lakshmi Annapurna, R Harinath, M Bharathi Ramesh , Sai Srinivasa Murthy S R, Madhav Pundi Krishnaswamy, Leelavathi, Way2Wealth Brokers Private Limited, G Hemalatha, and Yokesh Kumar V.

^ *Subject to finalisation of Basis of Allotment in the Offer.*

Equity Shares acquired by our Promoter from the Erstwhile Promoters as disclosed in this table along with Equity Shares which were subsequently issued to our Promoter on the basis of such Equity Shares have been offered as part of the Minimum

Promoter's Contribution and Voluntary Lock-in as set out in " – Details of Promoter's Contribution and Lock-in" on page 39.

* *In terms of the Amended Majority SPA, ₹ 711.11 per Equity Share was paid for the transfer.*

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of the transfers and allotments of such Equity Shares. As of the date of this Addendum, none of the Equity Shares held by our Promoter are subject to any pledge.

b) *Shareholding of our Promoter (also the Promoter Selling Shareholder) and Promoter Group*

The details of shareholding of our Promoter (also the Promoter Selling Shareholder), Promoter Group and directors of our Promoter as on the date of this Addendum are set forth below:

S. No.	Name of the shareholder	Pre-Offer number of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)	Post-Offer number of Equity Shares	Percentage of the post-Offer Equity Share capital (%)
A.	***Promoter (also the Promoter Selling Shareholder)***				
1.	BCP Topco	389,683,420	98.72	[●]	[●]
Total		**389,683,420**	**98.72**	[●]	[●]
B.	***Promoter Group***				
1.	NIL				
C.	***Directors of our Promoter***				
1.	NIL				
Total		**389,683,420**	**98.72**	[●]	[●]

c) *Details of Promoter's Contribution and Lock-in*

As on the date of this Addendum, out of 389,683,420 Equity Shares held by our Promoter (aggregating to 98.72% of the pre-Offer share capital of our Company), 236,531,060 Equity Shares (aggregating to 59.92% of the pre-Offer share capital of our Company held by our Promoter) shall be offered for lock-in as Minimum Promoter's Contribution (*defined hereinafter*) for a period of three years and Voluntary Lock-in (*defined hereinafter*) for a period of two years from the date of Allotment in the Offer in the following manner:

(i) a portion of 236,531,060 Equity Shares which aggregates to 20% of the post-Offer shareholding of our Promoter on a fully diluted basis, shall be locked-in as part of minimum promoter's contribution for a period of three years from the date of Allotment in the Offer in terms of Regulations 14 and 16(1) of the SEBI ICDR Regulations (the "**Minimum Promoter's Contribution**"); and

(ii) the remaining portion of 236,531,060 Equity Shares held by our Promoter which are not locked-in as part of the Minimum Promoter's Contribution in terms of the SEBI ICDR Regulations as mentioned in (i) above, shall be voluntarily locked-in for a period of two years from the date of Allotment in the Offer (the "**Voluntary Lock-in**").

Also see "*Risk Factors – Internal Risk Factors - Risks Relating to Our Business – Our Erstwhile Promoters are subject to certain 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*." on page 3 of this Addendum.

In addition to the Equity Shares forming a part of the Minimum Promoter's Contribution and Voluntary Lock-in, the remaining pre-Offer Equity Share capital of our Company held by our Promoter will be locked-in for a period of one year from the date of Allotment in the Offer, except for the Equity Shares sold by our Promoter pursuant to the Offer for Sale. Our Promoter is offering such number of Equity Shares which will aggregate up to ₹ 58,000 million in the Offer for Sale.

For reference, a summary of the Equity Shares held by our Promoter which would be locked-in from the date of Allotment in the Offer along with the number of Equity Shares offered by our Promoter in the Offer for Sale, calculated on the basis of the Floor Price and the Cap Price, is set forth below:

Particulars	Number of Equity Shares calculated on the basis of Floor Price	Percentage of pre-Offer paid-up Equity Share capital calculated on the basis of Floor Price	Number of Equity Shares calculated on the basis of Cap Price	Percentage of pre-Offer paid-up Equity Share capital calculated on the basis of Cap Price
Minimum Promoter's Contribution	[●]	[●]	[●]	[●]

Voluntary Lock-in	[●]	[●]	[●]	[●]
Lock-in for a period of one year	[●]	[●]	[●]	[●]
Offer for Sale	[●]	[●]	[●]	[●]

The details of the Equity Shares held by our Promoter as Minimum Promoter's Contribution, which shall be locked-in for a period of three years from the date of Allotment in the Offer, are set forth below:

Name of Promoter	Number of Equity Shares locked-in(1)(2)	Date of allotment/ transfer*	Nature of transaction	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	Percentage of pre-Offer paid-up Equity Share capital	Percentage of post-Offer paid-up Equity Share capital
[●]	[●]	[●]	[●]	10	[●]	[●]	[●]

* *Subject to finalisation of Basis of Allotment in the Offer*

(1) *For a period of three years from the date of Allotment in the Offer*

(2) *All Equity Shares were fully paid-up at the time of allotment*

Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations. For details of the build-up of the share capital held by our Promoter, see "- *History of the Share Capital held by our Promoter*" on page 37 of this Addendum.

In this connection, we confirm the following:

(i) The Equity Shares offered for Minimum Promoter's Contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash and out of revaluation of assets or capitalisation of intangible assets; (b) Equity Shares that have resulted from bonus issue by utilisation of revaluation reserves or unrealised profits of our Company or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;

(ii) The Minimum Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a Company;

(iv) The Equity Shares held by the Promoter and offered for the Minimum Promoter's Contribution are not subject to any pledge; and

(v) All the Equity Shares held by the Promoter are held in dematerialised form.

d) Details of Equity Shares locked-in for one year:

In addition to the Equity Shares forming a part of the Minimum Promoter's Contribution and Voluntary Lock-in, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment in the Offer, except for the Equity Shares sold pursuant to the Offer for Sale, any Equity Shares allotted to the employees (whether or not they are current employees) of our Company under the ESAR 2018 and ESOP 2020, and any other categories of shareholders exempt under Regulation 17 of the SEBI ICDR Regulations, as applicable.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by the Promoter, which are locked-in may be transferred to and amongst the members of the Promoter Group or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Our Promoter has agreed not to transfer, create any pledge or any other type of encumbrance on the Minimum Promoter's Contribution from the date of filing the Draft Red Herring Prospectus, until the expiry of the lock-in specified above, or for such other time as required under the SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

The Equity Shares held by the Promoter which are locked-in for a period of one year from the date of Allotment in the Offer may be pledged only with scheduled commercial banks or public financial institutions or Systemically Important NBFCs or housing finance companies, as collateral security for loans granted by such banks or public financial institutions or Systemically Important NBFCs or housing finance companies in terms of Regulation 21 of the SEBI ICDR Regulations, provided that pledge of the Equity Shares is one of the terms of the sanction of loans. The lock-in may continue pursuant to the invocation of pledge; however, the transferee shall not be eligible to transfer the Equity Shares until the expiry of the lock-in period.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoter and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

Any unsubscribed portion of the Offered Shares would also be locked-in as required under the SEBI ICDR Regulations.

9. *Anchor Investors Lock-in*

Any Equity Shares allotted, if any, to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Offer.

10. Except for the issue of any Equity Shares pursuant to exercise of options granted under ESAR 2018 and ESOP 2020, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or otherwise.

11. All Equity Shares held by our Promoter are in dematerialised form.

12. As on the date of filing of this Addendum, the total number of shareholders of our Company is 50.

13. Our Promoter, any member of our Promoter Group, any of the Directors of our Company, any of the directors of our Promoter or any of their relatives have not purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Addendum.

14. There have been no financing arrangements whereby members of our Promoter Group, our Directors, directors of our Promoter and their relatives have financed the purchase by any other person of securities of our Company (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of this Addendum.

15. Neither our Company, nor any of our Directors have entered into any buy-back arrangements for purchase of Equity Shares from any person. Further, the Book Running Lead Managers have not made any buy-back arrangements for purchase of Equity Shares from any person.

16. As on the date of this Addendum, except for 4,650,000 Equity Shares held by ICICI Bank Limited (ICICI Bank Limited being the holding company of I-Sec), the Book Running Lead Managers and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares.

17. All Equity Shares transferred pursuant to the Offer will be fully paid-up at the time of Allotment in the Offer and there are no partly paid-up Equity Shares as on the date of this Addendum.

18. Except the options granted pursuant to the ESAR 2018 and the ESOP 2020, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into, or which would entitle any person any option to receive Equity Shares as on the date of this Addendum.

19. Any oversubscription to the extent of 1% of the Offer size can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot while finalizing the Basis of Allotment in the Offer.

20. Our Promoter and Promoter Group shall not participate in the Offer, except to the extent of the Offer for Sale by our Promoter.

21. There has been no further issue of Equity Shares from the date of the Draft Red Herring Prospectus until the date of this Addendum and except for the issue of any Equity Shares pursuant to exercise of options granted under the ESAR 2018 and the ESOP 2020, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Addendum with the RoC until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be.

22. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

23. No person connected with the Offer, including, but not limited to, the members of the Syndicate, our Company, the Directors, members of our Promoter Group and the Promoter, shall offer or make payment of any incentive, direct or indirect, in the nature of discount, commission and allowance, except for fees or commission for services rendered in relation to the Offer, in any manner, whether in cash or kind or services or otherwise, to any Bidder for making a Bid.

24. Our Company has and shall ensure that transactions in the Equity Shares by our Promoter and the Promoter Group between the date of filing of the Draft Red Herring Prospectus and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.

25. **Employee stock option plans**

Aadhar Housing Finance Limited - Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018")

26. Our Company, pursuant to the resolutions passed by our Board on February 26, 2018 and our Shareholders on March 26, 2018, adopted the ESAR 2018.

The objective of ESAR 2018 was to reward the employees of our Company for their performance and to motivate them to contribute to the growth and profitability of our Company.

Our Company may issue such number of options under ESAR 2018 which are exercisable into not more than 1,100,000 Equity Shares. In its meeting held on February 18, 2020, our Nomination and Remuneration Committee and in its meeting held on February 18, 2020, our Board of Directors has revoked and cancelled any further outstanding grants under ESAR 2018. Further, in its meeting held on January 13, 2021, our Nomination and Remuneration Committee and in their meeting held on January 16, 2021, our Shareholders approved a clarification that the limit of 1,100,000 Equity Shares under ESAR 2018 shall be subject to any adjustment/ revision as may be required for any corporate action such as merger, sale of division, stock split/ consolidation, rights issues, bonus issues and others as stipulated in the ESAR 2018 and also allowed the Nomination and Remuneration Committee to undertake fair adjustment to outstanding ESARs for such corporate actions.

The details of the ESAR 2018, as certified by M/s LSM & Co., Chartered Accountants, through a certificate dated April 5, 2022, are as follows:

Particulars	**Details**				
Options granted (ESARs)	**Financial Year 2018-19**	**Financial Year 2019-20**	**Financial Year 2020-21**	**For the period from April 1, 2021 till December 31, 2021**	**For the period from January 1, 2022 till April 4, 2022**
	2,772,952	-	-	-	-
	Cumulative options granted as on March 26, 2018 which were effective from April 1, 2018				
Number of employees to whom options were granted (ESARs)	37	-	-	-	-
Options vested (ESARs)	**789,926.3**	**1,193,954.9**	**1,181,571.76**	**1,969,286.25**	**1,969,286.25**
	Cumulative options granted as on March 26, 2018 which were effective from April 1, 2018				
Options exercised (ESARs)	-	143,805.3*	12,383.1	-	-
	Cumulative options granted as on March 26, 2018 which were effective from April 1, 2018				
Options forfeited/ lapsed	139,864.4	499,357.5	8,255.4	-	-
Options cancelled (ESARs)	-	-	-	-	-
Options outstanding (including vested and unvested options) (ESARs)	**2,633,087.6**	**1,989,924.8**	**1,969,286.25**	**1,969,286.25**	**1,969,286.25**
Exercise price of options - weighted average exercise price per option (in ₹)(ESARs)	29.17	29.17	29.17	29.17	29.17
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/	Not determinable in case of ESARs**				

Particulars	Details				
cancelled options) (only for vested options) (ESARs)					
Variation in terms of options (ESARs)	NA	NA	NA	NA	NA
Money realised by exercise of options (in ₹ million) (ESARs)	-	0.10*	0.01	-	-
Total number of options in force (excluding options not granted) (ESARs)	**2,633,087.6**	**1,989,924.8**	**1,969,286.3**	**1,969,286.3**	**1,969,286.3**
Employee wise details of options granted to					
(i) Key Managerial Personnel	**1,113,045.1**	**1,113,045.1**	**1,113,045.1**	**1,113,045.1**	**1,113,045.1**
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year(ESARs)	**Name of employee**		**Total number of options granted in Financial Year 2018-19**		
	Deo Shankar Tripathi		633,032.9		
	Komala Nair		259,352.8		
	Anmol Gupta		207,482.3		
(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant(ESARs)	NIL				
Fully diluted EPS on a pre-Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on 'Earnings per Share' (in ₹) (ESARs)	**Financial Year 2018-19**	**Financial Year 2019-20**	**Financial Year 2020-21**	**For the period from April 1, 2021 till December 31, 2021**	**For the period from January 1, 2022 till April 4, 2022**
	6.39	5.83	8.37	8.10 (not annualized)	Not determinable
Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if the Company had used fair value of options and impact of this difference on profits and EPS of the Company	Not Applicable, the Company has used fair value of options for accounting				
Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option (ESARs)	Black Scholes				
	Financial Year 2018-19	**Financial Year 2019-20**	**Financial Year 2020-21**	**For the period from April 1, 2021 till December 31,2022**	**For the period from January 1, 2022 till April 4, 2022 ******
- Expected life of options (years)	3 Years	3 Years	3 Years	3 Years	3 Years
- Volatility (% p.a.)	0.01%	0.01%	0.01%	0.01%	0.01%
- Risk Free Rate of Return (%)	7.45%	7.45%	7.45%	7.45%	7.45%
- Dividend Yield (% p.a.)	2.40%	2.40%	2.40%	2.40%	2.40%
- Exercise price per share (₹)	29.17	29.17	29.17	29.17	29.17
	Financial Year	**Financial Year**	**Financial Year 2020-**	**For the period from**	**For the period from**

Particulars	Details				
	2018-19	**2019-20**	**21**	**April 1, 2021 till December 31, 2021**	**January 1, 2022 till April 4, 2022 ******
The weighted average share price on the date of grant (₹)	29.17	29.17	29.17	29.17	29.17
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years (ESARs)	**Financial Year 2018-19**	**Financial Year 2019-20**	**Financial Year 2020-21**	**For the period from April 1, 2021 till December 31, 2021**	**For the period from January 1, 2022 till April 4, 2022**
	-	-	-	-	Not determinable
Intention of the Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any(ESARs)	**Name of employee**		**Total number of options exercisable**		
	Deo Shankar Tripathi		633,032.9		
	Rishi Anand		103,741.1		
	Anmol Gupta		207,482.3		
	Hrishikesh Jha		103,741.1		
	Sreekanth V N		65,047.7		
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company(ESARs)	Nil				

** Money realised during April 1, 2020 to March 31, 2021 on allotment of shares.*

***Calculation of Number of shares is dependent upon fair value of shares on the date of exercise of option and fair value may change on the date of exercise of options hence it is indeterminable.*

**** Exercised by employee pending for decision by Nomination and remuneration committee on allotment.*

***** Significant assumption of pricing formula by Black Scholes method is taken same for the period from January 01, 2022 to April 4, 2022 as reported in restated financial statement for the period from April 01, 2021 to December 31, 2021.*

Notes:
1. The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on 16th January 2021 in extraordinary general meeting (EGM). Above information has been prepared after giving effect of Bonus Shares in all periods.
2. For the purpose of exercise of ESOPs/ESARs the calculated grants shall be adjusted to the nearest integer.

Employee Stock Option Plan 2020 ("ESOP 2020")

Our Company, pursuant to the resolutions passed by our Board on March 5, 2020 and our Shareholders on April 27, 2020, adopted the ESOP 2020. Pursuant to resolutions of resolution of our Shareholders dated March 13, 2021, and resolutions of our Board of Directors and our Nomination and Remuneration Committee, each dated February 18, 2021, ESOP 2020 was amended to, *inter alia*, increase the maximum number of options which can be granted. Further, pursuant to resolutions of our Board of Directors and our Nomination and Remuneration Committee, each dated February 28, 2022 and a special resolution passed by our Shareholders on March 23, 2022, ESOP 2020 of the Company has been amended for certain changes in the vesting schedules of the options granted under ESOP 2020 and to align ESOP 2020 with the SEBI SBEBSE Regulations 2021.

The objective of ESOP 2020 is to incentivise, induce, reward and motivate the employees of our Company to contribute effectively towards the future growth and profitability of our Company, align the employees towards a common objective of creating value for our Company as well as to induce the employees to remain in the service of our Company. Further, ESOP 2020 provides that the maximum number of options that can be granted under it shall not, at any time, upon exercise, exceed 24,000,000 Equity Shares (or such other adjusted figure for any re-organisation of the capital structure undertaken in accordance with the ESOP 2020).

Under the ESOP 2020, certain eligible options will qualify for vesting in accordance with the terms of the ESOP 2020 from the date our Promoter receives a net sale consideration of USD 500,000,000 cumulatively from the sale of the Equity Shares held by it.

The details of the ESOP 2020, as certified by M/s LSM & Co., Chartered Accountants, through a certificate dated April 5, 2022, are as follows:

Particulars	Details				
Options granted	**Financial Year 2018-19**	**Financial Year 2019-20**	**Financial Year 2020-21**	**For the period from April 1, 2021 till December 31, 2021**	**For the period from January 1, 2022 till April 4, 2022**
	-	10,443,950	615,460	1,879,549	-
	Cumulative options granted as on March 31, 2020				
Number of employees to whom options were granted	-	389	44	227	-
Options vested	-	-	-	-	-
	Cumulative options granted as on March 31, 2020				
Options exercised	-	-	-	-	-
	Cumulative options granted as on March 31, 2020				
Options cancelled	-	-	-	5,970	-
Options forfeited/ lapsed	-	-	356,560	1,195,520	136,840
Options outstanding (including vested and unvested options)	-	10,443,950	10,702,850	11,380,909	11,244,069
Exercise price of options - weighted average exercise price per option (in ₹) (after adjustment of bonus issue)	-	90.81	90.81	90.81	90.81
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options) (only for vested options)	-	-	-	-	-
Variation in terms of options	NIL	NIL	Change in start date of condition linked with sale by BCP Topco	Change in start date of condition linked with sale by BCP Topco	Change in start date of condition linked with sale by BCP Topco
Money realised by exercise of options (in ₹ million)	-	-	-	-	-
Total number of options in force (excluding options not granted)	-	10,443,950	10,702,850	11,380,909	11,244,069
Employee wise details of options granted to					
(i) Key Managerial Personnel	-	4,472,610	4,731,920	4,496,264	4,496,264
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Name of employee**		**Total number of options granted in Financial Year 2019-2020**		
	Deo Shankar Tripathi		1,386,270		
	Rishi Anand		679,170		
	Ravinder Singh Beniwal*		679,170		

<table>
<tr><th>Particulars</th><th colspan="5">Details</th></tr>
<tr><td rowspan="9"></td><td colspan="2">Rajesh Viswanathan</td><td colspan="3">679,170</td></tr>
<tr><td colspan="2">Name of employee</td><td colspan="3">Total number of options granted in Financial Year 2020-2021</td></tr>
<tr><td colspan="2">Haryyaksha Ghosh</td><td colspan="3">259,310</td></tr>
<tr><td colspan="2">Hardik Thakkar</td><td colspan="3">44,050</td></tr>
<tr><td colspan="2">Name of employee</td><td colspan="3">Total number of options granted during April 1, 2021 to April 4, 2022</td></tr>
<tr><td colspan="2">Deo Shankar Tripathi</td><td colspan="3">138,628</td></tr>
<tr><td colspan="2">Rishi Anand</td><td colspan="3">100,000</td></tr>
<tr><td colspan="2">Rajesh Viswanathan</td><td colspan="3">100,000</td></tr>
<tr><td colspan="5"></td></tr>
<tr><td>(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant</td><td colspan="5">NIL</td></tr>
<tr><td rowspan="2">Fully diluted EPS on a pre-Offer basis pursuant to the issue of Equity Shares on exercise of options calculated in accordance with the applicable accounting standard on ‘Earnings per Share’ (in ₹)</td><td>Financial Year 2018-19</td><td>Financial Year 2019-20</td><td>Financial Year 2020-21</td><td>For the period from April 1, 2021 till December 31, 2021</td><td>For the period from January 1, 2022 till April 4, 2022</td></tr>
<tr><td>6.39</td><td>5.83</td><td>8.37</td><td>8.10 (not annualized)</td><td>Not determinable</td></tr>
<tr><td>Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognized if the Company had used fair value of options and impact of this difference on profits and EPS of the Company</td><td colspan="5">Not Applicable, the Company has used fair value of options for accounting</td></tr>
<tr><td rowspan="2">Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option</td><td colspan="5">Black Scholes</td></tr>
<tr><td>Financial Year 2018-19</td><td>Financial Year 2019-20</td><td>Financial Year 2020-21</td><td>For the period from April 1, 2021 till December 31,2021</td><td>For the period from January 1, 2022 till April 4, 2022**</td></tr>
<tr><td>- Expected life of options (years)</td><td>-</td><td>3 years to 9 years</td><td>3 years to 9 years</td><td>3 years to 9 years</td><td>3 years to 9 years</td></tr>
<tr><td>- Volatility (% p.a.)</td><td>-</td><td>9.7% to 12.7%</td><td>15.6% to 22.1%</td><td>15.2% to 22.0%</td><td>15.2% to 22.0%</td></tr>
<tr><td>- Risk Free Rate of Return (%)</td><td>-</td><td>5.2% to 6.7%</td><td>4.0% to 6.6%</td><td>3.9% to 6.3%</td><td>3.9% to 6.3%</td></tr>
<tr><td>- Dividend Yield (% p.a.)</td><td>-</td><td>0.8%</td><td>0.6%</td><td>0.6%</td><td>0.6%</td></tr>
<tr><td>- Exercise price per share (₹)</td><td>-</td><td>90.81</td><td>90.81</td><td>90.81</td><td>90.81</td></tr>
<tr><td></td><td>Financial Year 2018-19</td><td>Financial Year 2019-20</td><td>Financial Year 2020-21</td><td>For the period from April 1, 2021 till December 31,2021</td><td>For the period from January 1, 2022 till April 4, 2022**</td></tr>
<tr><td>The weighted average share price on the date of grant (₹)</td><td>-</td><td>90.81</td><td>90.81</td><td>90.81</td><td>90.81</td></tr>
</table>

Particulars	Details				
Impact on profits and EPS of the last three years if the Company had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	**Financial Year 2018-19**	**Financial Year 2019-20**	**Financial Year 2020-21**	**For the period from April 1, 2021 till December 31, 2021**	**For the period from January 1, 2022 till April 4,2022**
	-	Nil	Nil	Nil	Not determinable
Intention of the Key Managerial Personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their Equity Shares within three months after the date of listing of the Equity Shares in the Offer (aggregate number of Equity Shares intended to be sold by the holders of options), if any	**Name of employee**	**Total number of options exercisable**			
	Deo Shankar Tripathi	443,606			
	Rishi Anand	217,334			
	Rajesh Viswanathan	217,334			
	Hrishikesh Jha	114,346			
	Anmol Gupta	132,138			
	Sreekanth V N	49,750			
	Nirav Dhiraj Shah	39,392			
	Haryyaksha Ghosh	31,117			
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, senior managerial personnel and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) of the Company	NIL				

**Ceased to be an employee of the Company effective September 30, 2021.*

*** Significant assumption of pricing formula by Black Scholes method is taken same for the period from January 01, 2022 to April 4, 2022 as reported in restated financial statement for the period from April 01, 2021 to December 31, 2021.*

Notes:

1. The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on 16th January 2021 in extraordinary general meeting (EGM). Above information has been prepared after giving effect of Bonus Shares in all periods.

2. For the purpose of exercise of ESOPs/ESARs the calculated grants shall be adjusted to the nearest integer.

The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources we believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Addendum.

*The information contained in this section has been extracted from a report prepared by CRISIL Research, a division of CRISIL Limited (CRISIL). CRISIL has taken due care and caution in preparing this report ("**CRISIL Report**") based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / CRISIL Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / CRISIL Report. The CRISIL Report is not a recommendation to invest / disinvest in any entity covered in the CRISIL Report and no part of the CRISIL Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the CRISIL Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Aadhar Housing Finance Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the CRISIL Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of the CRISIL Report may be published / reproduced in any form without CRISIL's prior written approval.*

Statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to differ materially.

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.

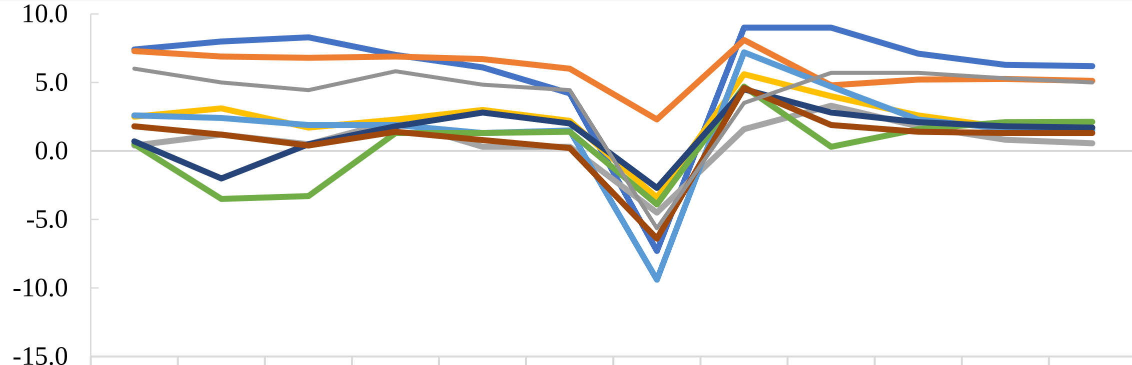
India Macroeconomic scenario

India's GDP to recover sharply

The pandemic came at the most inopportune time since India was showing signs of recovery following a slew of fiscal/monetary measures as nominal GDP grew by 8.8% on year in Q4 of Fiscal 2021 as compared to 4.7% in Q4 of Fiscal 2020. India was one of the fastest growing economies in the world pre-COVID, with annual growth of around 6.7% in between calendar years 2014 to 2019.

While economic growth in calendar year 2020 has been dented due to COVID-19, CRISIL expects the economy to rebound and India to regain its tag of one of the fastest growing economies globally in the medium-term. The IMF estimates India's GDP to grow by 9.0% in calendar year 2021 due to the lower base of calendar year 2020 and approved vaccines and policy measures. At this pace of growth, India is forecasted to be the fastest growing economies in the world in 2021. Going forward as well, IMF forecasts India's GDP to grow at a faster pace than other economies.

India is one of the fastest-growing major economies (GDP growth, % year-on-year)



	2014	2015	2016	2017	2018	2019	2020	2021	2022 P	2023 P	2024 P	2025 P
India	7.4	8.0	8.3	7.0	6.1	4.2	-7.3	9.0	9.0	7.1	6.3	6.2
China	7.3	6.9	6.8	6.9	6.7	6.0	2.3	8.1	4.8	5.2	5.2	5.1
Japan	0.4	1.2	0.5	2.2	0.3	0.3	-4.5	1.6	3.3	1.8	0.8	0.6
United states	2.5	3.1	1.7	2.3	3.0	2.2	-3.4	5.6	4.0	2.6	1.7	1.7
United kingdom	2.6	2.4	1.9	1.9	1.3	1.5	-9.4	7.2	4.7	2.3	1.6	1.5
Brazil	0.5	-3.5	-3.3	1.3	1.3	1.4	-3.9	4.7	0.3	1.6	2.1	2.1
Russia	0.7	-2.0	0.5	1.8	2.8	2.0	-2.7	4.5	2.8	2.1	1.8	1.7
South Africa	1.8	1.2	0.4	1.4	0.8	0.2	-6.4	4.6	1.9	1.4	1.3	1.3
Malaysia	6.0	5.0	4.5	5.8	4.8	4.4	-5.6	3.5	5.7	5.7	5.3	5.0

Note:

All forecasts refer to IMF forecasts.

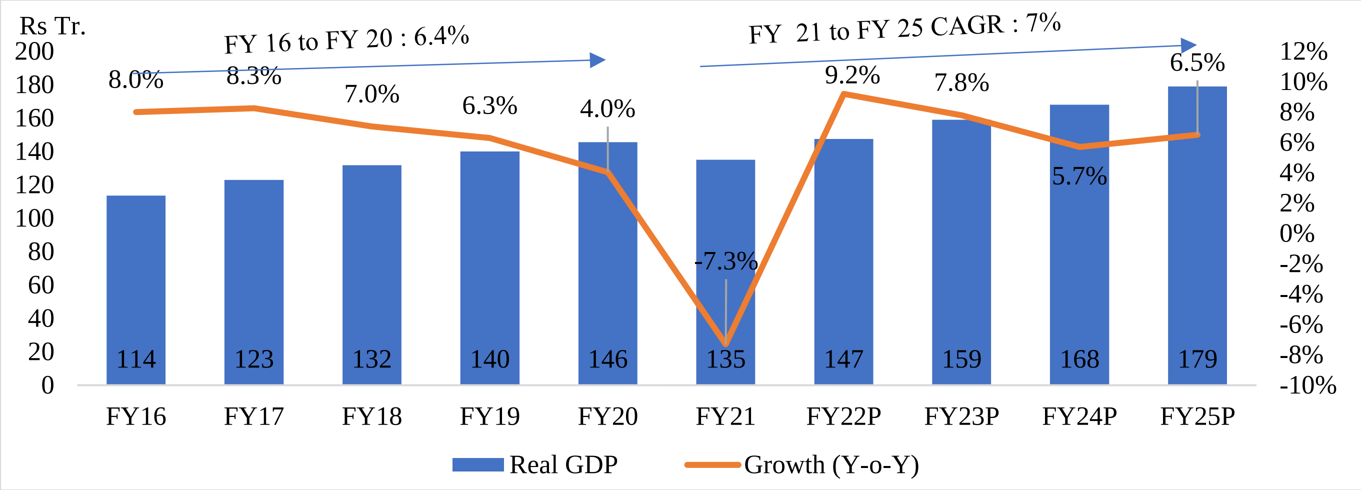
GDP growth is based on constant prices.

Data represented is for calendar years. P - Projected

Source: IMF (World Econ7omic Outlook – October 2021 update)

Further, the focus of the Indian Union Budget 2022-23 on pushing capital expenditure (capex) despite walking a fiscal tightrope provides optimism and creates a platform for higher growth. The lift in the consumption cycle is now tied to broad based pick-up in economic activity, which the Government is trying to engineer through focus on investments. This would enhance the growth potential of India's economy and, it is hoped that, it will bring endurance to growth in the medium term, though refraining from giving a direct consumption support could curb the pace of economy recovery in the short term. The total capex of the Government (Budgetary Capex plus revenue grants for capital creation and capex by central public sector enterprises) is budgeted to rise to 14.5% in Fiscal 2023 compared to 3.1% in the Fiscal 2022. A Reserve Bank of India ("RBI") study points out that an increase in capex by the central and state governments by one rupee each induces an increase in output by Rs 3.25 and Rs 2.0, respectively (Source: RBI Bulletin – April 2019).

Budgetary support and vaccines expected to boost economic growth



Note: P - Projected

Source: National Statistics Office (NSO), CRISIL Research estimates

India's GDP is expected to demonstrate a strong performance backed by key growth drivers

Favourable demographics

As of calendar year 2020 India has one of the largest young populations in the world, with a median age of 28 years. CRISIL estimates that approximately 90% of Indians are still below the age of 60 in calendar year 2021 and that 63% of them are between 15 and 59 years old. In comparison, in calendar year 2020, the United States (US), China and Brazil had 77%, 83% and 86%, respectively, of their population below the age of 60.

Urbanisation

Urbanisation is one of India's most important economic growth drivers. It will drive substantial investments in infrastructure development, which is expected to create jobs, develop modern consumer services and increase the ability to mobilise savings. The country's urban population has been rising consistently over the decades. In 1950, it was 17% of total population. As per the 2018 revision of World Urbanization prospects, it was estimated at 34.9% for India. This is expected to reach 37.4% by 2025.

Increasing per capita GDP

Per capita income is estimated to have contracted by 8% in Fiscal 2021 compared to a growth of 2.9% in the preceding Fiscal. CRISIL forecasts that the per capita income will gradually improve with a pick-up in GDP growth and sustained low inflation. This will be an enabler for domestic consumption. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.2% compound annual growth rate (CAGR) from Fiscals 2021-25.

Financial penetration to rise with increase in awareness of financial products

With increasing financial literacy, mobile penetration, awareness and the Prime Minister's Jan Dhan Yojana bank accounts (scheme aimed at bringing the unbanked under the formal banking system), there has been a rise in the participation of individuals from non-metro cities in banking. With more people attached to the formal banking sector, the demand for financial products in smaller cities has seen a major uptick in recent years. Going forward, CRISIL expects financial penetration to increase on account of increasing financial literacy.

Key structural reforms: Long-term positives for the Indian economy

Production Linked Incentive (PLI) scheme to boost manufacturing in the long run

The Government has budgeted ~Rs 2 trillion to give incentives to the locally manufacturing units to 13 key sectors. The key sectors likely to get benefit from the scheme include automobiles, pharma, telecom, electronics, food, textile, steel, and energy. In June 2021, the Government released the PLI 2.0 scheme focusing on the pharmaceuticals sector in India. Total incentive for the scheme is Rs 150 billion. By incentivising production subject to achieving the desired scale, the scheme aims to spawn a handful of globally competitive large scale manufacturing units in the identified sectors. Furthermore, the Government also hopes to reduce India's dependence on raw material imports from China.

Financial inclusion

According to the World Bank's Global Findex Database 2017, the global average of adult population with an account (with a bank, financial institution, or mobile money providers) was ~69% in 2017. India's financial inclusion has improved significantly in the past three years. The adult population with bank accounts rose from 53% (as per Global Findex Database 2014) to 80% in 2017 according to Global Findex Database, with the Government's concentrated efforts to promote financial inclusion and the proliferation of supporting institutions.

GST implementation

Introduced on July 1, 2017, the GST is an indirect tax regime that subsumed multiple cascading taxes levied by the central and state Governments. Its implementation has spawned structural changes in the supply chain and logistics network in the country.

Thrust on affordable housing

Government initiatives have prompted developers to explore affordable housing as a new area. Going ahead, about half of the incremental supply being added in urban stock is expected to be via affordable housing. Additionally, the formalisation of the industry is likely to bring in more transparency, leading to an increase in consumer demand.

In a major relief to real estate sector, the Government has extended the timelines of Real Estate (Regulation and Development) Act ("**RERA**") projects by six months for projects expiring on or after March 25, 2020. Further, in affordable housing, it has extended the deadline to March 31, 2022 for first time homebuyers to avail additional Rs 150,000 interest deduction on home loans.

The Government's scheme to provide Housing for All by 2022 and various steps taken to implement it are expected to boost sales of affordable and low-cost housing units. PMAY Urban (PMAY-U) and PMAY Gramin (PMAY-G) have been focused on providing affordable housing to lower income group ("**LIG**") and economic weaker section ("**EWS**") households. The Government remains focused on the PMAY U and G, and as of February 7, 2022, construction of approximately 22 million houses across urban and rural regions have been completed. In the Indian Union Budget 2022-23, the Government has allocated Rs 480 billion to the construction of 8 million houses in rural and urban areas during Fiscal 2023. Of the total Rs 480 billion allocated to Fiscal 2023, Rs 280 billion is allocated to PMAY-Urban and Rs 200 billion to PMAY-Gramin.

PMAU – Urban progress (As of February 7, 2022)

Houses sanctioned	**11.4 million**
Houses grounded for construction	9.3 million
Houses completed	5.5 million
Total investment	Rs 7,520 billion
Central assistance released	Rs 1,200 billion

Source: MOHUA, CRISIL Research

IBC - a key long-term structural positive

The Insolvency and Bankruptcy Code (IBC) is a reform that will structurally strengthen the identification and resolution of insolvency in India. The IBC enhances the credit enforcement structure and provides certainty around the timeframes for insolvency resolution. With this reform, the RBI has sent a strong signal to borrowers to adhere to credit discipline and encourage banks to break resolution deadlocks by introducing definite timelines.

Country	**Year of bankruptcy reform**	**Pre-reforms**		**Five years post-reforms**	
		Recovery rate (%)	**Time (years)**	**Recovery rate (%)**	**Time (years)**
Brazil	2005	0.2	10.0	17.0	4.0
Russia	2009	28.2	3.8	42.8	2.0
China	2007	31.5	2.4	36.1	1.7
India	2016	26.0	4.3	43*	1.6*

*Note: * As of 2019*

Source: World Bank, CRISIL Research

Reduction in corporate tax rates to boost capital base of financial institutions

On September 20, 2019, the Finance Minister announced Taxation Laws (Amendment) Ordinance, 2019 amending the Income Tax Act, 1961 to allow any domestic company an option to pay income tax at a rate of 22%, subject to the condition that they will not avail of any exemption/incentive. The effective tax rate for these companies will be 25.17% inclusive of surcharge and cess. Also, such companies will not be required to pay minimum alternate tax.

Measures to counter the pandemic's onslaught on growth

Reserve Bank of India goes all out to combat the crisis

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) slashed the repo rate by 115 basis points (bps) to address financial market stress in the wake of the pandemic and the subsequent lockdown.

Reducing debt servicing burden through moratorium period: The RBI initially permitted lending institutions to allow a moratorium of three months on repayment of instalments for term loans outstanding as on March 1, 2020 and defer interest payments due on working capital facilities outstanding. The moratorium was further extended by another three months till August 31, 2020.

Loan restructuring: The RBI constituted a committee which identified 26 sectors for restructuring which included aspects related to leverage, liquidity and debt serviceability to be factored by the lending institutions while finalising resolution plans for borrowers.

Supporting financial market liquidity: The RBI initially announced targeted long-term repo operations (TLTROs) of up to three years' tenure for a total of up to Rs 1 trillion. Subsequently, TLTROs worth Rs 500 billion were announced specifically for NBFCs and mutual fund institutions (MFIs), with 50% targeted towards small and mid-sized firms.

Measures during second wave of COVID-19: In May 2021, RBI announced several measures to protect small and medium businesses and individual borrowers from the adverse impact of the intense second wave of COVID-19 across the country. Restructuring framework 2.0 was announced wherein individuals and MSMEs having aggregate loan exposure of up to Rs 250 million, who have not availed restructuring under any of the earlier restructuring frameworks (including under the Resolution Framework 1.0 dated August 6, 2020), and who were classified as 'Standard' as on March 31, 2021, were allowed to restructure their loans. Further, for small businesses and MSMEs restructured earlier, banks and NBFCs have also been permitted, as a one-time measure, to review the working capital sanctioned limits, based on a reassessment of the working capital cycle, margins, etc.

Additionally, the RBI incentivised small finance banks (SFBs) to increase credit flow to small borrowers in two ways: one, by opening a special long-term repo operation (SLTRO) window of Rs 100 billion for SFBs for extending loans of up to Rs 1 million to individuals and small businesses; and two, by classifying on-lending by SFBs to small MFIs with assets as less than Rs 5 billion as priority sector lending.

"Aatmanirbhar" package is a timely relief amid the pandemic

Liquidity boost for NBFCs

The Government announced a Rs 450 billion partial guarantee scheme (for NBFCs) and Rs 300 billion special liquidity scheme for NBFCs, housing finance companies (HFCs) and MFIs, aimed at covering the concern of credit risk perception on mid and small size non-banks.

Emergency Credit Line Guarantee Scheme (ECLGS) for MSMEs (Rs 5 trillion)

Banks and NBFCs are directed to offer up to 20% of entire outstanding credit to MSMEs. MSMEs with up to Rs 250 million outstanding credits and Rs 1 billion turnover are eligible for these loans. It will have four-year tenure with a moratorium of 12 months on principal payment and can be now availed till March 31, 2022. In June 2021, the Government increased the overall admissible guarantee limit from Rs 3.0 trillion to Rs 4.5 trillion. The Government will provide complete credit guarantee cover to lenders on principal and interest amount. In the India Union Budget 2022-23, the limit was further increased by Rs 0.5 trillion to Rs 5 trillion.

Subordinated debt to MSMEs (Rs 200 billion)

The Government is also facilitating the provision of Rs 200 billion as subordinate debt for stressed assets of MSMEs. It will also provide Rs 40 billion as partial credit guarantee support to banks for lending to MSMEs.

Equity infusion in MSMEs (Rs 500 billion)

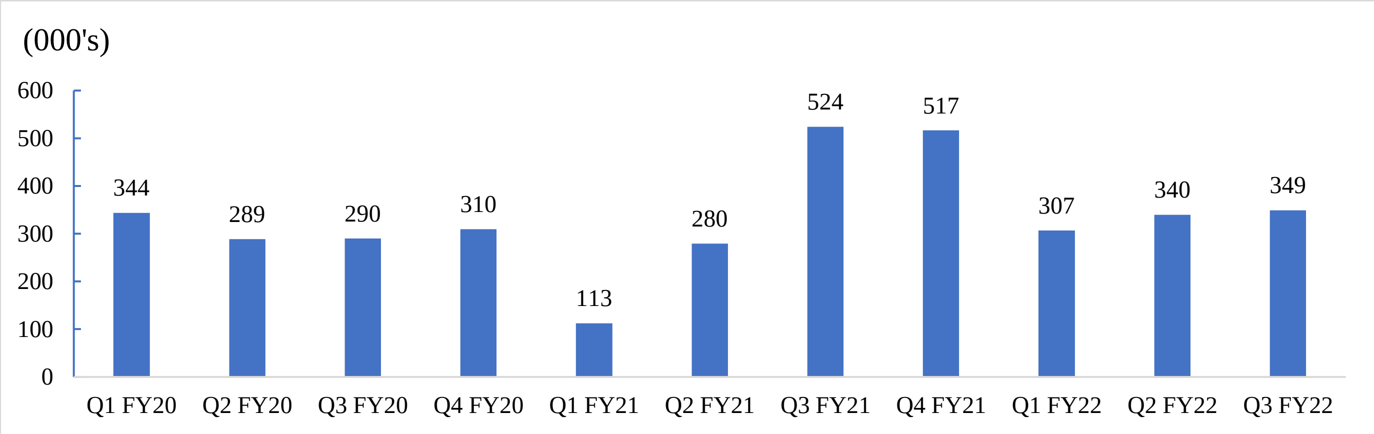
The Government has committed to infuse Rs 500 billion in equity of MSMEs having growth potential and viability. It will also encourage MSMEs to list on stock exchanges.

The finance minister, on November 12, 2020, announced a stimulus package amounting to Rs 2.65 trillion. Under the package, 12 stimulus measures were rolled out to boost employment in the formal and informal economy, help housing infrastructure, enhance ease of doing business, extend the deadline for the Credit Line Guarantee Scheme, etc.

Stamp duty reduction in Maharashtra state

In August 2020, the Maharashtra government decided to temporarily reduce the stamp duty payable on home registration to 2% from September 1, 2020 to December 31, 2020 and 3% from January 1, 2021 to March 31, 2021 from the earlier applicable rate of 5%. The decision was made to give some relief to consumers and to boost real estate sales in the immediate aftermath of Covid-19. In the third and fourth quarters of Fiscal 2021, property registrations in Maharashtra witnessed an increase of 80% and 67% respectively over the respective periods in Fiscal 2020.

Trend in property registrations in Maharashtra

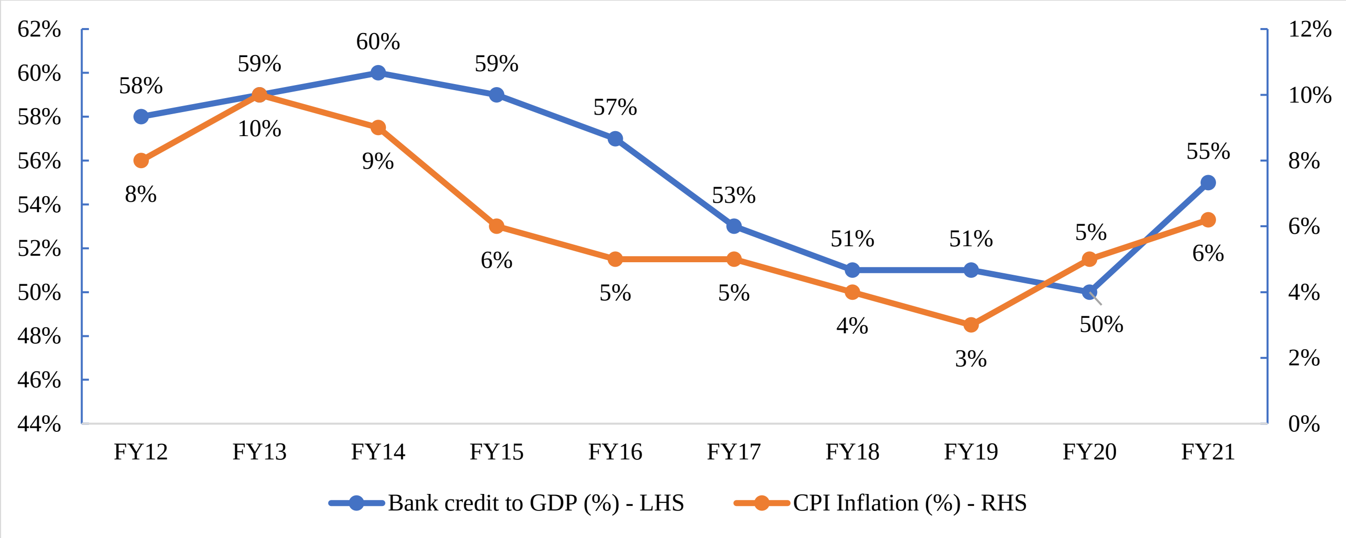


Source: Department of Registration & Stamps, Maharashtra

Credit penetration is lower in India compared to other countries

In terms of the credit to GDP ratio, India has a low credit penetration compared to other developing countries, such as China, indicating that the potential that can be tapped. Similarly, in terms of credit to households as a proportion of GDP, India lags other markets, with retail credit hovering at around 22% of GDP as of Fiscal 2021.

Trend in banking credit to GDP and CPI inflation



Source: RBI, CRISIL Research

Gross Fixed Capital Formation (GFCF) by Indian household sector in dwellings, buildings and other structures is on the rise as against other organisations.

On the investment front, the share of fixed investments in dwellings, buildings and other structures has been falling from 57% of the total GFCF in FY15 to 48% in FY20. Out of these, the household sector is the highest contributor accounting for 49% of the overall GFCF in dwellings, buildings and other structures in Fiscal 2020. These levels have shown a gradual rise to Rs 22.6 trillion in Fiscal 2020 from Fiscal 2015 when the overall GFCF in dwellings, buildings and other structures was Rs 18.7 trillion.

Gross Fixed Capital Formation by asset

Parameter (Rs billion)	FY15	FY16	FY17	FY18	FY19	FY20
GFCF	**32,781**	**34,922**	**37,876**	**40,831**	**44,862**	**47,304**
Dwellings, Other buildings & Structures	18,712	18,456	19,248	20,215	22,220	22,652
Machinery & equipment	11,006	12,510	13,892	16,153	17,793	18,668
Cultivated biological resources	71	84	95	59	52	54
Intellectual property products	2,992	3,871	4,641	4,404	4,797	5,930

Source: National Account Statistics 2021, MOSPI, CRISIL Research

Rural economy is becoming structurally far more resilient

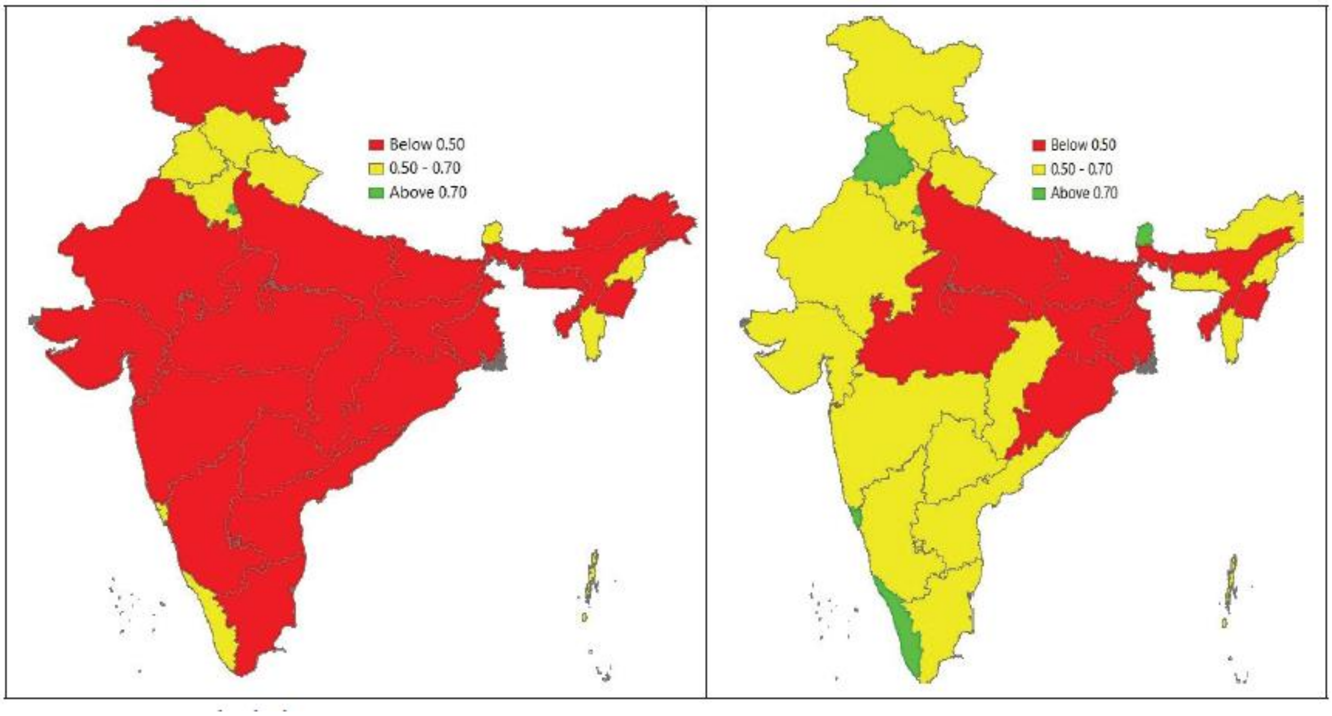
Access to bare necessities across rural areas has improved considerably over the last few years.

The bare necessities index (BNI), which was included as part of the Economic Survey for 2020-21, indicates how the access to bare necessities in semi-urban and rural areas in India has improved considerably in the last few years, thereby enhancing the quality of life and aspirations of the populace.

The BNI summarises 26 indicators on five dimensions viz., water, sanitation, housing, micro-environment, and other facilities. The BNI has been created for all states for calendar years 2012 and 2018 using data from two NSO rounds (69th and 76th) on drinking water, sanitation, hygiene and housing conditions in India. The BNI indicates that access to the bare necessities has improved across all states in the country in 2018 as compared to 2012.

The below graphs indicate the state-wise values of BNI in 2012 and 2018 for India as a whole as well as urban and rural areas. A higher value indicates better access to bare necessities in a state ad vice-versa. The three colours, green, yellow and red, used in the maps show the level of a state in providing access to bare necessities to its households. Green (above 0.70) indicates high level, followed by yellow (0.50 to 0.70), which indicates medium level. In contrast, red (below 0.50) indicates very low level of access. The difference in colours in a map indicate the regional variation in the access to bare necessities for the household.

BNI for Rural India (2012) **BNI for Rural India (2018)**



Source: Economic Survey 2020-21

Housing scenario in India

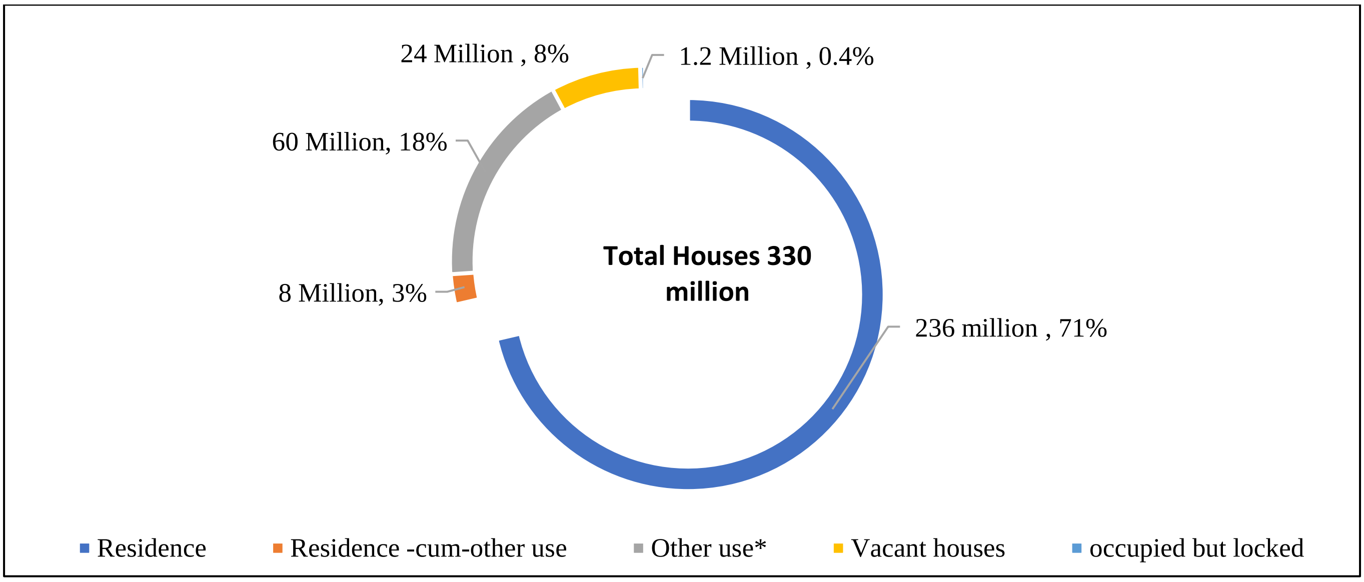
Indian household investment in Real estate

As per household finance committee report issued by the RBI in 2017, the average Indian household holds 77% of its total asset in real estate which includes residential buildings, buildings used for farm and non-farm activities, constructions such as recreational facilities, and rural and urban land.

As per Census 2011, India has 330 million houses of which 18% were used for non-residential purposes such as shop/office, school, hotel, lodge, hospitals, factory or place of worship and 7% total houses were vacant. As a result, only about 240 million houses were used for residence purpose or residence-cum-other use purpose.

Further, 5% of the residential houses were in very poor condition and 44% of the residential houses were just liveable houses.

Housing stock in India



*Note: *Other use – Shop, Office, School, College, Hotel, lodge, guest house, hospital dispensary, Factory, workshop, work shed, place of worship, etc.*

Source: Census 2011, CRISIL Research

Housing shortage in India

Estimated shortage and requirement of ~100 million houses in 2022

The housing shortage in India has only increased since the estimates at the time of the Twelfth Five year plan. As per the report of a RBI-appointed Committee on the development of housing finance securitisation market (September 2019), the housing shortage in India is estimated to increase to 100 million units by 2022. 95% of household shortage is from LIG and EWS with the remaining 5% of the shortage coming from middle income group or above.

Total incremental housing loans demand, if this entire shortage is to be addressed, is estimated to be in the region of Rs 50 trillion to Rs 60 trillion, as per the Committee report. In comparison, the overall housing loans outstanding as of March 2021 is around Rs 21 trillion. This indicates the immense latent potential of the market, in case concrete action is taken for addressing the shortage of houses in the country.

Projected Housing Requirement by 2022

Category	**Shortage and requirement (million)**	**Value of units (Rs trillion)**	**Aggregate Loan demand (Rs trillion)**
EWS	45	34	5
LIG	50	75	30
MIG and above	5	40	22
Total	**100**	**149**	**58**

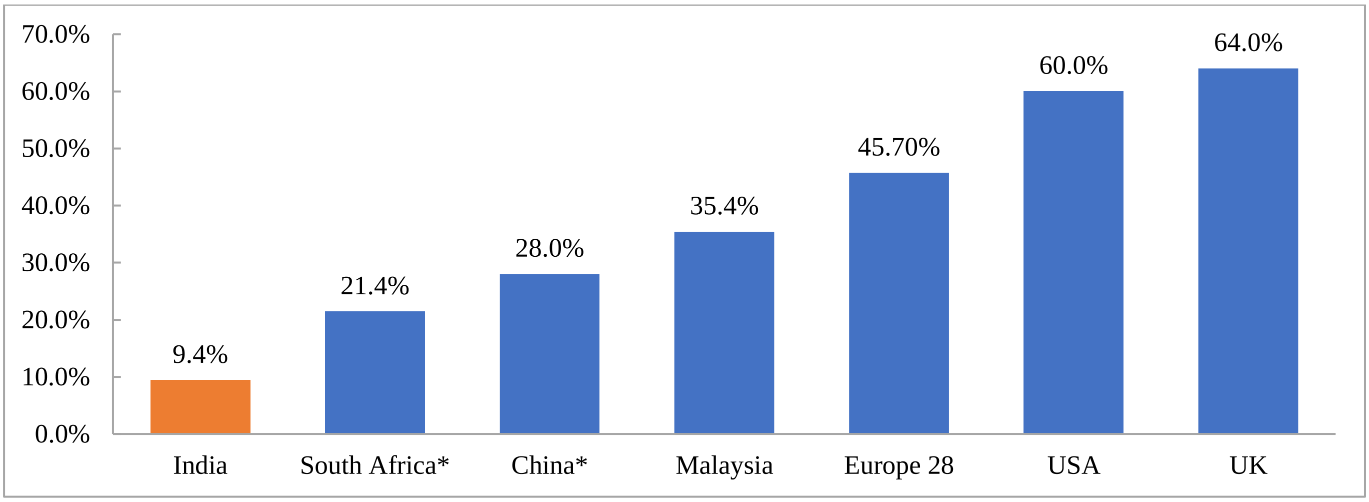
Note: MIG means middle income group

Source: RBI – Report of the committee on the development of Housing Finance Securitisation Market – September 2019, CRISIL Research

Mortgage-to-GDP ratio in India lower than other countries

India has very low penetration in terms of housing finance as compare to its rising peers which shows the higher potential for Indian housing finance companies to expand. Housing finance market continue to face supply constraints from banks and NBFCs, particularly for LIG as they are perceived as risky due to informal sector.

Mortgage-to-GDP ratio in India compared with other countries (CY18)



Note: (*) – As of CY17, Europe 28 includes the 28 European Union Member states as on December 2018

Source: HOFINET, European Mortgage Federation, NHB, CRISIL Research

Factors affecting mortgage-to-GDP ratio in India

1- Higher affordability led by increase in disposable income

2- Rapid growth in urbansisation

3- Higher proportion of young population

4- Government measures to push housing sector such as "Housing for all", impetus packages to tackle the pandemic, NHB Refinance scheme, SARFAESI Act, etc.

1- Low per capita GDP

2- Relatively high house prices

3- High percentage of population in informal employement

4- Information asymmetry in smaller cities

5- Insufficient long-term capital

6- Inadequate legal infrastructure

Source: CRISIL Research

Factors aiding growth of mortgage penetration

Higher affordability – Per capita income is estimated to have contracted by 8% in Fiscal 2021 compared to a growth of 2.9% in the preceding Fiscal. CRISIL forecasts that the per capita income will gradually improve with a pick-up in GDP growth and sustained low inflation. This will be an enabler for domestic consumption. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.2% compound annual growth rate (CAGR) from Fiscals 2021-25.

Urbanisation - As per Census 2011, India's total population was about 1.2 billion and comprised nearly 247 million households. The urban population was 31% of the total population and urban households were 68% of the total households (168 million urban households and 79 million rural households). The country's urban population has been rising consistently over the decades. In 1950, it was 17% of total population. As per the 2018 revision of World Urbanization prospects, it was estimated at 34.9% for India. This is expected to reach 37.4% by 2025.

Higher proportion of young population – As of 2020, India has one of the largest young populations in the world, with a median age of 28 years. About 90% of Indians will still be below the age of 60 by calendar year 2021. CRISIL Research estimates that 63% of them will be between 15 and 59 years old. In comparison, in 2020, the United States (US), China and Brazil had 74%, 62% and 78%, respectively, of their population below the age of 60.

Government measures to aid mortgage penetration – Various regulatory initiatives to aid the housing sector and enhance further penetration of mortgage in India.

Indian housing finance market

Overall housing finance market to log a CAGR of 11% in the long term

The Indian housing finance market clocked a healthy ~13% CAGR (growth in loan outstanding - total housing loans on the books of all financiers put together) over Fiscals 2017-2021 on account of a rise in disposable income, healthy demand emanating from smaller cities markets, attractive interest rates and government impetus on housing.

Rise in disposable income: India's per capita income grew at a 10% CAGR between Fiscal 2012 and 2020. In Fiscal 2021, the per capita income declined marginally due to COVID-19 pandemic impacting the economy. This continuous increase in per capita income, notwithstanding the blip in Fiscal 2021, has aided housing finance demand.

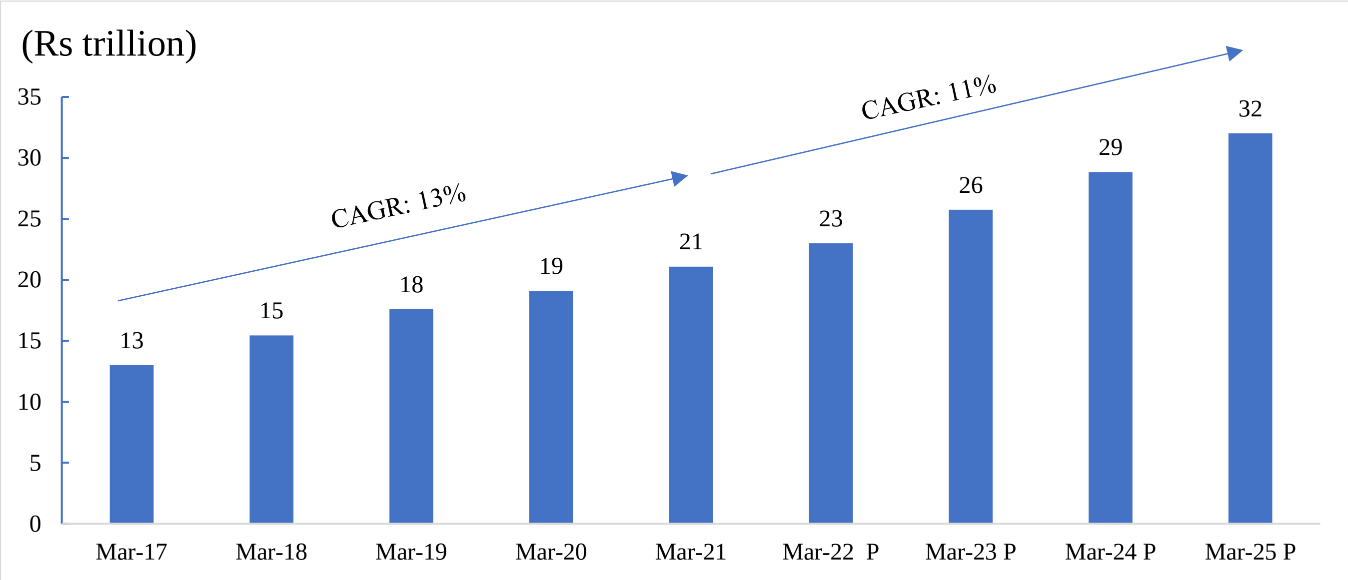
Healthy demand emanating from smaller markets: Faster growth in smaller districts and relatively sombre demand for high ticket housing in metros have led to increased share of smaller districts (tier-II and below cities) in housing loans over the last couple of years. The top 50 districts in the country accounted for 70% of the housing loan outstanding in the country as on March 2021 and September 2021 compared to 73% as of March 2018.

Attractive Interest rates: Over last 2-3 years, with lowering repo rates, housing loan interest rates have become very attractive for consumers. Improved annual income of borrowers, coupled with historically low rates, has driven growth in the housing finance segment.

Government impetus on housing: The Government of India has taken several initiatives to encourage growth in the housing sector. As of February 7, 2022, construction of close to 22 million houses has been completed in urban and rural regions under Pradhan Mantri Awas Yojana (Urban and Gramin). Other initiatives include interest subsidy under PMAY, tax incentives to home loan borrowers and developers and implementation of RERA.

CRISIL Research expects housing loan credit to grow at ~9% in Fiscal 2022. With economy improving further, housing credit is expected to grow at 11% between Fiscal 2021 and Fiscal 2025. However, in event of a resurgence in the pandemic, pace of vaccination and any regulatory change that impacts demand will remain key monitorables.

Growth in housing loans outstanding



Note: P - Projected

Source: CIBIL, CRISIL Research

The housing loan market grew at ~11% CAGR between Fiscals 2018 and 2021, spurred by growth in the higher ticket size segment, i.e., over Rs 1.5 million. The share of the higher ticket segment increased from 76% as of March 2018 to 81% as of March 2021 and 82% as of September 2021 in terms of value. Due to the impact of economic slowdown in Fiscal 2019 and subsequently COVID-19 in Fiscal 2020 and Fiscal 2021, which had a greater impact on the lower income segment in relative terms, the share of higher ticket size segment increased over the years, both in terms of value and volume. However, majority of the housing loan volumes are still in the lower ticket size segment (less than Rs 1.5 million), with this segment accounting for ~58% of housing loans outstanding as of March 2021 and 57% as of September 2021.

	Ticket-size wise loan outstanding (Rs trillion)					Ticket-size wise loan outstanding mix (Value terms)				
	Mar-18	Mar-19	Mar-20	Mar-21	Sep-21	Mar-18	Mar-19	Mar-20	Mar-21	Sep-21
0-0.75 million	1.1	1.1	1.1	1.1	1.0	7%	6%	6%	5%	5%
0.75-1.5 million	2.6	2.7	2.8	2.9	2.8	17%	15%	15%	14%	13%
1.5-2.5 million	3.5	3.9	4.2	4.5	4.5	23%	22%	22%	21%	21%
2.5-5.0 million	4.3	5.1	5.7	6.5	6.8	28%	29%	30%	31%	31%
5 million +	3.9	4.7	5.3	6.1	6.4	25%	27%	28%	29%	30%
Total	15.5	17.6	19.1	21.1	21.5	100%	100%	100%	100%	100%

Source: CIBIL, CRISIL Research

	Ticket-size wise number of loans outstanding (million)					Ticket-size wise loan outstanding mix (Volume terms)				
	Mar-18	Mar-19	Mar-20	Mar-21	Sep-21	Mar-18	Mar-19	Mar-20	Mar-21	Sep-21
0-0.75 million	4.9	5.1	5.3	5.3	5.1	39%	38%	37%	35%	34%
0.75-1.5 million	3.1	3.3	3.4	3.5	3.5	25%	24%	24%	23%	23%
1.5-2.5 million	2.3	2.6	2.8	3.0	3.1	19%	19%	20%	20%	20%
2.5-5.0 million	1.6	1.9	2.2	2.5	2.6	13%	14%	15%	16%	17%
5 million +	0.5	0.6	0.7	0.9	0.9	4%	5%	5%	6%	6%
Total	12.4	13.5	14.5	15.2	15.2	100%	100%	100%	100%	100%

Source: CIBIL, CRISIL Research

In lower ticket size loan segments of up to Rs 0.75 million and Rs 0.75-1.5 million, public sector banks have seen a strong competition from the HFCs. These both combined have 74% and 72% share between them in Fiscal 2021 in the lower ticket size loan segments of up to Rs 0.75 million and Rs 0.75-1.5 million respectively with private sector banks having only 11% and 18% share in the housing loans disbursements in respective lower ticket size buckets.

Banks mostly provide loans to customers whose income sources, banking behaviour and credit history can be easily assessed. On the other hand, several HFCs cater to customers whose formal income proofs may not be strong, and therefore, an HFC's understanding of underwriting for this customer segment as well as micro market related dynamics are critical for success. Besides, banks also have a lower cost of funds than HFCs, allowing them to offer loans at more attractive rates to customers with good credit scores. Both banks and HFCs are exposed to general risks in the housing finance market such as delay in project approvals and construction, title and valuation related risks, as per CRISIL.

Player group-wise – ticket size mix of housing loan disbursement in Fiscals 2020 and 2021

FY20	Player group-wise ticket size-wise disbursement (Rs billion)					Player group-wise ticket size-wise disbursement mix				
	0-0.75 million	0.75-1.5 million	1.5-2.5 million	2.5-5.0 million	5 million +	0-0.75 million	0.75-1.5 million	1.5-2.5 million	2.5-5.0 million	5 million +
PSBs	79	215	442	782	671	42%	41%	47%	49%	37%
HFCs	65	177	304	515	585	34%	34%	32%	32%	33%
Private Banks	19	81	139	235	508	10%	16%	15%	15%	28%
NBFCs	10	19	17	18	20	5%	4%	2%	1%	1%
Others	16	30	38	37	16	9%	6%	4%	2%	1%
Total	189	522	940	1,586	1,801	100%	100%	100%	100%	100%

Note: Others includes SFBs, foreign banks, regional rural banks and co-operative banks.

The above classification of player groups is done based on data reported by respective entities to CIBIL.

Source: CIBIL, CRISIL Research

FY21	Player group-wise ticket size-wise disbursement (Rs billion)					Player group-wise ticket size-wise disbursement mix				
	0-0.75 million	0.75-1.5 million	1.5-2.5 million	2.5-5.0 million	5 million +	0-0.75 million	0.75-1.5 million	1.5-2.5 million	2.5-5.0 million	5 million +
PSBs	69	176	397	773	687	42%	35%	41%	44%	34%
HFCs	52	186	347	644	617	32%	37%	36%	36%	31%
Private Banks	17	90	172	307	670	11%	18%	18%	17%	33%
NBFCs	11	22	17	17	20	7%	4%	2%	1%	1%
Others	14	27	33	34	15	8%	5%	3%	2%	1%
Total	163	501	967	1,775	2,009	100%	100%	100%	100%	100%

Note: Others includes SFBs, foreign banks, regional rural banks and co-operative banks.

The above classification of player groups is done based on data reported by respective entities to CIBIL.

Source: CIBIL, CRISIL Research

Home loans have the lowest annual credit costs across major asset segments

Housing finance as an asset class has the lowest annual credit costs amongst all large financial asset classes mainly on account of the collateral and the secured nature of the funding.

Average credit costs as a % of average total assets for NBFCs/HFCs across major asset classes during FY19-FY21

Asset Class	FY19-21E average
Housing Finance	**0.5%**
Auto Finance	**2.0%**
Consumer finance	**5.1%**
Micro Finance	**2.9%**
MSME Finance (LAP)	**1.6%**

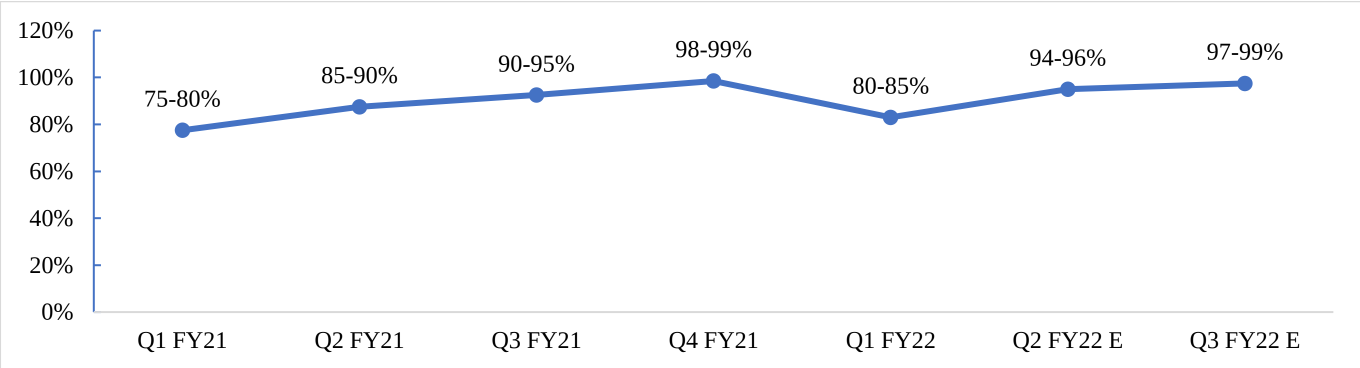
Asset Class	FY19-21E average
MSME (unsecured loans)	**~4-5%**

Source: Company Reports, CRISIL Research Estimates

Monthly collection efficiency continues to improve in housing finance segment; asset quality to improve in the long term

Collection efficiency for housing loans was high at 98-99% levels before the onset of the pandemic. In the first quarter of Fiscal 2021, collection efficiencies were 75-80% due to the lockdown induced by the pandemic. In the second quarter of Fiscal 2021, the collection efficiencies improved to 85-90%. In October and November 2020, collection efficiency rose further to 90-95%, as per CRISIL Research estimates, and in December 2020, the collection efficiency further increased to 98-99%. Collection efficiency continued to be strong at around the same level as December 2020 in the fourth quarter of Fiscal 2021. However, collections slipped to ~70-75% in April 2021 because of the nationwide lockdown due to the Covid-19 pandemic. It rebounded to 85-90% in July and August after the Government relaxed restrictions gradually. After September 2021, collection efficiencies have reached 95-100% for housing loans.

Collection Efficiency in housing loans (%)



Notes: E-Estimated

Source: CRISIL Research

Overview of housing finance market focusing on low-income housing segment

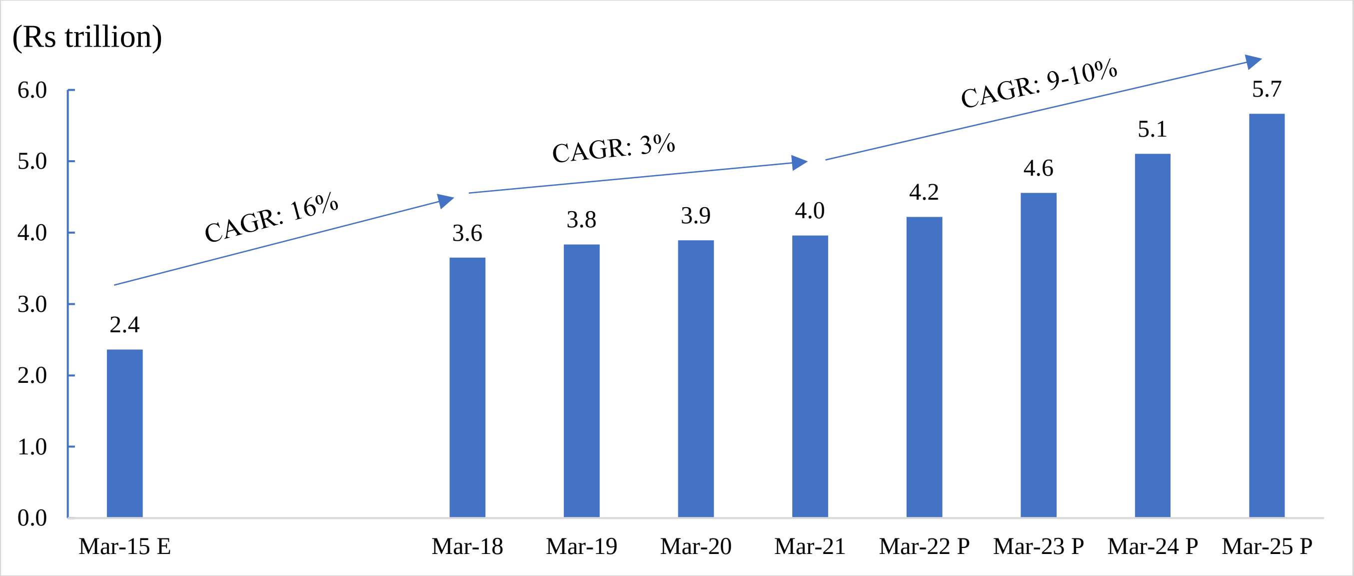
India's mortgage market can broadly be divided into two segments by ticket size of the housing loan at the time of disbursement - loans with ticket size of more than Rs 1.5 million, and loans with ticket size of Rs 1.5 million and below. The former can be called normal mortgage market, which is prominent in the metro/urban areas, and the latter which generally includes houses in the outskirts of these areas and semi-urban and rural areas can be defined as housing finance market focusing on low-income housing segment.

According to CRISIL, housing loans with ticket size greater than Rs 1.5 million are referred to as normal housing loans ("Normal housing loans"), and loans with ticket size lower than Rs 1.5 million are referred to as housing loans focusing on low-income housing segment ("Low-income housing loans"). This segment is also the focus of government schemes such as affordable housing in partnership and Credit Linked Subsidy Scheme (CLSS) under PMAY, and refinance under the NHB's affordable housing fund[1]. As per RBI Report of the Committee on the development of Housing Finance Securitisation Market published in September 2019, the housing shortage is also largely in the EWS and LIG segment with shortage of 45 million houses in the EWS segment and 50 million houses in LIG segment, which put together accounts for 95% of the estimated housing shortage in India.

The overall size of the housing finance market focusing on low income housing loans in India was around Rs 4 trillion as of March 2021, constituting a tad under one-fifth of the housing finance industry. The housing finance market focused on low income housing loans (ticket size less than Rs 1.5 million) accounts for around 20% of the overall housing finance market, as per CIBIL data. With outstanding loans of Rs 1,796 billion as of March 2021, PSBs have the highest market share of 45% in the Low-income housing loans market. HFCs accounted for 36% of the market (Outstanding loans of Rs 1,41,9 billion as of March 2021) followed by private banks which had a market share of 11% (outstanding loans of Rs 447 billion as of March 2021). All other player groups (foreign banks, NBFCs, SFBs, RRBs and co-operative banks) had a cumulative market share of 7% in Low-income housing loans as of March 2021.

[1] https://nhb.org.in/wp-content/uploads/2021/05/FTS-2407-Refinance-Crcular-AHF-2021-English.pdf

Projected growth in outstanding loans of low income housing loan segment



Note: P-Projected

Source: CIBIL, CRISIL Research

While the market has grown at a tepid pace in the past 2-3 years, CRISIL expects future growth due to the following reasons:

- The economy is expected to gradually rebound from the lows touched post Covid-19
- Government focus on housing and sops being given by some state governments such as lowering stamp duties to aid housing demand
- Increased supply of affordable homes
- Rising demand for affordable homes as consumers increasingly work out of Tier 2/3/4 cities in a post-Covid world
- Preference for owning homes seems to be on the rise in the post-Covid world
- Home loan interest rates continuing to be at attractive levels
- State-wise loans outstanding

Based on the home loans outstanding in the low income housing segment, the top 10 states/UTs account for ~79% of the market size in this segment as of March 2021 and September 2021. Maharashtra tops the list with the highest share of 18%, followed by Gujarat (11%), Tamil Nadu (10%), Kerala (7%) and Uttar Pradesh (6%).

Top 10 states/UTs account for close to 79% of outstanding housing loans focused on low income housing finance (Rs billion)

State	Mar-18	Mar-19	Mar-20	Mar-21	Mar-18 to Mar-21 CAGR	Sep-21
Maharashtra	692	707	700	696	0.2%	678
Gujarat	371	399	411	441	5.9%	429
Tamil Nadu	341	357	367	379	3.6%	373
Kerala	231	244	243	261	4.0%	251
Uttar Pradesh	232	250	251	254	3.1%	238
Madhya Pradesh	193	217	236	248	8.8%	241
Rajasthan	186	210	221	243	9.4%	233
Karnataka	246	249	244	234	-1.6%	221
Andhra Pradesh	174	184	189	186	2.2%	178

West Bengal	162	172	172	176	2.9%	169

Note: States/UT which have less than 1.5% share of housing finance focused on low income housing segment are- Bihar, Odisha, Uttarakhand, Assam, Himachal Pradesh, Jharkhand, Chandigarh, Jammu and Kashmir, Goa, Tripura, Pondicherry, Sikkim, Mizoram, Dadra & Nagar Haveli, Manipur, Meghalaya, Daman & Diu, Andaman & Nicobar islands, Nagaland, Arunachal Pradesh and Lakshadweep

Source: CIBIL, CRISIL Research

Long-term growth drivers for housing finance

Government Initiatives

- **PMAY-U:** The scheme aims to fill the supply-demand gap in the housing sector. On supply side, the scheme offers incentives for beneficiary-led housing, public private partnerships (PPP) in building homes for economicaly weaker sections (EWS) and low income group (LIG) by offering incentives such as allowing higher floor space index and announcing grants and subsidies for slum redevelopment. On the demand side, the PMAY provides credit-linked subsidies to stmulate demand
- **PMAY-G:** The scheme is for the rural population who don't have their own houses. It provides financial assistance and interest rate subsidy
- **Special financing window:** This window is expected to help revive stalled housing projects which require a last-mile funding to reach completion
- **Relaxation of ECB guidelines:** The relaxed external commercial borrowing (ECB) guidelines will enable easier access to overseas funds and stimulate the sector
- **Tax incentives:** Provides various tax benefits to home loan borrowers and developers
- **RERA:** The law was introduced in order to make the sector transparent
- **GST:** The GST rate for affordable housing projects was cut
- **EPF corpous withdrawal:** Permission to withdraw 90% of employees provident fund (EPF) corpus enables prospective home buyers to make the down payment and pay their home loan EMIs

Regulator initiatives

- Risk weight rationalisation on housing loans to improve sentiment for the real estate sector
- **Regulatory authority of HFCs to shift from NHB to RBI:** The Budget 2020 proposed a change in regulatory oversight and supervision of HFCs from the NHB to the Reserve Bank of India (RBI). This shift will lead to more streamlined regulations and better risk management framework for HFCs.
- **SARFAESI Act**: Bringing HFCs under the ambit of the SARFAESI Act has helped them accelerate recoveries
- **NHB refinance:** The NHB refinancing schemes help HFCs lower their borrowing costs
- **PSL guidelines revised:** The RBI increased the threshold limit for home loans to be classified as PSL in order to promote PMAY

Other factors

- **Low mortgage penetration**
- **Rising urbanisation and nuclearisation:** Decreasing average household size and rising level of urban population create more housing demand.
- **Rising income levels:** Rising income levels help improve the affordability of houses
- **Rising independent housing demand:** Increase in share of independent houses helps housing finance market grow in the long term

Source: CRISIL Research

Government initiatives

The Government's scheme to provide Housing for All by 2022 and various steps taken to implement it are expected to boost sales of affordable and low-cost housing units. This will, consequently, increase the demand for loans. Under the Housing for All missions, the Government has introduced credit-linked subsidy scheme (CLSS) as a demand-side intervention in order to expand institutional credit flow and meet the urban demand.

Affordable housing: Pradhan Mantri Awas Yojana (PMAY) for rural and urban regions

PMAY U and G have been focused on providing affordable housing for LIG and EWS households. The Government remains focused on the PMAY U and G, and as of February 7, 2022, construction of approximately 22 million houses across urban and rural regions have been completed. In the Indian Union Budget 2022-23, the Government has allocated Rs 480 billion to the construction of 8 million houses in rural and urban areas during Fiscal 2023.

PMAY Gramin (Rural)

Under the PMAY-Gramin (PMAY-G), as many as 17.2 million houses were completed as of February 7, 2022 (Phase I + Phase II). The Government has set up a target of constructing 12 million houses by Fiscal 2022 under the Phase-II of the scheme.

PMAY G status (as of February 07, 2022)

	Target	Sanctioned	Completed	Funds Transferred (Rs Billion)
PMAY G (Phase I + II)	20,831,791	21,765,246	17,179,410	2,275
Phase I	9,899,902	9,847,345	9,342,406	1,151
Phase II	10,931,889	11,917,901	7,837,004	1,124

Source: PMAY-G, CRISIL Research

PMAY Urban

Under the PMAY-U, 11.4 million have been sanctioned as of February 7, 2022 and 5.5 million have been constructed. As on February 7, 2022, the Government has sanctioned Rs 1.85 trillion towards this scheme.

PMAY U status (as of February 7, 2022)

	Target	Sanctioned (million)	Houses Grounded (million)	Completed (million)	Funds Released (Rs Billion)
PMAY U	Housing for All	11.4	9.3	5.5	1,200

Source: MOHUA, CRISIL Research

Interest subsidy under PMAY to boost disbursements

Under the Housing for All schemes, in order to expand institutional credit flow to the urban population, the Government has introduced the CLSS as a demand-side intervention. The subsidy will be provided on home loans for eligible urban population to acquire and construct a house. For loans of up to Rs 0.6 million for EWS and LIG beneficiaries, the interest subsidy has been fixed at 6.5% for eligible borrowers buying a home of up to 60 square metres carpet area. In case the beneficiary takes a loan higher than Rs 0.6 million, no subsidy would be available on the additional amount.

In February 2017, the CLSS was extended to include middle-income group (MIG) households with incomes ranging in Rs 0.6-1.8 million per annum. In May 2020, the Government extended the CLSS component, which the Government had introduced as a demand-side intervention, until March 2021. This will provide some support to home loan disbursements this Fiscal.

CRISIL Research has assessed the actual benefit to home loan consumers from the interest subsidy offered under CLSS. The analysis is based on certain assumptions on the value of property purchased considering the income levels and indicates that the CLSS benefit as a percentage of property value is substantial in the EWS and LIG segments at between 10% and 20% of property value.

Last mile affordable housing funding package and relaxation of ECB guidelines

The Government had announced a Rs 100 billion special window to provide last-mile funding for the completion of ongoing housing projects that are non-NPA, non-NCLT and are net worth positive in affordable and middle-income category. The Government contributed about Rs 100 billion and outside investors such as Life Insurance Corporation of India (LIC), private capital, sovereign wealth funds and development finance institutions (DFI) contributed roughly the same amount. The objective of this move is to focus on the construction of unfinished units. This move is expected to benefit roughly 0.35 million projects in the country.

Real Estate (Regulation and Development) Act

Implementation of the RERA had a direct impact on the supply-demand dynamics in the sector. The RERA is expected to improve transparency, timely delivery, and organised operations over time.

Tax incentives

The Government has traditionally used tax regulations to promote the housing sector. Tax sops for the housing sector have been instrumental in driving growth in the housing and housing finance sectors.

Some of the tax benefits announced in the Indian Union Budget 2019-20 are:

- As per Section 24 (B) of the Income Tax Act, 1961, annual interest payments of up to Rs 200,000 (Rs 300,000 for senior citizens) on housing loans can be claimed as deduction from taxable income
- As per Section 80 C (read with Section 80 CCE) of the Income Tax Act, 1961, principal repayments of up to Rs 150,000 on a home loan are allowed as a deduction from gross total income
- As per Section 80 EE, an additional deduction in respect of interest of Rs 50,000 per annum has been provided exclusively for first-time home buyers, given the property value is up to Rs 5 million and the loan is up to Rs 3.5 million

Regulatory Authority on HFCs shifted from NHB to the RBI

The Indian Union Budget 2019-20 announced the transfer of regulatory power on housing finance companies (HFCs) from National Housing Bank (NHB) to the Reserve Bank of India (RBI). This will result in more streamlined regulations and implementation as well as better risk management framework for HFCs. The RBI Act will be amended to give the central bank powers to regulate HFCs. This move is expected to ensure there is greater parity in regulations for NBFCs and HFCs.

PSL eligibility increased

The RBI has increased (under the notification released in June, 2018) eligibility for public sector lending (PSL) in housing loans with a view to converge PSL guidelines with PMAY. The eligibility has been increased from Rs 2.8 million to Rs 3.5 million for metropolitan centres and from Rs 2 million to Rs 2.5 million for other centres. The cost of dwelling unit has been capped at Rs 4.5 million in metropolitan centres and at Rs 3 million in other centres.

NHB's refinance to aid borrowing cost for HFCs catering to affordable housing segment

While access to the debt markets allows large HFCs to mobilise resources at competitive rates, niche HFCs have benefited from the NHB's refinance schemes. The NHB runs various schemes under which it refinances banks and HFCs.

Access to SARFAESI helps HFCs accelerate recoveries

Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act, 2002, allow lenders in India auction commercial or residential properties to recover loans. For HFCs, SARFAESI recovery is allowed for all loans of greater than Rs 0.10 million ticket size. Over time, SARFAESI has proved to be an effective tool in the lender's hands and has acted as a deterrent against wilful defaulters.

Realty demand has a leg up because of GST

A drastic 700 bps reduction in GST from 8% to 1% for under-construction affordable housing projects (effective rate after deducting one-third for land cost) and from 12% to 5% for other under-construction housing projects (effective rate after deducting one-third for land cost) with effect from April 2019 has reduced the differential between GST for ready possession and under-construction properties, and is likely to increase end-user demand. Also, the GST Council has adopted a new definition of affordable housing, which is now described as a residential house / flat with a carpet area of up to 90 square metres in non-metropolitan cities/towns, and 60 square metres in a metro, and having value up to Rs 4.5 million. Metros identified are Bengaluru, Chennai, Delhi NCR (limited to New Delhi, Noida, Greater Noida, Ghaziabad, Gurgaon and Faridabad), Hyderabad, Kolkata, and Mumbai (whole of Mumbai Metropolitan Region). It should be noted that 40-45% of ongoing supply in these six cities falls below the value of Rs 4.5 million.

Infrastructure status to ease financing for affordable housing developers

In November 2017, the Union Government notified infrastructure status to the affordable housing sector. Projects having at least 50% of floor space index (FSI) consumed in units having carpet area of less than 60 square meters qualify as infrastructure projects. This move is aimed at increasing the availability of financing and reducing financing costs for affordable housing projects.

Risk weight rationalisation on housing loans to improve sentiments for the real estate sector

Until October 2020, risk weightage was assigned on the basis of ticket size and loan to value (LTV) ratio. However, for all new housing loans sanctioned up to March 31, 2022, risk weights will be assigned only on the basis of LTV. While these risk weights will be applicable to all ticket sizes. Housing loans above Rs 7.5 million will benefit the most as risk weights for these loans will reduce from 50% to 35%.

Existing risk weight allocation

Outstanding loan	LTV ratio	Risk weight
<Rs 3.0 million	<80%	35%
	80-90%	50%
Rs 3.0-7.5 million	<80%	35%
>Rs 7.5 million	<75%	50%

Source: RBI, CRISIL Research

Revised risk weight allocation

LTV ratio	Risk weight
<80%	35%
80-90%	50%

Source: RBI, CRISIL Research

Business Model of housing financiers focused on low income housing segment

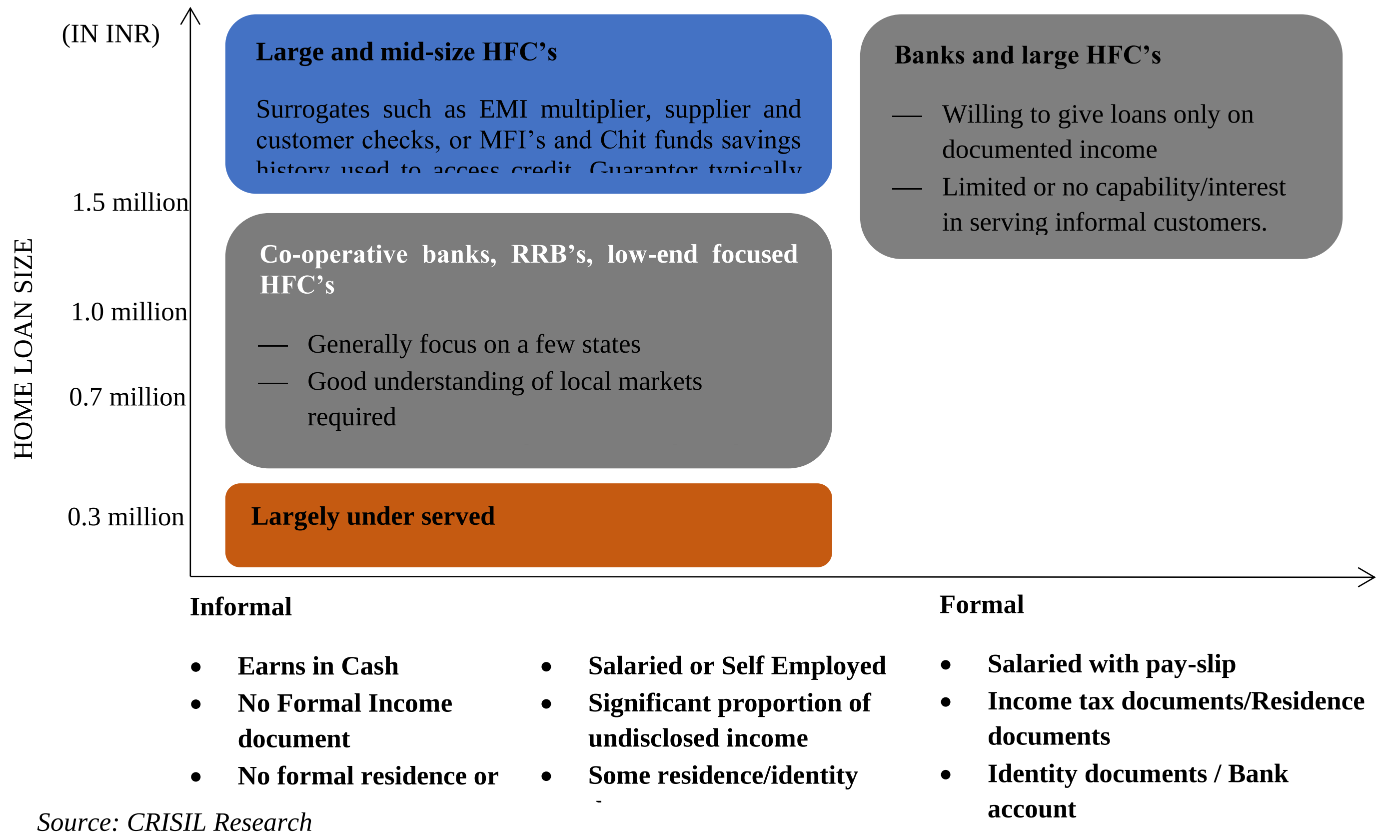
Housing financiers focused on low income housing segment typically serve the underserved category of low-income or mid-income customers who may be salaried, working in the informal sector or self-employed running a small business. Many a times, these customers do not have adequate documentation that can serve as proof of their income.

The high cost of serving this category of customers has prompted financiers to adopt innovative models to source business. An HFC targeting this segment of customers usually has a hub and spoke model where retail branches of the HFC operate as 'hubs' in urban areas, while small kiosks are set up near areas where construction activity is taking place to source customers. Financiers also spread awareness about their products in rural areas by setting up kiosks at 'gram sabhas' and arranging 'loan melas' for potential customers.

However, some players also rely on customers indulging in self-construction of their houses in tier-2 and 3 cities in need of credit. These players have sourcing strategies focussed on attracting customers with touch points in nearby locations.

Usually, close to 70% of the overall business of housing finance companies focused on low income housing segment is sourced through direct sales teams. Direct customer contact through these teams enables better visibility and helps limit fraud, thus making for reliable customer assessment. Moreover, all critical functions like origination, verification and credit appraisal are performed in-house, while certain non-core activities like loan documentation and document processing may be outsourced. This allows HFCs in this segment to allocate more internal resources towards vital aspects of lending such as verification, credit appraisal and Credit assessment.

Exploring the low income housing (<Rs 1.5 million) segment



Source: CRISIL Research

S. no.	Parameters	Housing finance players focused on low income housing segment	Normal housing finance players
1.	Borrower profile	Mostly self-employed customers and customers having weaker income documents; some HFCs though focus on salaried but low-income customers	Majorly focus on customers having proper income documents
2.	Surrogate usage	High surrogate usage to derive the income of borrowers	Very minimal usage of surrogates
3.	Geographical focus	Mainly focus on smaller towns, semi-urbans areas and outskirts of larger cities	Mainly present in major locations and Tier 1 cities
4.	Credit appraisal	Credit appraisal process involves high level of subjectivity to derive income and cash flow patterns	Credit appraisal process is based on pre-defined income and eligibility policies
5.	Collection	Relatively lower share of repayment through ECS / NACH leading to higher OPEX	Higher proportion of ECS and NACH in EMI payment leading to higher collection efficiency
6.	Cost and sources of funds	Higher reliance on bank borrowings leading to relatively higher cost of funds	Higher reliance on capital markets leading to cheaper funds

Source: CRISIL Research

First time availing loan facility (New to Credit)

First time credit customers in housing finance focused on low income housing segment are more than double as compared to normal housing (ticket size more than Rs 1.5 million). The declining share of first time credit customers also indicates better availability of loan repayment records of customer while assessing them for credit underwriting.

New customers to Credit (In Value terms)

	Normal Housing		Low-income housing segment	
	FY20	FY21	FY20	FY21
Disbursement to new to credit customers (Rs billion)	293	270	112	93
Disbursement to known to credit customers (Rs billion)	4117	4564	618	597
Share of new to credit customers in disbursements (%)	7%	6%	15%	14%

Note: Share of new to credit is derived as disbursement to new to credit customers divided by total disbursement to new to credit and known to credit customers.

New to credit customers are defined as customers with no credit history at the time of loan sanction

Source: CIBIL, CRISIL Research

Similar trend can be observed with regards to first time home loan facility users in housing finance focused on low income housing segment. First time home loan consumers account for close to 60% of housing loan disbursements in case of housing finance focused on low income housing segment, which is much higher than their share of around 50% in housing loan disbursements above Rs 1.5 million ticket size.

New customers to Home loan (In Value terms)

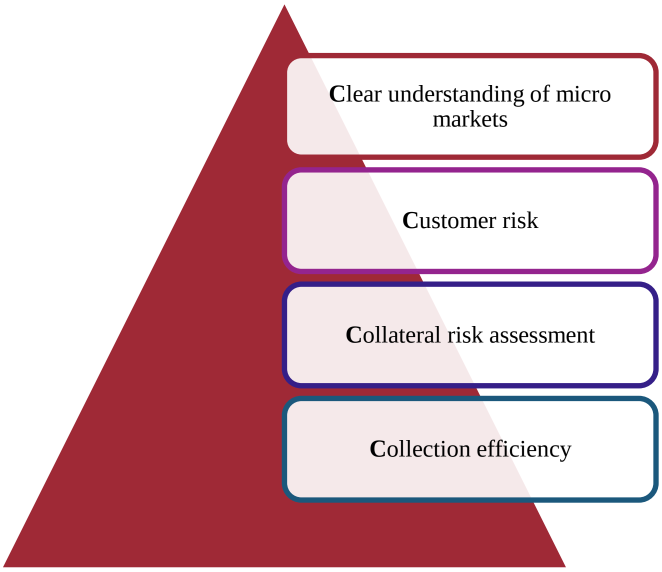
	Normal Housing		Low-income housing segment	
	FY20	FY21	FY20	FY21
Disbursement to new to product customers (Rs billion)	2,214	2,451	448	415
Disbursement to known to product customers (Rs billion)	2,197	2,383	281	274
Share of new to product customers in disbursements (%)	50%	51%	61%	60%

Note: Share of new to product is derived as disbursement to new to product customers divided by total disbursement to new to product and known to product customers.

New to product customers are defined as customers with no credit history for home loans at the time of loan sanction

Source: CIBIL, CRISIL Research

4C's to succeed in Housing Finance focused on low income low housing segment



Source: CRISIL Research

HFCs have the highest share in housing finance focused on low income housing segment

HFCs have 39% market share in the housing finance focused on low income housing segment, which is higher than their 36% market share in the overall housing finance market. HFCs have been able to cultivate a strong market position in this segment due to the following:

- Strong origination skills and focused approach
- Creation of niches in catering to particular categories of customers
- Strong understanding of customer segment, excellent customer service and diverse channels of business sourcing
- Non salaried customer profile – around 50-55% of customers

Focus and presence in smaller cities as well

These factors will help them maintain market share in the future as banks have become risk averse and are focusing on high ticket customers with good credit profiles. By virtue of being largely focused on metros and urban areas, ticket sizes of banks and large HFCs have followed rising property prices. A focus on the urban salaried segment by banks and large HFCs has left non-salaried as well as Tier III, and rural market open to anyone with the capability to operate in that segment.

Market share of player groups based on disbursement

Period	Disbursement by player groups (Rs billion)						Market share of player groups based on disbursement				
	PSBs	HFCs	Private Banks	NBFCs	Others	Total	PSBs	HFCs	Private Banks	NBFCs	Others
Q1 FY18	78	69	19	6	11	182	43%	38%	10%	3%	6%
Q2 FY18	89	80	20	8	12	209	43%	38%	9%	4%	6%
Q3 FY18	93	83	20	7	13	217	43%	38%	9%	3%	6%
Q4 FY18	101	99	24	10	15	248	41%	40%	10%	4%	6%
Q1 FY19	75	83	20	7	12	196	38%	42%	10%	3%	6%
Q2 FY19	78	85	23	7	12	205	38%	41%	11%	3%	6%
Q3 FY19	79	62	21	6	12	179	44%	35%	12%	3%	7%
Q4 FY19	92	86	27	8	14	227	40%	38%	12%	3%	6%
Q1 FY20	64	61	25	7	11	168	38%	36%	15%	4%	6%
Q2 FY20	71	62	26	8	11	178	40%	35%	15%	4%	6%
Q3 FY20	79	63	24	8	12	185	43%	34%	13%	4%	6%
Q4 FY20	81	56	25	7	12	181	45%	31%	14%	4%	7%
Q1 FY21	30	14	6	1	5	56	53%	25%	11%	3%	8%
Q2 FY21	60	55	24	7	10	157	38%	35%	16%	5%	6%
Q3 FY21	72	74	34	10	12	202	36%	37%	17%	5%	6%
Q4 FY21	84	94	43	15	14	250	33%	38%	17%	6%	6%

Note: Others includes SFBs, foreign banks, regional rural banks and co-operative banks

Source: CIBIL, CRISIL Research

Asset quality of HFCs' focused on low income housing segment to improve with increase in information availability and higher technology usage for credit assessment

As demand for home loans largely comes from first-time buyers, who stay in property purchase, asset quality in this segment has remained healthy historically. However, due to the seasoning of portfolios of rapidly growing HFCs, many of which are focused on relatively riskier customers compared with the salaried segment, delinquency rates have moved up. Moreover, due to their presence in a few geographies, HFCs focused on low income housing segment are more susceptible to local events and developments that impact the repayment behaviour compared with their larger counterparts.

CRISIL Research expects delinquencies to further inch up over the course of the Fiscal 2022 and Fiscal 2023 as a result of the slowdown in economic growth induced by Covid-19 and new norms for asset classification issued by the RBI. Nonetheless, CRISIL Research expect to witness an improvement in the asset quality subsequently.

Ability to manage credit costs by appropriately leveraging information availability as also technology and data analytics will be a key differentiator among players in the HFCs focused on low income housing segment.

Analysis of housing finance companies based on book size

CRISIL Research has analysed the variation in performance of HFCs on the basis of assets under management (including home loans, loan against property, developer loans and any other loans by the HFC) as well as focus segment in terms of ticket size. Accordingly, the HFCs have been classified as large HFCs, medium HFCs, small HFCs, and mini HFCs based on the book size of the company.

HFCs have also been classified as HFCs focused on low income housing segment, based on higher share of housing loans with ticket size less than Rs 1.5 million in their portfolio. According to CIBIL data, the entities included in CRISIL's analysis together account for ~97% of the outstanding retail home loans given by HFCs as on March 2021.

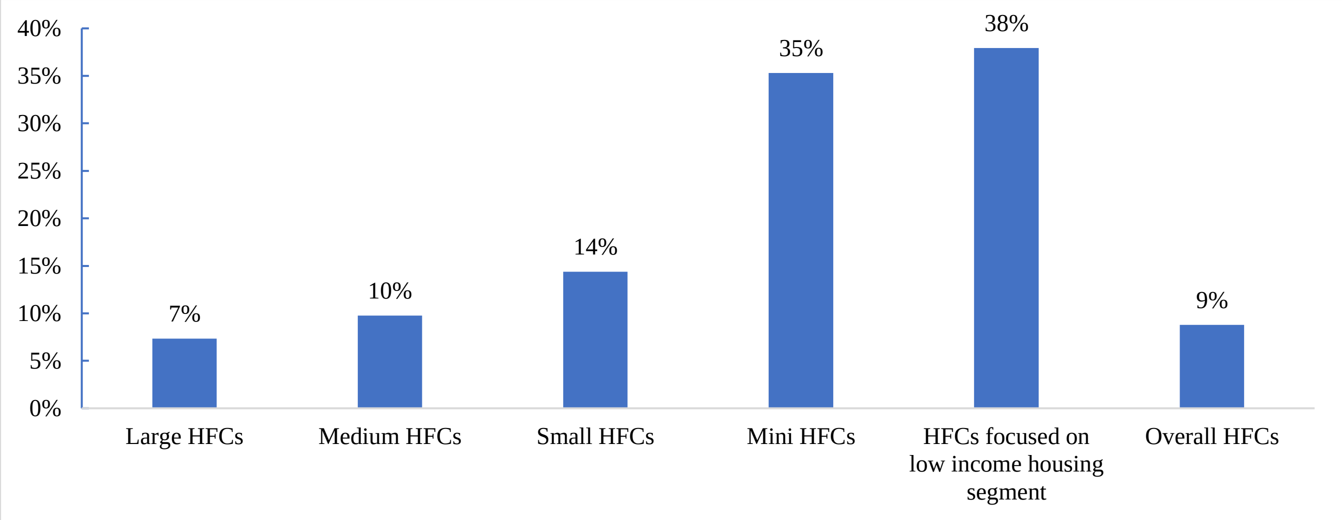
The following table details the categorisation of HFCs used for the analysis:

Category	**HFCs Included**	**HFCs focused on low income housing segment (HFCs with higher share of housing loans with ticket size (at the time of disbursement) less than Rs 1.5 million in their portfolio)**
Large HFCs **(AUM more than Rs 300 billion, as of March 2021)**	Housing Development Finance Corporation Limited, Indiabulls Housing Finance Ltd., LIC Housing Finance Ltd., Piramal Capital and Housing Finance Limited, PNB Housing Finance Limited, Bajaj Housing Finance Limited	Nil
Medium HFCs **(AUM between Rs 150 billion and Rs 300 billion, as of March 2021)**	Can Fin Homes Ltd., ICICI Home Finance Company Limited, India Infoline Housing Finance Limited, L&T Housing Finance Ltd, Reliance Home Finance Limited, and Tata Capital Housing Finance Limited	Nil
Small HFCs **(AUM between Rs 50 billion and Rs 150 billion, as of March 2021)**	Aadhar Housing Finance Limited, AAVAS Financiers Limited, Aditya Birla Housing Finance Limited, GIC Housing Finance Ltd., Mahindra Rural Housing Finance Limited, REPCO Home Finance Ltd., and Sundaram BNP Paribas Home Finance Limited	Aadhar Housing Finance Limited, AAVAS Financiers Limited
Mini HFCs **(AUM less than Rs 50 billion, as of March 2021)**	Akme Star Housing Finance Limited, Aptus Value Housing Finance India Limited, Aspire Home Finance Corporation Limited, Bee Secure Home Finance Private Limited, Capri Global Housing Finance Limited, Centrum Housing Finance Limited, DMI Housing Finance Private Limited, Edelweiss Housing Finance Limited, Fullerton India Home Finance Company Limited, Home First Finance Company India Private Limited, IND Bank Housing Ltd., India Home Loans Limited, India Shelter Finance Corporation Limited, Indostar Home Finance Private Limited, JM Financial Home Loans Limited, Khush Housing Finance Private Limited, Magma Housing Finance, Manappuram Home Finance Private Limited, Manipal Housing Finance Syndicate Limited, MAS Rural Housing & Mortgage Finance Limited, Mentor Home Loans India Ltd., Micro Housing Finance Corporation Limited, Muthoot Homefin India Limited, Muthoot Housing Finance Company Limited, National Trust Housing Finance Limited, New Habitat Housing Finance And Development Limited, Sahara Housingfina Corporation Limited, Sewa Grih Rin Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance Company Limited, SRG Housing Finance Ltd., and Vastu Housing Finance Corporation Limited	Akme Star Housing Finance Limited, Aptus Value Housing Finance India Limited, Aspire Home Finance Corporation Limited, Bee Secure Home Finance Private Limited, Capri Global Housing Finance Limited, DMI Housing Finance Private Limited, Fullerton India Home Finance Company Limited, Home First Finance Company India Private Limited, IND Bank Housing Ltd., India Home Loans Limited, India Shelter Finance Corporation Limited, Indostar Home Finance Private Limited, JM Financial Home Loans Limited, Khush Housing Finance Private Limited, Mahindra Rural Housing Finance Limited, Manappuram Home Finance Private Limited, MAS Rural Housing & Mortgage Finance Limited, Mentor Home Loans India Ltd., Micro Housing Finance Corporation Limited, Muthoot Homefin India Limited, Muthoot Housing Finance Company Limited, National Trust Housing Finance Limited, New Habitat Housing Finance And Development Limited, Sahara Housingfina Corporation Limited, Sewa Grih Rin Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance Company Limited, SRG Housing Finance Ltd., and Vastu Housing Finance Corporation Limited

Home loans given by HFCs focused on low income housing segment have grown the fastest amongst various player groups

Over the last three years ending Fiscal 2021, the credit outstanding of HFCs has clocked 9% CAGR. Among the various player groups, the credit outstanding of HFCs focused on low income housing segment grew the fastest at 38% CAGR. Medium, small and mini HFCs grew faster than overall HFCs, clocking 10%, 14% and 35% CAGR, respectively, in this period.

Three-year CAGR (Mar-18 to Mar-21) of HFC groups in overall housing finance industry



Source: CIBIL, CRISIL Research

The large HFCs continue to have a dominant share of the housing finance market within the HFC pie. However, their market share has been coming down, as several new HFCs focused on specific target segments such as low income housing have emerged. As of March 2021, large HFCs had a market share of 77.7% in housing loans outstanding, down from 80.9% as of March 2018. Share of medium HFCs, small HFCs and mini HFCs has increased from 9.5%, 7.8% and 1.8% as of March 2018 to 9.8%, 9.0% and 3.5% as of March 2021. In fiscal 2022, however, due to greater impact of pandemic on the lower income segment, which is the main target group of mini and small HFCs, their share in credit outstanding declined as of September 2021. Going forward, as economic growth picks up, CRISIL Research expects revival in demand from lower income segment which will aid mini, small and mid-sized HFCs, especially those with a strong segment focus and access to funds, to increase their market share, albeit on a relatively lower base.

Market share of HFC groups, based on disbursements in overall housing finance industry

	HFC player group-wise disbursement (Rs trillion)					HFC player group-wise disbursement mix				
	FY18	FY19	FY20	FY21	9M FY22	FY18	FY19	FY20	FY21	9M FY22
Large HFCs	1.3	1.3	1.1	1.4	1.2	71.5%	69.1%	71.1%	80.1%	80.8%
Medium HFCs	0.2	0.3	0.3	0.2	0.2	13.3%	15.6%	15.7%	8.8%	11.2%
Small HFCs	0.2	0.2	0.1	0.1	0.1	10.9%	10.3%	8.9%	6.7%	4.5%
Mini HFCs	0.1	0.1	0.1	0.1	0.1	4.3%	5.0%	4.3%	4.4%	3.5%
Total	1.8	1.8	1.6	1.8	1.5	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CIBIL, CRISIL Research

Market share of HFC groups, based on credit outstanding in overall housing finance industry

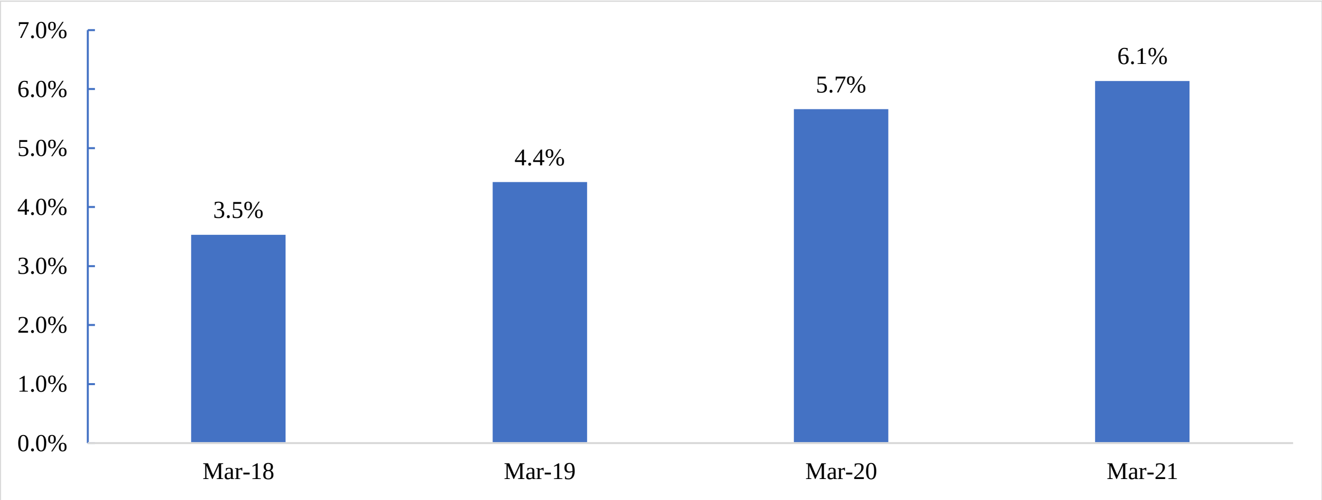
	HFC player group-wise credit outstanding (Rs trillion)					HFC player group-wise credit outstanding mix				
	Mar-18	**Mar-19**	**Mar-20**	**Mar-21**	**Sep-21**	**Mar-18**	**Mar-19**	**Mar-20**	**Mar-21**	**Sep-21**
Large HFCs	4.3	4.7	4.9	5.3	5.6	80.9%	78.6%	78.2%	77.7%	78.9%
Medium HFCs	0.5	0.6	0.6	0.7	0.7	9.5%	10.0%	9.4%	9.8%	9.7%
Small HFCs	0.4	0.5	0.6	0.6	0.6	7.8%	9.0%	9.4%	9.0%	8.7%
Mini HFCs	0.1	0.1	0.2	0.2	0.2	1.8%	2.4%	3.1%	3.5%	2.7%
Total	5.3	6.0	6.3	6.8	7.1	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CIBIL, CRISIL Research

The defining characteristic of these HFCs is their strong focus on their target segment (i.e. housing loans lower than Rs 1.5 million ticket size to low-income customers), deep understanding of the micro- markets they operate in, and relatively lower focus on other products such as LAP and developer loans. Their credit assessment processes are fine-tuned to serve their target segment.

In addition, they largely rely on their own direct sales teams to source home loans, as opposed to market intermediaries such as DSAs. According to CRISIL Research estimates, direct sales teams as a sourcing channel account for 65-70% of the loans of these HFCs.

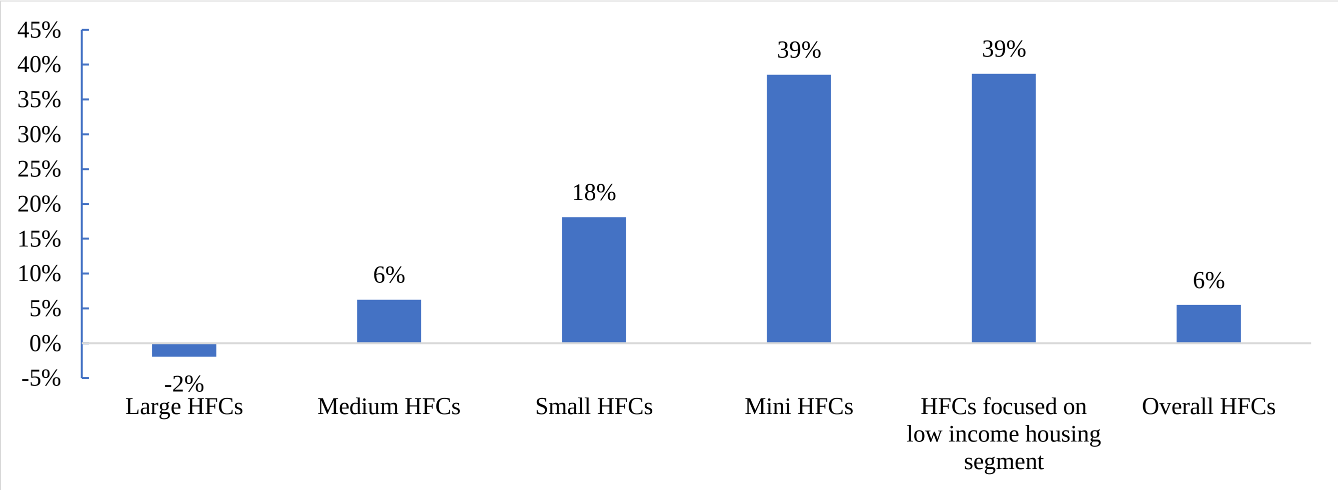
Market share of HFCs focused on low income housing segment in overall housing loans outstanding of HFCs



Source: CIBIL, CRISIL Research

Not surprisingly, mini HFCs, most of whom have a larger focus on home loans focused on low income housing segment, have outperformed the other player groups, clocking 39% CAGR in loans in this category over the last three years ending Fiscal 2021. As against this, the overall market for HFCs in this segment clocked 6% CAGR from Mar-18 to Mar-21. Even the HFCs focused on low income housing segment have grown at a high pace of 39% in this category.

Three-year CAGR (Mar-18 to Mar-21) of HFC groups in housing finance focused on low income housing segment

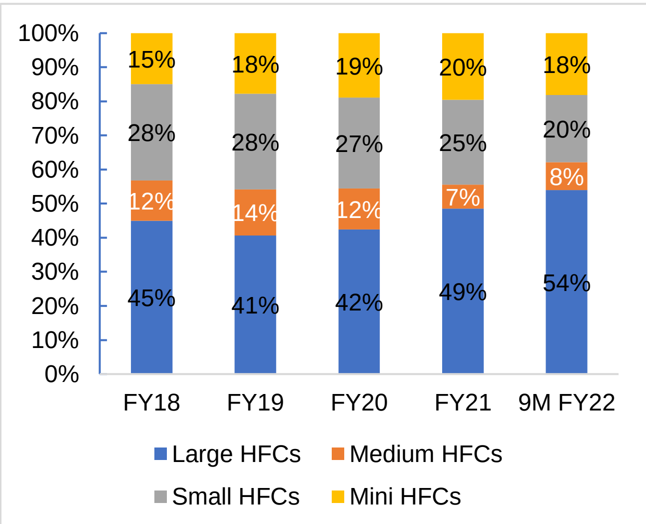


Source: CIBIL, CRISIL Research

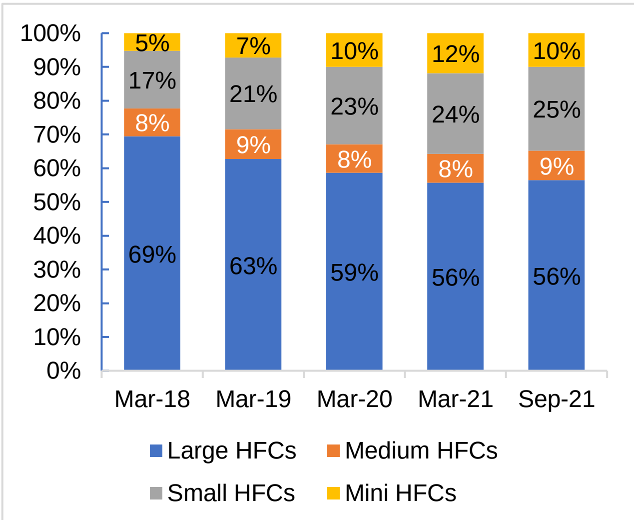
Competitive landscape among HFCs focused on low income housing segment

Among the HFCs, the market share of large HFCs reduced from 45% in Fiscal 2018 to 42% in Fiscal 2020 in terms of home loan disbursements in the low income housing segment. In Fiscal 2021, share of large HFCs increased in disbursements to this segment. With respect to credit outstanding, the share of large HFCs has reduced gradually from 69% as of March 2018 to 56% as of March 2021. The small and mini HFCs have been able to garner a modest industry share. The share of small HFCs, in terms of credit outstanding, increased from 17%, as of March 2018, to 24%, as of March 2021, and that of mini HFCs increased from 5% to 12% in the same period. This increase in market share was majorly driven by penetration of these financiers in rural markets and semi-urban areas, government and regulatory thrust, as well as increased affordability and aspirations of the borrowers.

Market share of HFC groups, based on disbursements of housing focused on low income housing segment

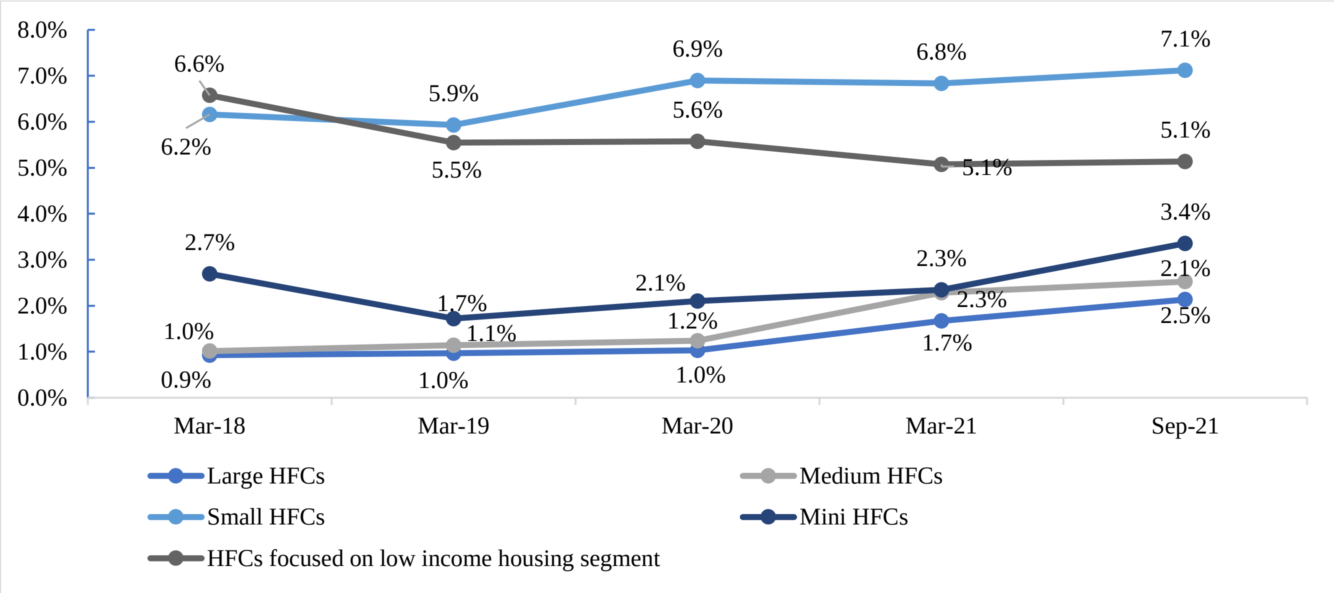


Market share of HFC groups, based on outstanding housing finance focused on low income home loans



Source: CIBIL, CRISIL Research

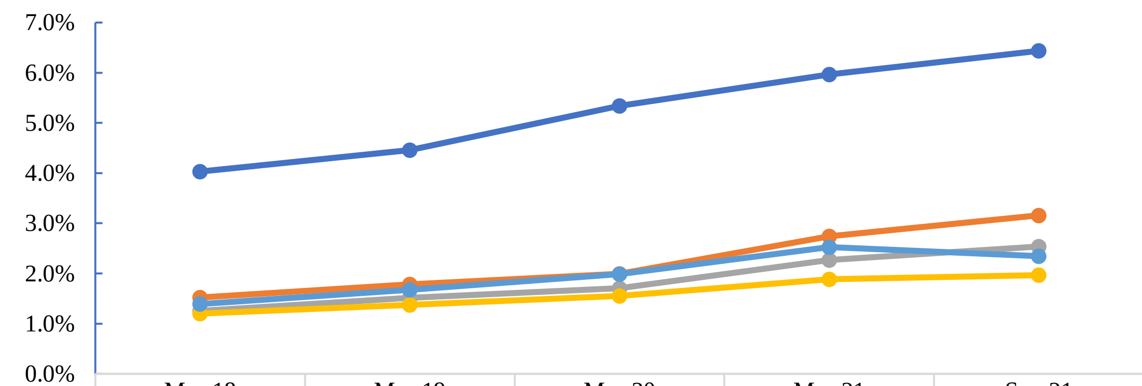
In the housing loans focused on low income housing segment, the GNPA ratio for large and medium HFCs is low. Large HFCs have the least GNPA as a proportion of total advances in this segment, followed by medium HFCs at 1.7% and 2.3% as on March 2021. Small HFCs have the highest GNPA ratio of 6.8%, as of March 2021 up from 6.2% as of March 2018. The GNPA ratio of the HFC group focused on low income housing segment was 5.1%, as of March 2021, which is lower than that for small HFCs. **GNPA (90 DPD) ratio of HFC groups in the low income housing segment**



Source: CIBIL, CRISIL Research

Ticket size up to Rs 0.75 million have seen the GNPA levels rise to 6.0% of the outstanding as of March 2021 from 4.0% as of March 2018. Loans with ticket size in between Rs 2.5 and 5 million has the best GNPA ratio amongst all the ticket size buckets at 1.9% as of March 2020 having increased from 1.2% of the outstanding loans in that ticket size bucket as of March 2018.

GNPA (%) across ticket size buckets



	Mar-18	Mar-19	Mar-20	Mar-21	Sep-21
0-0.75 million	4.0%	4.5%	5.3%	6.0%	6.4%
0.75-1.5 million	1.5%	1.8%	2.0%	2.7%	3.2%
1.5-2.5 million	1.3%	1.5%	1.7%	2.3%	2.5%
2.5-5.0 million	1.2%	1.4%	1.6%	1.9%	2.0%
5 million +	1.4%	1.7%	2.0%	2.5%	2.3%

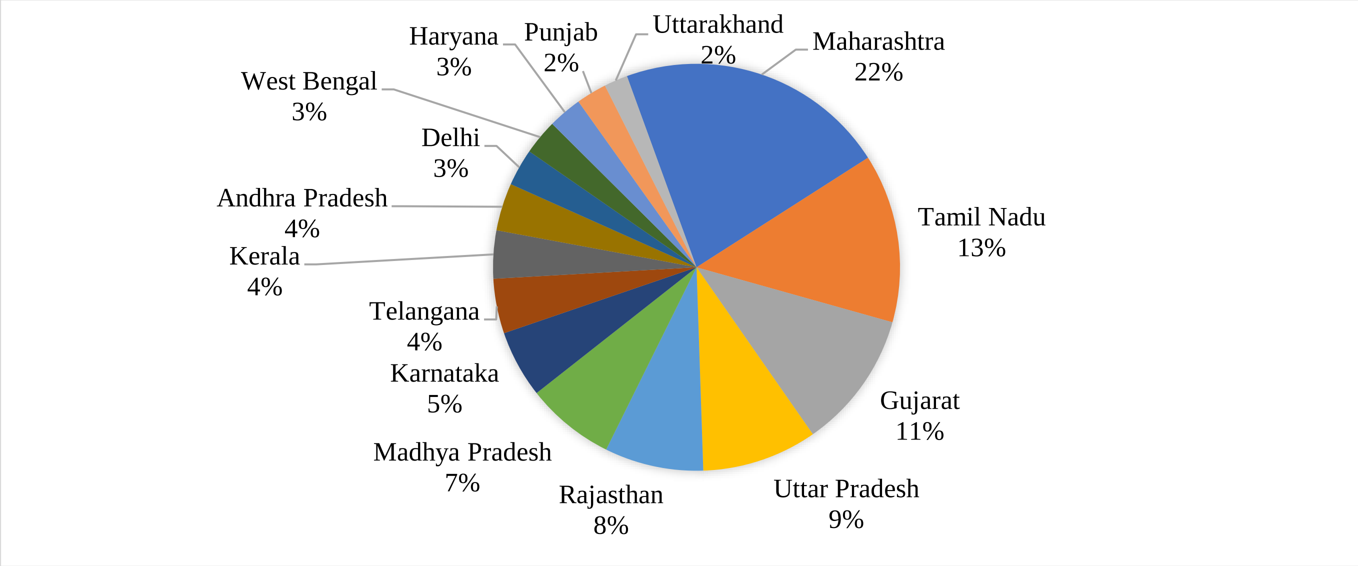
0-0.75 million 0.75-1.5 million 1.5-2.5 million 2.5-5.0 million 5 million +

Source: CIBIL, CRISIL Research

State-wise analysis of HFC Groups in housing finance focused on low income housing segment

The performance of various categories of HFCs in housing finance of less than Rs 1.5 million ticket size was also analysed. HFCs, in aggregate, have seen a modest growth in these home loans in the past three years with a CAGR of 6% as of March 2021. But there are wide variations across states and districts within the state that indicate the intensity of the presence of the HFCs and their impact. Top fifteen states have a market share of 94% in terms of credit outstanding of HFCs in the housing finance focused on low income housing as of March 2021. Maharashtra is at the top with a market share of 22% followed by Tamil Nadu (13%), Gujarat (11%), Uttar Pradesh (9%) and Rajasthan (8%).

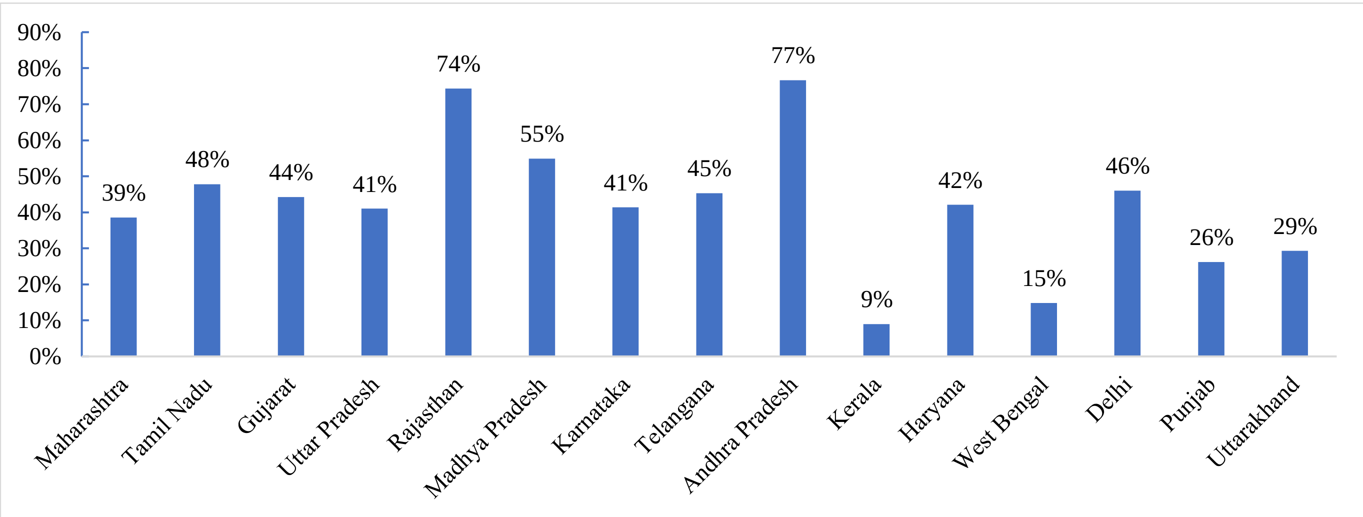
HFCs in top 15 states contribute to 94% of credit outstanding of HFCs as of March 2021 – housing finance focused on low income housing segment



Source: CIBIL, CRISIL Research

In terms of disbursement of home loans extended by overall HFCs in the housing finance industry focused on low income housing segment, HFCs focused on low income housing segment have the highest market share of 77% in Andhra Pradesh, followed by Rajasthan (74%), Madhya Pradesh (55%) and Tamil Nadu (48%) in Fiscal 2021.

Market Share of HFCs focused on low income housing segment in top 15 states in terms of disbursement by HFCs in housing finance industry focused on low income housing segment in FY21



Source: CIBIL, CRISIL Research

Profitability analysis

Higher returns, lesser competition make the low income housing segment attractive for HFCs

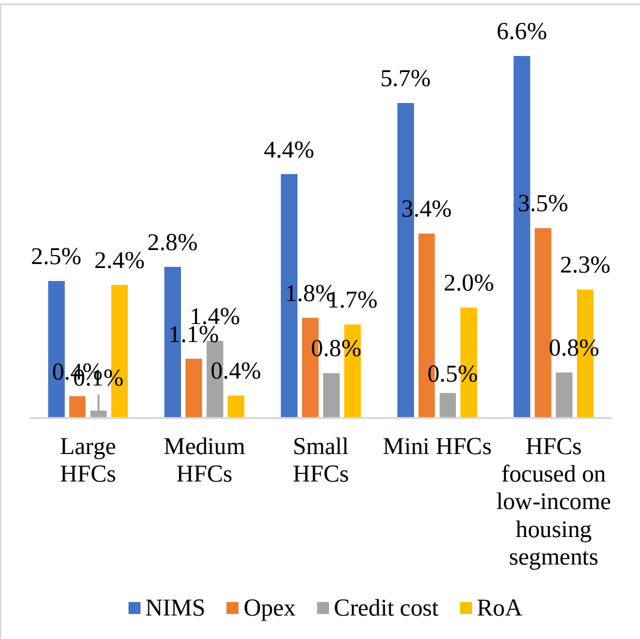
Housing loans are considered to be a safer asset class compared to other asset classes such as vehicle loans, construction equipment loans and personal loans, as borrowing is usually for a self-occupied residential property of the borrower, where the propensity of default is relatively lower.

Among the peer group set (large, medium, small, mini and HFCs focused on low income housing segment), HFCs focused on low income housing segment have highest profitability (RoA). The higher RoA of HFCs focused on low income housing segment – 2.4% in Fiscal 2021 – can be attributed to the relatively higher net interest margins (NIMs) they enjoy despite their higher cost of funds. The higher NIMs is due to the higher interest rates they charge the customers.

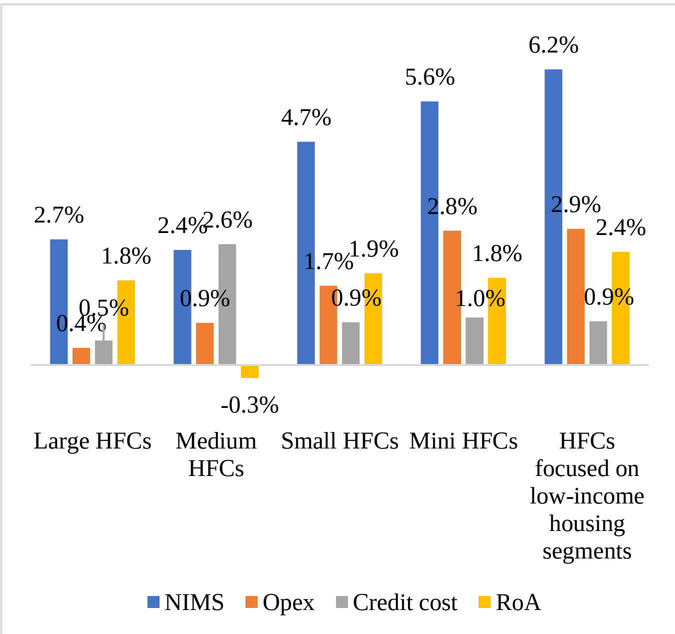
In Fiscal 2019, HFCs across segments saw a decline in RoA, because of an increase in interest expenses following the default by IL&FS. Large, mini and HFCs focused on low income housing segment witnessed an improvement in RoA during the Fiscal 2020. For large HFCs, improvement in profitability was mainly due to tax reduction, while for mini HFCs and HFCs focused on low income housing segment, the improvement was owing to significantly lower credit costs (on account of a significant decline in GNPA for a few HFCs such as Aspire, Aavas and Shriram Housing). For medium HFCs, significantly higher credit costs compared with Fiscal 2019 led to lower profitability.

Over the longer term, CRISIL Research expects the industry's profitability to gradually improve. As economy revives, delinquencies are also expected to normalise, leading to decrease in credit costs for HFCs. Additionally, for players in housing finance focused on low income housing segment, operating expenses, too, would moderate, as business volumes increase and the level of standardisation and digitalisation in credit assessment increases.

Profitability parameters – Fiscal 2020



Profitability parameters – Fiscal 2021



Note:

Large HFCs include data for Housing Development Finance Corporation Ltd, Indiabulls Housing Finance Ltd, LIC Housing Finance Ltd and PNB Housing Finance Ltd, Piramal Capital and Housing Finance Ltd and Bajaj Housing Finance Ltd

Medium HFCs include data for Can Fin Homes Ltd, ICICI Home Finance Ltd, L&T Housing Finance Ltd and TATA Capital Housing Finance Ltd, India Infoline Housing Finance Ltd And Reliance Home Finance Ltd

Small HFCs include data for GIC Housing Finance Ltd, REPCO Home Finance Ltd, Aadhar Housing Finance Limited, AAVAS Financiers Limited, Aditya Birla Housing Finance Limited, Sundaram BNP Paribas Home Finance Limited and Mahindra Rural Housing Finance Limited

Mini HFCs include data for Akme Star Housing Finance Limited, Aptus Value Housing Finance India Limited, Aspire Home Finance Corporation Limited, Capri Global Housing Finance Limited, Centrum Housing Finance Limited, DMI Housing Finance Private Limited, Edelweiss Housing Finance Limited, Fullerton India Home Finance Company Limited, Home First Finance Company India Private Limited, IND Bank Housing Ltd, India Home Loans Limited, India Shelter Finance Corporation Limited, Indostar Home Finance Private Limited, Magma housing finance, Manappuram Home Finance Private Limited, Manipal Housing Finance Syndicate Limited, MAS Rural Housing & Mortgage Finance Limited, Micro Housing Finance Corporation Limited, Muthoot Homefin India Limited, Muthoot Housing Finance Company Limited, National Trust Housing Finance Limited, New Habitat Housing Finance And Development Limited, Sahara Housingfina Corporation Limited, Sewa Grih Rin Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance Company Limited, SRG Housing Finance Limited., and Vastu Housing Finance Corporation Limited

HFCs focused on low income housing segment include data for Aadhar Housing Finance Limited, AAVAS Financiers Limited, Akme Star Housing Finance Limited, Aptus Value Housing Finance India Limited, Aspire Home Finance Corporation Limited, Capri Global Housing Finance Limited, Centrum Housing Finance Limited, DMI Housing Finance Private Limited, Fullerton India Home Finance Company Limited, Home First Finance Company India Private Limited, IND Bank Housing Ltd, India Home Loans Limited, India Shelter Finance Corporation Limited, Indostar Home Finance Private Limited, JM Financial Home Loans Limited, Khush Housing Finance private Limited, Mahindra Rural Housing Finance Limited, Manappuram Home Finance Private Limited, MAS Rural Housing & Mortgage Finance Limited, Micro Housing Finance Corporation Limited, Muthoot Homefin India Limited, Muthoot Housing Finance Company Limited, National Trust Housing Finance Limited, New Habitat Housing Finance And Development Limited, Sahara Housingfina Corporation Limited, Sewa Grih Rin Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance Company Limited, SRG Housing Finance Limited., and Vastu Housing Finance Corporation Limited

NIM has been calculated as Net Interest Margin/ Average Assets, Opex has been calculated as Operating expenses/ Average Assets, Credit cost has been calculated as Provisions/ Average Assets and RoA has been calculated as PAT/ Average Assets

Source: Company Reports, CRISIL Research

Peer benchmarking

The peer set: Aadhar Housing Finance, Aavas Financiers, Motilal Oswal Home Finance (Formerly Aspire Home Finance Corporation Limited), Home First Finance Company, Poonawalla Housing Finance (formerly Magma Housing Finance), Aptus Value Housing Finance, Shriram Housing Finance, Muthoot Homefin, Vastu Housing, India Shelter Finance Corporation, Shubham Housing Development Finance Company and Muthoot Housing Finance. These HFCs have been selected due to their strong focus (defined in terms of ticket size focus as well as having more than 50% share of home loans in their portfolio mix) on home loans with an average ticket size in the range of Rs 0.5 million and Rs 1.5 million. These 12 entities also have more than 50% share of home loans in their portfolio mix. Further, the average of home loan ticket size of these entities was Rs 0.86 million.

Aadhar had the highest AUM amongst peers

Aadhar Housing Finance had the highest AUM amongst the peer HFCs analysed, with an AUM of Rs 133 billion as of March 2021. Aadhar Housing Finance AUM was ~1.4 times the AUM of Aavas Financiers, the second largest player in the peer set, as of March 2021. Aadhar Housing Finance also had the highest net worth as of March 2021, amongst the players considered.

Size of the companies

FY21	AUM (Rs billion)	YoY AUM growth (FY21)	AUM growth (CAGR – FY17-21)	Disbursements (Rs billion)	YoY Disbursement growth (FY21)	Disbursement growth (CAGR FY17-21)	Total income (Rs billion)	Profit after tax (Rs billion)	Total Net Worth (Rs billion)
Aadhar Housing Finance	133.3	17%	28%	35.5	11%	11%	15.5	3.4	26.9
Aavas Financiers	94.5	21%	37%	26.6	-9%	18%	11.1	2.9	20.9
Motilal Oswal Home Finance	35.3	-4.0%	-10%*	2.7	44%	-3%*	5.5	0.4	9.1
Home First Finance Company	41.4	14%	49%	11.0	-32%	27%	4.9	0.8	20.9
Poonawalla Housing Finance	39.8	21%	25%	12.5	-5%	27%	4.7	0.1	5.0
Aptus Value Housing Finance	40.7	28%	48%	13.0	1%	33%	5.5	0.2	20.9
Shriram Housing Finance	39.3	70%	22%	22.0	95%	23%	4.3	0.6	5.8
Muthoot HomeFin	17.0	-14%	40%	NA	NA	0%	2.4	0.1	20.9
Vastu Housing Finance	24.1	36%	86%	9.5	29%	48%	3.5	1.0	10.0
India Shelter Finance	22.0	45%	42%	9.0	62%	40%	3.2	0.9	20.9
Shubham Housing	19.4	17%	24%	8.1	4%	NA	3.4	0.6	5.3
Muthoot Housing Finance	11.9	9%	8%*	2.5	-30%	-20%*	1.8	0.2	20.9
Simple average of peers	43.2	22%#	33%#	12.5	18%#*	21%#*	5.5	0.9	15.6

Note:

(*) CAGR FY19-21

NA: Not available

(#): Weighted average based on AUM

(#): Weighted average based on disbursements*

Source: Company reports, CRISIL Research

Highest number of live accounts for Aadhar Housing Finance amongst peers in Fiscal 2021

According to the peer set analysed by CRISIL, Aadhar Housing finance had the highest number of live accounts followed by Aavas Financiers and Aptus Value Housing Finance in Fiscal 2021.

Customer base of players

FY21	Live accounts / customers	Loan to value
Aadhar Housing Finance	182,022	56%

Aavas Financiers	122,500	54%
Motilal Oswal Home Finance	NA	59%
Home First Finance Company	50,088	59%
Poonawalla Housing Finance	NA	55-65%
Aptus Value Housing Finance	60,000	39%
Shriram Housing Finance	32,000	NA
Muthoot HomeFin	22,765	60%
Vastu Housing Finance	7,973	40%
India Shelter Finance	35,000	36%
Shubham Housing	843	NA
Muthoot Housing Finance	NA	NA
Simple average of peers	57,021	50%

Note: NA – Not available

Source: Company reports, CRISIL Research

Higher share of salaried customers for Home First Finance Company and Aadhar Housing Finance amongst peers

Home First Finance Company and Aadhar Housing Finance have relatively higher share of salaried customer (in overall AUM) amongst peers. Retail home loans accounts for over 90% of the overall AUM for Muthoot HomeFin and Home First Finance Company amongst peers, while the corresponding percentage for Motilala Oswal Home Finance and Aadhar Housing Finance stood at 87% and 85% respectively as of March 2021. India Shelter Finance had the lowest average ticket size amongst the peers followed by Aptus Value Housing Finance, Motilala Oswal Housing Finance, Aadhar Housing Finance and Aavas Financiers.

AUM Split (By products and by income type)

AUM Split (FY21)	**By products**			**By income Type**		**Average ticket size (In Rs Mn)**
	Home Loans	LAP	Others*	Salaried	Self employed	
Aadhar Housing Finance	85%	15%	-	64%	36%	0.85
Aavas Financiers	77%	-	23%	40%	60%	0.85
Motilal Oswal Home Finance	87%	-	13%	55%	45%	0.86
Home First Finance Company	92%	6%	2%	74%	26%	1.1
Poonawalla Housing Finance	68%	31%	1%	27%^	73%^	1
Aptus Value Housing Finance	60%	-	40%	28%	72%	0.72

AUM Split (FY21)	By products			By income Type		Average ticket size (In Rs Mn)
Shriram Housing Finance	68%	29%	3%	22%	74%	2.07
Muthoot HomeFin	99%	1%	-	62%	38%	1.0
Vastu Housing Finance	58%	42%	-	20%	80%	1.2
India Shelter Finance	60%		40%	36%	64%	0.65
Shubham Housing	76%	24%		57%	43%	0.1
Muthoot Housing Finance	NA	NA	NA	NA	NA	NA
Simple average of peers	75%	21%	17%	46%	54%	0.86

Note:

(^) – Data included for FY20

(*) – Include Project Finance, Composite loans, Resale loans and other non-housing loans

Source: Company reports, CRISIL Research

Lower concentration risk due to wide geographical presence for Aadhar Housing Finance

Among the peer set analysed Aadhar Housing Finance has a presence in 20 states and UTs which is highest amongst peers. Consequently, the cumulative share of the top 5 states in the AUM of Aadhar Housing Finance, at 63%, is much lower than other players in the peer set. Aavas Financiers, Aptus Value Housing, Motilal Oswal Home Finance, Home First Finance Company, and Muthoot HomeFin have higher dependence on single states (Single state portfolio concentration is more than 35%).

Share of top 5 states/UTs in the AUM

States	Aadhar Housing Finance	Aavas Financiers^	Motilal Oswal Home Finance	Home First Finance Company	Aptus Value Housing Finance	Shriram Housing Finance	Muthoot HomeFin*	Vastu Housing Finance^^	India Shelter#^
Presence in number of states and UTs	20	10	9	11	4	16	16	13	15
Largest states for each HFC									
Maharashtra	15%		66%	19%		23%	40%		
Uttar Pradesh	16%								

Madhya Pradesh	11%		8%						
Gujarat	11%		13%	38%		15%	25%		
Rajasthan	10%	40%	3%	6%			13%	17%	34%
Tamil Nadu			4%	11%	52%	7%			
Andhra Pradesh & Telangana					38%	13%			
Karnataka				9%	10%	12%		16%	
Delhi									
Haryana									
Share of top 5 states & UTs	63%	73%**	94%	83%	100%	70%	78%**	47%**	71%**

Note:

(*) –Data as of June 2021. (^) – Data for 1 state is available; (^^) – Data for 2 states is available, (**) – Share of top 3 states, (#) – Data as of December 2020.

Below list indicates the presence of respective players in number of states and UTs. However, state wise AUM split is not available for below players.

Player Name	Presence in number of states and UTs
India Shelter	12
Poonawalla Housing Finance	20
Muthoot Housing Finance	10

Source: Company reports, CRISIL Research

Lowest opex ratio for Aadhar Housing Finance amongst peers

Among the peer set analysed, return on Equity (RoE) is the highest for Aadhar Housing Finance (13.5%) followed by Aavas Financiers (12.8%) and Shubham Housing Finance (12.4%). Aadhar Housing Finance posted lowest opex ratio (1.9%) amongst peers followed by Motilal Oswal Home Finance (2.2%) and Aptus Value Housing (2.6%) in Fiscal 2021. India Shelter Finance had the highest RoA of 4.1% in Fiscal 2021, followed by Vastu Housing Finance (4.0%) and Aavas Financiers (3.5%) and Aadhar Housing Finance (2.6%).

Financial ratios

FY21	Yield on advances	Cost of borrowings	NIM	Opex	Employee expenses	Credit cost (Including Covid-19 additional provisioning)	Covid-19 additional provisioning	Return on Assets (RoA)	Leverage (In Times)	Return on Equity (RoE)
Aadhar Housing Finance	13.3%	8.2%	5.6 %	1.9%	1.3%	0.4%	0.1%	2.6%	4.0	13.5%
Aavas Financiers	13.1%	7.8%	7.8%	3.1%	2.1%	0.4%	0.1%	3.5%	2.6	12.8%
Motilal Oswal Home Finance	14.9%	9.6%	6.6%	2.2%	1.5%	2.1%	NA	1.0%	3.4	4.5%
Home First Finance Company	12.7%	7.9%	6.7%	2.6%	1.7%	0.8%	NA	2.0%	2.4	6.9%
Poonawalla Housing Finance	15.2%	6.6%	8.7%	3.6%	2.5%	4.5%	1.6%	0.4%	7.0	2.2%
Aptus Value Housing Finance	16.5%	9.1%	9.7%	2.3%	1.7%	0.1%	NA	0.6%	1.1	1.2%
Shriram Housing Finance	11.9%	8.2%	6.9%	3.7%	2.1%	0.6%	NA	2.0%	4.6	11.4%
Muthoot HomeFin	13.8%*	9.4%	6.7%	2.9%	1.9%	2.8%	NA	0.7%	3.0	2.9%
Vastu Housing Finance	14.7%	9.1%	8.9%	3.2%	2.4%	0.4%	NA	4.0%	1.5	10.7%
India Shelter Finance	14.9%	8.7%	10.2%	4.0%	2.9%	0.9%	NA	4.1%	1.3	9.3%
Shubham Housing	16.3%	9.7%	9.4%	5.2%	4.0%	0.4%	NA	2.8%	2.9	12.4%
Muthoot Housing Finance	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Simple average of peers	14.3%	8.6%	7.9%	3.1%	2.2%	1.2%	0.6%	2.2%	3.1	8.0%

Note:

(*)- Yield on advances is calculated on total interest income.

Financial Ratios for all the peers are calculated based on standalone number.

NA- Not available

Source: Company reports, CRISIL Research

FY20	**Yield on advances**	**Cost of borrowings**	**NIM**	**Opex**	**Employee expenses**	**Credit cost**	**Covid-19 additional provisioning**	**Return on Assets (RoA)**	**Leverage (In Times)**	**Return on Equity (RoE)**
Aadhar Housing Finance	13.4%	8.9%	5.3%	2.2%	1.4%	1.0%	0.5%	1.7%	5.5	11.8%
Aavas Financiers	13.5%	7.9%	8.2%	3.5%	2.2%	0.2%	0.1%	3.7%	3.0	16.8%
Motilal Oswal Home Finance	14.4%	10.2%	5.5%	2.3%	1.4%	1.8%	NA	0.9%	4.0	4.6%
Home First Finance Company	13.3%	8.8%	7.6%	3.4%	2.0%	0.6%	0.2%	3.4%	3.0	13.8%
Poonawalla Housing Finance	14.2%	7.4%	8.0%	4.5%	3.1%	1.0%	0.3%	1.9%	5.8	10.4%
Aptus Value Housing Finance	16.9%	10.0%	9.9%	2.5%	2.0%	0.1%	NA	0.6%	1.4	1.5%
Shriram Housing Finance	14.3%	9.2%	8.7%	4.8%	2.7%	1.1%	0.4%	2.0%	3.6	9.6%
Muthoot HomeFin	12.5%	9.6%	7.6%	3.6%	2.3%	1.9%	NA	1.7%	3.6	7.8%
Vastu Housing Finance	15.1%	9.7%	8.8%	2.8%	2.2%	0.2%	NA	4.5%	1.4	11.2%
India Shelter Finance	15.4%	10.4%	9.9%	5.0%	3.2%	0.7%	NA	3.0%	0.9	5.6%
Shubham Housing	15.9%	11.0%	9.7%	6.3%	4.7%	0.7%	0.3%	2.1%	2.5	7.9%
Muthoot Housing Finance	15.9%	10.8%	8.4%	4.3%	3.1%	1.6%	NA	1.8%	4.6	11.7%
Simple average of peers	14.6%	9.5%	8.1%	3.8%	2.5%	0.9%	0.3%	2.3%	3.3	9.4%

Note: Financial Ratios for all the peers are calculated based on standalone numbers

Source: Company reports, CRISIL Research

List of formulae

S no.	**Parameters**	**Formula**

1	RoA	Calculated as profit after tax (excluding other comprehensive income) for the relevant year or period as a percentage of average total assets as of such year or period.
2	RoE	Calculated as profit after tax (excluding other comprehensive income) for the relevant year or period as a percentage of average total net worth as of such year or period.
3	NIM	Represents net interest income (total income minus total interest expended) for the relevant year or period divided by average total assets as of the last day of such year or period.
4	Yield on advances	Calculated as interest income on loans and advances as a percentage of average loan outstanding as of such year or period.
5	Cost of borrowings	Calculated as overall interest paid on borrowings as a percentage of average borrowings of such year or period.
6	Leverage	Defined as the average borrowings (long plus short term) as a percentage of average total net worth of year.

Operational Productivity

FY21 (In Rs Mn)	AUM / branch	AUM / Employee	Disbursement / branch	Disbursement / Employee	Total income / branch	Total income / Employee	Cost to Income ratio
Aadhar Housing Finance	417.8	57.7	111.1	15.3	48.6	6.7	34%
Aavas Financiers	337.6	16.6	94.9	4.7	39.5	1.9	40%
Motilal Oswal Home Finance	339.4	26.8	26.3	2.1	52.5	4.1	33%
Home First Finance Company	575.1	60.3	152.4	16.0	67.9	7.1	38%
Poonawalla Housing Finance	410.1	40.3	129.0	12.7	48.7	4.8	41%
Aptus Value Housing Finance	214.1	21.3	68.3	6.8	29.1	2.9	23%
Shriram Housing Finance	479.1	47.7	267.7	26.6	52.2	5.2	53%

FY21 (In Rs Mn)	AUM / branch	AUM / Employee	Disbursement / branch	Disbursement / Employee	Total income / branch	Total income / Employee	Cost to Income ratio
Muthoot HomeFin	157.8	41.4	38.2*	10.0*	22.3	5.8	43%
Vastu Housing Finance	321.7	25.9	126.8	10.2	47.1	3.8	36%
India Shelter Finance	191.1	14.2	77.8	5.8	28.1	2.1	39%
Shubham Housing	228.1	10.1	95.1	4.2	40.1	1.8	56%
Muthoot Housing Finance	150.6	NA	31.1	NA	22.5	NA	NA
Simple average of peers	318.6	32.9	101.6	10.4	41.5	4.2	40%

Note:

(*) Disbursement number for Fiscal 2020 is used

Cost to income ratio is calculated as opex in current year divided by net interest income (Total income minus finance cost).

Financial Ratios for all the peers are calculated based on standalone number.

Source: Company reports, CRISIL Research

Capitalisation and asset quality

FY21	GNPA	Average GNPA for past 3 Years	NNPA	Credit cost	Capital Adequacy ratio	Tier 1 Capital
Aadhar Housing Finance	1.1%	1.0%	0.8%	0.4%	44.1%	42.6%
Aavas Financiers	1.0%	0.6%	0.7%	0.4%	54.4%	53.2%
Motilal Oswal Home Finance	1.8%	4.3%	1.5%	2.1%	50.0%	49.3%
Home First Finance Company	1.8%	1.3%	1.2%	0.8%	56.2%	55.2%
Poonawalla Housing Finance	1.6%	1.7%	0.6%	4.5%	30.5%	25.9%
Aptus Value Housing Finance	0.7%	0.6%	0.4%	0.1%	73.6%	73.8%
Shriram Housing Finance	2.4%	2.4%	1.5%	0.6%	23.0%	22.1%
Muthoot HomeFin	4.9%	2.5%	3.4%	2.8%	49.9%	49.3%
Vastu Housing Finance	0.3%	0.3%	0.4%	0.4%	57.0%	56.2%
India Shelter Finance	2.3%	1.6%	1.2%	0.9%	71.5%	70.8%
Shubham Housing	1.8%	1.6%	1.4%	0.4%	41.2%	40.7%
Muthoot Housing Finance	3.5%	3.4%	NA	NA	NA	NA
Simple average of peers	1.9%	1.8%	1.2%	1.2%	50.1%	49.0%

Note:

NA - Not available. NM - Not meaningful

Credit cost for the year is defined as total provisions for the year divided by average of total assets for the current year and last year.

Financial Ratios for all the peers are calculated based on standalone number.

Source: Company reports, CRISIL Research

Sector wise GNPA (% of NPA to total advances in that sector)

FY21 (%)	**Housing Loan**		**Non housing loans**
	Individuals	**Builder / Project loans**	**Individuals**
Aadhar Housing Finance	1.2%		1.3%
Aavas Financiers	0.7%		0.3%
Motilal Oswal Home Finance	1.9%		2.6%
Home First Finance Company	1.9%	3.0%	1.5%
Poonawalla Housing Finance	1.3%	0.2%	1.3%
Aptus Value Housing Finance	0.6%		0.9%
Shriram Housing Finance	0.6%	0.2%	2.1%
Muthoot HomeFin	NA		NA
Vastu Housing Finance	0.5%		0.5%
India Shelter Finance	1.7%		2.0%
Shubham Housing	2.0%		2.8%
Muthoot Housing Finance	NA		NA
Simple average of peers	1.2%	1.1%	1.5%

Note: NA – Not available

Source: Company reports, CRISIL Research

Practice of Asset held for sale being included in the AUM

Aadhar Housing Finance	**Yes**
Aavas Financiers	No
Motilal Oswal Home Finance	No
Home First Finance Company	Yes
Magma Housing Finance	No
Aptus Value Housing Finance	Yes
Shriram Housing Finance	No
Muthoot HomeFin	Yes
Vastu Housing Finance	No
India Shelter Finance	Yes
Shubham Housing	No
Muthoot Housing Finance	No

Source: Company reports, CRISIL Research

Higher reliance on bank borrowings in overall resource mix of peers

Owing to low penetration in capital markets, HFCs focused on low income housing segment have high dependence on bank borrowings. Shriram Housing Finance has the highest share of bank loan borrowings (81.5%) among peers, followed by Muthoot Housing Finance (79.5%), Poonawalla Housing Finance (67.2%) and Muthoot HomeFin (63.8%). India Shelter has highest share of refinance from NHB (37.8%) amongst peers followed by Home First Finance Company (35.9%) and Aavas Financiers (29.5%) as of Fiscal 2021.

Aadhar Housing Finance, Aavas Financiers and Home First Finance amongst peers have highest surplus in ALM within 12 months bucket

Amongst the peer set analysed, Aadhar Housing Finance has highest ALM surplus in the within 12 months bucket (Rs 16.1 bn) followed by Aavas Financiers (Rs 13.6 bn) and Home First Finance (Rs 5.3 bn). In the after 12 months bucket, Aadhar Housing Finance has the third highest ALM surplus (Rs 10.7 bn) after Motilal Oswal Home Finance (Rs 12.8 bn) and Vastu Housing Finance (Rs 11.9 bn).

ALM position of various peers

	Assets		**Liability**		**Net**	
FY21 (In Rs Bn)	Within 12 months	After 12 months	Within 12 months	After 12 months	Within 12 months	After 12 months
Aadhar Housing Finance	43.6	92.6	27.5	81.9	16.1	10.7
Aavas Financiers	25.4	64.1	11.8	53.8	13.6	10.3
Motilal Oswal Home Finance	4.7	34.7	8.1	21.9	-3.4	12.8
Home First Finance Company	13.5	28.7	8.2	22.3	5.3	6.4
Poonawalla Housing Finance	6.4	24.8	8.9	17.4	-2.5	7.4
Aptus Value Housing Finance	6.9	33.9	4	17.9	2.9	16
Shriram Housing Finance	5.1	33.1	9.2	23.3	-4.1	9.8
Muthoot HomeFin	NA	NA	NA	NA	NA	NA
Vastu Housing Finance	5.2	22.4	7.2	10.5	-2.0	11.9
India Shelter Finance	5.1	19.5	3.8	11.4	1.3	8.1
Shubham Housing	4.7	19	6.7	11.7	-2	7.3
Muthoot Housing Finance	NA	NA	NA	NA	NA	NA
Simple average of peers	8.4	28.8	5.7	21.8	2.7	7.0

Source: Company reports, CRISIL Research

Short term and long terms credit ratings of peers

FY21	**Short term credit rating**	**Long term credit rating**
Aadhar Housing Finance	IND A1+ (December 2021)	CARE AA (December 2021)
Aavas Financiers	CARE A1+ (October 2021), ICRA A1+ (December 2021)	CARE AA- (November 2021), ICRA AA- (December 2021)
Motilal Oswal Home Finance	ICRA A1+ (August 2021), CRISIL A1+ (July 2021)	ICRA AA- (August 2021), CRISIL AA- (July 221), IND AA (October 2021)
Home First Finance Company	ICRA A1+ (November 2021)	ICRA A+ (November 2021), CARE A+ (November 2021)

FY21	Short term credit rating	Long term credit rating
Poonawalla Housing Finance	CRISIL A1+ (January 2022)	CRISIL AA+ (January 2022)
Aptus Value Housing Finance	NA	CARE A+ (December 2021), ICRA AA- (December 2021)
Shriram Housing Finance	CARE A1+ (December 2021)	CRISIL AA (December 2021), CARE AA (December 2021)
Muthoot HomeFin	CARE A1+ (September 2021)	CRISIL AA+ (May 2021)
Vastu Housing Finance	ICRA A1+ (September 2021)	CRISIL A+ (December 2021), CARE A+ (January 2022)
India Shelter Finance	NA	ICRA A (November 2021)
Shubham Housing	ICRA A1 (October 2021)	CRISIL A- (January 2022) , ICRA A- (October 2021)
Muthoot Housing Finance	NA	CRISIL A (September 2021)

Source: Company reports, CRISIL Research

The financial and other operational data in this section is taken from our Restated Consolidated Financial Information, accounting records and MIS, except as otherwise specified. Our Restated Consolidated Financial Information have been prepared and presented in accordance with Ind AS, as applicable to the Company, restated in accordance with the SEBI requirements. References herein to "we", "our" and "us" are to Aadhar Housing.

The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "Risk Factors" on page 3 of this Addendum, "Management's Discussion and Analysis of Financial Results" on page 227 of this Addendum, and those set forth elsewhere in this Addendum and the Draft Red Herring Prospectus.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report (available at https://aadharhousing.com/investor-relations/IPO-Material-documents.php) exclusively commissioned and paid for by us in connection with the Offer for an agreed fee pursuant to an engagement letter dated January 31, 2022, entered into with CRISIL Limited. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

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.

Overview

We are the largest HFC focused on the low income housing segment in India in terms of AUM, as of March 31, 2021, according to the CRISIL Report. We are approximately 1.4 times larger than the second largest peer set company based on AUM as at March 31, 2021. (*Source: CRISIL Report*). Compared to our peers, we have the largest customer base as at March 31, 2021 and have the highest disbursement for financial year ended March 31, 2021. (*Source: CRISIL Report*). Further, as at March 31, 2021, among HFCs focused on the low income housing segment in India, we have the most geographically diversified AUM as well as the highest efficiency in terms of operating expenditure ratios (*Source: CRISIL Report*). We are an entirely retail-focused HFC focused on the low income housing segment, serving economically weaker and low-to-middle income customers, who require small ticket mortgage loans. The average ticket size of our loans was ₹ 0.85 million and ₹ 0.86 million, with an average loan-to-value of 57.00% and 57.47%, as of December 31, 2020 and December 31, 2021, respectively. As of December 31, 2020 and December 31, 2021, 64.37% and 62.43% of our Gross AUM comprised loans to salaried customers, and 35.63% and 37.57% of our Gross AUM comprised loans to self-employed customers, respectively.

We offer a range of mortgage-related loan products, including loans for residential property purchase and construction; home improvement and extension loans; and loans for commercial property construction and acquisition. Our financial performance has remained consistent and resilient through various external events in the Indian economy. Our Gross AUM increased from ₹100,157.5 million in FY2019, to ₹114,316.6 million in FY2020, ₹126,664.1 million as of December 31, 2020, ₹133,271.0 million in FY2021 and ₹140,521.9 million as of December 31, 2021. During these periods, the Indian economy and the banking and finance industry in India were adversely impacted by various events such as the introduction and roll out of a nationwide GST; defaults involving large non-bank finance companies; and, most recently, the first, second and third (Omicron) waves of the COVID-19 pandemic.

We have made social objectives one of the core objectives of our business model. We operate a financially inclusive, customer centric lending business and believe that our business model contributes significantly to the economic upliftment of our target customers by contributing to an improvement in their standard of living. In addition to our customer-facing social objectives, we have also implemented social objectives in other aspects of our business. Our presence in rural and semi urban locations across India provides a source of employment in these locations. *See "- Competitive Strengths - Social objectives at the core of our business model"* on page 96 of this Addendum.

We have an extensive network of 325 branches, as of December 31, 2021. Our branches are spread across 20 states and union territories, operating in approximately 15,000 locations across India, as of December 31, 2021. Our branch network is widely dispersed with no state accounting for more than 15.3% in terms of Gross AUM as of December 31, 2021. We believe that our diversified reach is well positioned to meet the specific needs of our target customers across geographies, in urban, semi-urban and rural areas. Further, as a result of our geographical spread, the top five states and union territories in terms of contribution to AUM collectively accounted for 63.1% of our AUM as of March 31, 2021, which is the lowest concentration level amongst our competitors in terms of their cumulative share in the top 5 states and union territories, according to the CRISIL Report.

As of December 31, 2021, we have a total of 2,632 employees and our 100% owned subsidiary has a total of 1,304 employees.

We have robust and comprehensive systems and processes for underwriting, collections and monitoring asset quality. These systems and processes are also technology enabled across our front office and back office with a view to ultimately digitize the entire life cycle of a loan from origination to closure. Loan applications from salaried-customers go through our centralized processing unit, increasing efficiency while those from self-employed customers, which require close understanding of the customer and their cash flows, are managed regionally. We also have an internally developed credit assessment model and have digitized monthly collections from customers to the extent possible to reduce processing and improve collection efficiency. We have migrated to a digital, state-of-the-art IT infrastructure with a view to reduce costs, real time analysis of customer data, improve our control and underwriting functions, while increasing customer reach and distribution capability. These measures will further improve our operational efficiency by improving processing times and productivity. For further details, see "– *Information Technology*" below on page 106 of this Addendum.

We secure financing from a variety of sources including term loans and working capital facilities, proceeds from loans assigned, proceeds from the issuance of NCDs, refinancing from the NHB and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, development financial institutions to meet our capital requirements. We follow a prudent borrowing strategy of not relying on short-term loans and as of December 31, 2021 and December 31, 2020, 98.44% and 97.49% of our Total Borrowing comprises long-term borrowings with a tenor of 1 years or more, respectively. As of December 31, 2021 and December 31, 2020, our Total Borrowings were ₹ 108,043.1 million and ₹ 96,524.7 million, respectively. Our average cost of borrowings has reduced from 10.09% as of March 31, 2019 to 8.50% as of December 31, 2020 and 7.18% as of December 31, 2021. As of December 31, 2021, the weighted average tenure of our outstanding borrowings, was 105 months. Further, our long-term rating from CARE and Brickworks are AA, our short-term borrowings are rated A1+ by CRISIL, ICRA and India Ratings, and our fixed deposits program is rated FAA- by CRISIL.

We have a strong, experienced and dedicated management team, with our senior management having an average of 25 years' experience in the financial services industry in India. Further, our board of directors is comprised of a balanced team of independent directors, qualified and experienced personnel, who have extensive knowledge and understanding of the housing finance and banking industries.

Since June 2019, BCP Topco, which is our Promoter, and is an affiliate of funds managed and/or advised by affiliates of Blackstone, currently holds 98.72% of our pre-Offer issued, subscribed and paid-up Equity Share capital. We benefit from the resources, relationships and expertise of Blackstone, one of the world's leading investment firms. Blackstone's asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different businesses, Blackstone had total assets under management of over $880.9 billion as of December 31, 2021. Following our acquisition by BCP Topco, we have also strengthened our corporate governance framework, with the induction of three independent directors, one of whom serves as Chairman.

The following table sets forth certain key financial measures for our Company as at/for the periods indicated:

Sr. No.	Metrics	Financial Year ending March 31, 2019	Financial Year ending March 31, 2020	Financial Year ending March 31, 2021	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
1	Live Accounts (including assigned loans)(1)	139,249	161,371	182,471	173,571	194,447
2	Number of branches(2)	311	294	310	294	325
3	Average ticket size (₹ Mn.)(3)	0.83	0.84	0.85	0.85	0.86
4	Retail AUM (₹ Mn.)(4)	99,208.7	113,896.2	133.252.2	126,278.5	140,510.3
5	Gross Retail NPA (%)(5)	0.58%	0.82%	1.07%	0.67%*	2.25%**
6	Net Retail NPA/ Retail AUM (%)(6)	0.45%	0.60%	0.75%	0.32%*	1.74%
7	Net worth(7)	8,588.7	23,472.7	26,927.6	25,986.2	30,277.8
8	PAT(8)	1,618.8	1,893.8	3,401.3	2,470.4	3,296.0
9	Adjusted PAT(9)	1,618.8	2,526.9	3,551.8	2,565.4	3,397.4
10	Adjusted Return on Total Assets (%)(10)	1.87%	2.30%	2.71%	2.67%	3.21%
11	Adjusted ROE (%)(11)	20.53%	15.46%	13.71%	13.40%	15.32%
12	Debt to Net Worth ratio(12)	9.54	4.11	3.85	3.71	3.57

Sr. No.	Metrics	Financial Year ending March 31, 2019	Financial Year ending March 31, 2020	Financial Year ending March 31, 2021	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
13	Capital Adequacy Ratio (as per regulatory requirements) (%)	18.28%	51.42%	44.08%	46.88%	44.73%
14	Average yield on Loan Book (%)(13)	13.84%	13.26%	13.17%	13.35%	13.05%
15	Average cost of Borrowing (%)(14)	10.09%	8.90%	8.15%	8.50%	7.18%
16	Net Interest Margin (%)(15)	6.18%	5.45%	5.84%	5.70%	6.71%
17	Cost to Income Ratio (%)(16)	47.39%	42.76%	35.83%	33.87%	34.77%

Notes:

(1) *Live Accounts (including assigned accounts):- Represent the aggregate number of loan accounts outstanding as of the end of the relevant year or period including loan accounts which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year or period.*

(2) *Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.*

(3) *Average ticket size =Total sanctioned amount of the AUM of Live Accounts divided by those accounts.*

(4) *Retail AUM represents our AUM that is sourced from our home loans and other mortgage loans.*

(5) *Gross Retail NPA:- Represents closing balance of the Gross NPA of our Retail AUM as of the last day of the relevant year or period. See ** below for impact of RBI circular dated November 12, 2021 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications (the "***November 12 Circular***").*

(6) *Net Retail NPA to Retail AUM: Represents the ratio of our Net Retail NPA as of the last day or the relevant day or period to the Retail AUM as of the last day of the relevant year or period. Net Retail NPA represents the closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period. Net NPA equals total Gross Retail NPA less provision on the same.*

(7) *Net worth is the aggregate of our equity share capital and other equity excluding capital reserve on amalgamation.*

(8) *PAT represents Profit After Tax for the relevant year or period.*

(9) *Adjusted PAT represents our profit after tax for the relevant year or period, adding back additional provisions towards the impact of COVID-19, one-time restructuring and accelerated provisions / write-offs in our portfolio of loans to developers (net of tax impact).*

(10) *Adjusted Return on Total Assets:- Calculated as the Adjusted Profit After Tax for the relevant year or period as a percentage of Adjusted Average Total Assets in such year or period.*

(11) *Adjusted Return on Equity is calculated as the Adjusted Profit After Tax for the relevant year or period as a percentage of Adjusted Average Net Worth in such year or period.*

(12) *Debt to Net Worth Ratio:- Represents the ratio of our Total Borrowings to our Net Worth as of the last day of the relevant period.*

(13) *Average Yield on Gross Loan Book:- Represents the ratio of interest income on loans for a year or period to the average Gross Loan Book for the year or period.*

(14) *Average cost of borrowing:- Represents finance cost for the relevant year or period as a percentage of Average Borrowings in such year. Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant year or period and our Total Borrowings outstanding as of the last day of the previous year.*

(15) *Net Interest Margin: - Represents the ratio of our total income for a year or period, less finance costs for the year or period to the average total assets for the year or period.*

(16) *Cost to income ratio represents the ratio of operating expenses for the relevant year or period divided by total income for the year or period, less finance costs for the year or period, expressed as a percentage.*

* *The Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed*

that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. On March 2021, the Supreme Court of India vacated the interim order, and thereafter the accounts shall be declared NPA. Based on this decision, we have classified eligible accounts as NPA as at March 31, 2021. However, such accounts have been classified as Stage 3 assets and provisions have been recognized accordingly in our Restated Consolidated Financial Information. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.

** *Includes loan assets of ₹ 913.8 Million (0.65%) not more than 90 days past due which have been classified as NPA as per the November 12 Circular.*

Following the November 12 Circular, the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). The circular only applies prospectively from November 2021 and hence we do not need to reclassify any of our historical NPAs. As a result, from a reporting perspective, we classified our Stage 3 assets into as on December 31, 2021:

(a) Stage 3a: loans not more than 90 days past due; and

(b) Stage 3b: loans more than 90 days past due.

Our stage 3b loans are comparable to our NPA for the previous period/years.

See "Selected Statistical Information – Financial Ratios" on page 213 of this Addendum and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.

For details of our corporate history, see "*History and Certain Corporate Matters*" on page 148 of the Draft Red Herring Prospectus.

Competitive Strengths

We believe that our position as a leading HFC focused on the low income housing segment is founded on the following competitive strengths:

- Largest HFC focused on the low income housing segment (ticket size less than ₹1.5 million) with best-in-class metrics in the fastest growing sub-segment of the Indian mortgage market;
- Extensive branch network, geographical penetration and sales channels which contribute significantly to loan sourcing and servicing;
- Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality;
- Access to diversified and cost-effective long-term financing with a disciplined approach to asset liability and liquidity management;
- Social objectives are one of the core components of our business model; and
- Experienced, cycle-tested and professional management team with strong corporate governance.

Largest HFC focused on the low income housing segment (ticket size less than ₹1.5 million) with best-in-class metrics in the fastest growing sub-segment of the Indian mortgage market

We are the largest HFC focused on the low income housing segment (ticket size less than ₹1.5 million) in India in terms of AUM, as of March 31, 2021, according to the CRISIL Report. We are approximately 1.4 times larger than the second largest peer set company based on AUM as at March 31, 2021. (*Source: CRISIL Report*). Our Gross AUM grew at a CAGR of 15.4% from ₹100,157.5 million as of March 31, 2019 to ₹133,271.0 million as of March 31, 2021. Our branch network is widely dispersed with no state accounting for more than 16% in terms of Gross AUM and the top two states accounting for 31% of our Gross AUM as of March 31, 2021. As a result, we have the most geographically diversified AUM as compared to our competitors. (*Source: CRISIL Report*).

We believe that due to our scale and diversified reach, we are well positioned to meet the specific needs of our target customers across geographies, in urban, semi-urban and rural areas. Low income housing segment loans are targeted at the economically weaker and low-to-middle income segments of the Indian economy who have typically been underserved by traditional banks and housing finance companies. This presents a unique opportunity for us to leverage our position as the leading HFC focused on the low income housing segment to be the lender of choice for customers from this segment. Further, the low income housing segment also benefits from various government incentives and schemes to promote the construction of affordable housing projects as well as enabling financing for the customers of such projects. The segment has witnessed significant impetus from the Government and other regulators. Government's PMAY scheme provides credit-linked subsidies to stimulate demand. Various other initiatives such as special financing window (for stalled housing projects), tax holiday for affordable housing developers, infrastructure status (to ease financing for affordable housing developers), relaxation of ECB guidelines have also been undertaken to act as an enabler to the segment. For further details, see "*Industry Overview*" on page 48 of this Addendum.

Our leadership in the low income housing segment is based on our customer centric business model. We have developed and implemented practices and policies to address the specific issues faced in the low income housing segment and to address our customers' need to access funds, while ensuring robust credit, underwriting and collections policies. We leverage our local presence to develop detailed local level knowledge of each micro market that we operate in. This allows us to identify and implement alternate means of credit checks and review fund sources for repayment of our loans. These steps coupled with our in-house technical and valuation teams allow us to identify local level opportunities, ensure careful customer selection, timely loan approval disbursals and efficient real time monitoring of collections.

We have an entirely retail customer base, comprising salaried and self-employed customers in both formal and informal segments. 62.43% of our customer base comprised salaried customers as of December 31, 2021. Further, the average ticket size of our loans has remained stable in the range of ₹ 0.83 to 0.86 million, which we believe is an attractive range for low income housing segment loans. We have traditionally focused on loans to salaried customers, as we believe that these customers are typically more resilient to economic cycles. The average ticket size of our loans was ₹ 0.86 million, with an average loan-to-value of 57.47%, as of December 31, 2021. Within the salaried customer segment, the formal segment (customers who have a documented monthly salary typically credited directly in their bank accounts) contributed 82% to our Gross AUM, while the remaining 18% of our Gross AUM is derived from the informal segment (customers that receive a monthly salary that is not supported by documentation and may be paid in cash). In the self-employed customer segment, 38% of our customers belonged to the formal segment (customers that have income tax returns or bank accounts), and 62% belonged to the informal segment (customers that do not have formal income documentation) as on December 31, 2021.

The table below indicates the income-wise split of our number of customers and Gross AUM as of and for the periods indicated:

Metric	**As of and for the financial year ended March 31,**			**As of and for the nine months ended December 31,**	**As of and for the nine months ended December 31,**
	2019	**2020**	**2021**	**2020**	**2021**
Salaried	65.51%	65.49%	63.85%	64.37%	62.43%
Formal salaried	84.77%	84.49%	82.45%	83.72%	81.66%
Informal salaried	15.23%	15.51%	17.55%	16.28%	18.34%
Self-employed	34.49%	34.51%	36.15%	35.63%	37.57%
Formal self-employed	65.63%	54.61%	43.36%	48.10%	37.69%
Informal self-employed	34.37%	45.39%	56.64%	51.90%	62.31%
Gross AUM (₹ million)	**100,157.5**	**114,316.6**	**133,271.0**	**126,664.1**	**140,521.9**

Extensive branch network, geographical penetration and sales channels which contribute significantly to loan sourcing and servicing

We have a deep and comprehensive pan-India branch network. We believe that a comprehensive on-the-ground presence is essential for our success and growth in the low income housing finance segment. As on December 31, 2021, we had 325 branches across India covering 20 states of India. This network of branches is widely dispersed across various states and geographies with 55% of our branches spread across 5 states and the remaining 45% spread across 15 states. We have actively expanded our branch network and have added 31 branches in last 12 months from 294 branches as on December 31, 2020 to 325 branches as on December 31, 2021. Our Gross AUM is spread across India with only 30.3% of our Gross AUM being contributed by the top two states as on December 31, 2021. According to CRISIL Report, approximately 79% of the outstanding housing loans focused on low income housing segment is generated by 10 states in India, as of March 2021 and September 2021. We are present in all these 10 states and have 251 branches located in these states to cater to this demand, as on December 31, 2021.

We also engage local channel partners in various locations that complement our branch network and allow us to be present in and serve over 15,000 locations in India with a team of sales personnel that includes relationship managers, direct sales teams, and resident executives. We have modelled our branches to meet the local requirements of the location they are set up in. Our branches in a region are anchored by a main branch with small branches, micro and ultra-micro branches under the umbrella of the main branch. Our model also includes resident executives, who are individuals located in an area where we are evaluating the market potential for a new branch presence. To cater to the housing needs of customers in rural areas and to expand our business presence in non-urban locations, we have implemented a separate strategy tailored to the funding needs of customers in these locations. We formulated a separate product, Aadhar Gram Unnati (AGU), considering the local needs and challenges of our customers in such rural and non-urban markets. Our new AGU product provides us with a platform to test the market demand in new geographies we wish to expand into, particularly rural and non-urban locations. Depending on market demand in such locations, we may then establish our business presence by setting up our branches to leverage on local demand. This allows us to cover a wider geographical area and increase customer access while controlling overall costs. See *"– Business – Our Branch Network"* on page 100 of this Addendum, for further details.

Since 2018, to further our social objectives and with a view to lowering our cost of acquisition for new loans while continuing to widen our customer reach, we launched the 'Aadhar Mitra Programme'. During FY2020, we also launched a new channel called "Digital Aadhar Mitra", under which we have engaged corporates with large customer bases to identify potential leads for our sales teams. In the event a lead results in a loan sanction, we will share a sales commission with these entities. See "- *Loan sourcing*" below on page 101 of this Addendum, for a break up of our disbursements by sales channels.

Our extensive presence across India through physical locations, sales personnel, digital and technology enabled solution and the Aadhar Mitra program positions us to be the lender of choice for low income housing segment loan products amongst our target customers.

Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality

We have implemented a robust and comprehensive credit assessment, risk management and collections framework to identify, monitor and manage risks inherent in our operations. We exclusively finance retail customers, a majority of whom are salaried individuals purchasing residential properties. We have also adopted an internal 'risk appetite statement' that sets out the aggregate level and types of risk we are willing to accept while achieving our business objectives. Under this policy we have adopted a benchmark for business decisions that are based on balancing risk and return and making the best use of our capital. We routinely monitor our performance against various qualitative and quantitative metrics under this policy, these include capital, profitability, asset quality, credit, operational, liquidity and compliance risk.

As of March 31, 2021, our average loan-to-value was 56.98% with a moderate level of loan-to-value ratios across various buckets at the time of the sanctioning of the loan (for further details, see "*Selected Statistical Information*" on page 211 of this Addendum) As on December 31, 2021, all of our outstanding loans are secured in our favor by a mortgage over property or other security.

We have split our underwriting process such that underwriting for salaried customers is undertaken at a centralized processing unit for quick turnaround and processing. For all other customer segments at the branch level we have specialized teams for credit underwriting, technical and legal due diligence and fraud control. We have an experienced team of credit officers across our branches to undertake credit assessment. Our well-defined systems and processes along with proper checks and balances enable credit approvals to be done by appropriate underwriting authority.

We have streamlined sanction, pre-disbursement and post disbursement processes that cover the entire lifecycle of the customer covering lead generation, credit underwriting, legal and technical processes, loan disbursement and monitoring and collections. Our in-house technical team comprises a team of civil engineers that is deployed to assess property valuation which enables us to make accurate valuations of the properties that we are financing. We have implemented digital solutions across our business to efficiently undertake various aspects of our business. Our credit underwriting, risk management and fraud detection teams utilize technology to centrally process loan applications, analyze credit risks, identify fraud and utilize an objective cognitive rule-based policy to make credit decisions.

Overlaid on this is a governance framework which includes an internal audit team, risk management team and a concurrent audit team. We have assigned loan sanctioning authority at various levels of committees at the branch, region and head office levels by specifying pre-determined thresholds on the loan amounts depending on the branch type and product category. This decentralized approach reduces processing times while ensuring prudent risk allocation.

We have an in-house collections team to ensure timely collections. Further, between March to August 2020, pursuant to RBI's directions, we granted moratorium on payment of instalments in the period to all eligible customers who requested the moratorium. In this period, we continued to regularly engage with our customers to inform them about the features of the moratorium and other aspects relating to their loans. This continuous engagement led to gradual improvement in our collection efficiencies from 59% in April 2020 to 97% in December 2020, and 100% in December 2021. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak*" on page 230 of this Addendum.

We manage delinquency by making this a joint responsibility of the sales, credit, risk and collections teams. This joint approach enables us to identify potential delinquencies in advance, put in place remedial measures and ensure smooth collections. We proactively handle and address delinquencies using a range of strategies to monitor such accounts and take active steps to recover dues. As the economy has been impacted by the COVID-19 pandemic and our overall business was impacted negatively with a slowdown both in our disbursements and collections, particularly during the second wave of COVID-19 during FY2021 we further refined our disbursements policy, with a view to minimising delinquencies. For instance, we focused more on salaried customers and conducted additional due diligence on customers to assess the impact of COVID-19 on their employment. Such measures helped in the improvement of our collection efficiencies. Our disbursements and collection efficiency have improved in the nine months ended December 31, 2021. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak*" on page 230 of this Addendum.

Once a loan is classified as an NPA we use a combination of legal strategies including SARFAESI, arbitration or reconciliation camps to recover our dues. We believe that our effective credit risk management policies and framework is reflected in our portfolio quality indicators such as high repayment rates, low rates of GNPAs and NNPAs across business and economic cycles. As of March 31, 2021 and December 31, 2021, our Retail GNPAs accounted for 1.07% and 2.25% (as a result of the reclassification of Stage 3 loans in accordance with the November 12 Circular as discussed below), respectively, of our Retail AUM, while our Net Retail NPAs accounted for 0.75% and 1.74%, respectively, of our Retail AUM. For details, see "*Selected Statistical Information*" on page 211 of this Addendum.

On November 12, 2021, the RBI issued the November 12 Circular which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). Following the November 12 Circular, from a reporting perspective, we classified our Stage 3 assets into: (a) Stage 3a loans not more than 90 days past due and (b) Stage 3b loans more than 90 days past due. Our Stage 3b loans are comparable to our NPA for the previous period/years and our Stage 3a loans have been classified as a result of the November 12 Circular with effect from November 12, 2021. As a result of the reclassification of Stage 3 loans, our Retail GNPAs as of December 31, 2021 of ₹3,162.5 million (2.25% of our Retail AUM) includes loan assets of ₹ 913.8 million (0.65% of our Retail AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular. Our Own Book GNPA as of December 31, 2021 of ₹2,729.3 million (2.40% of our Own Book AUM) includes loan assets of ₹ 754.6 million (0.66% of our Own Book AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular.

Access to diversified and cost-effective long-term financing with a disciplined approach to asset liability and liquidity management

Our treasury department is responsible for ensuring that our capital requirements are met alongside asset liability management, managing the cost of our borrowings, liquidity management and control, diversifying fund raising sources, and investing surplus funds in accordance with the criteria set forth in our investment policy. Over the years, we have secured financing from a variety of sources including term loans; proceeds from loans assigned; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic and foreign financial and development finance institutions to meet our capital requirements. We assign loans through direct assignment to banks and financial institutions, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. As on December 31, 2021 we had borrowing relationships with the NHB, 21 banks, 9 mutual funds and 2 insurance companies (that have invested in our NCDs).

Our short-term borrowings comprises only 2% and 2% of our Total Borrowings as on December 31, 2021 and December 31 ,2020, respectively, and 98% and 98% of our Total Borrowing is long-term borrowings as on December 31, 2021 and December 31, 2020, respectively. As of December 31, 2021 and December 31, 2020, our Total Borrowings were ₹ 108,043.1 million and ₹ 96,524.7 million, respectively. As of December 31, 2021 and December 31, 2020, the weighted average tenure of our outstanding borrowings, including securitization and assignment was 105 months and 104 months, respectively. Our borrowings from NHB constituted 20.73% and 13.51% of our Total Borrowings as on December 31, 2021 and December 31, 2020, respectively. In December 2021, we received a sanction from the NHB for additional facilities up to ₹ 12,500 million, of which ₹ 10,000 million is undrawn as on March 2, 2022. See – "*Selected Statistical Information – Sources of Funds*".

Our average cost of borrowings reduced from 10.09% in FY2019 to 8.90% in FY2020, 8.50% for the nine months ended December 31, 2020, 8.15% in FY2021 and further to 7.18% for the nine months ended December 31, 2021. We maintain a balance of cash and liquid investments, in addition to undrawn commitments under our various facilities to provide us with liquidity to combat any unforeseen market event. As on December 31, 2021 and December 31, 2020, we had cash and bank balances (comprising cash and cash equivalents and other bank balances) of ₹ 21,728.4 million and ₹ 23,831.0 million and undrawn facilities of ₹18,260 million and ₹19,050 million, respectively. We aim to ensure that we maintain sufficient liquidity to meet all our repayment obligations and working capital requirements and funding for fresh disbursements. Based on the prevailing economic conditions, we adjust our liquidity levels, as required. For instance, in order to mitigate the impact of the COVID-19 pandemic, we had initially increased our liquidity levels on account of the uncertain economic environment – the average liquidity that we maintained in the nine months ended December 31, 2020 was ₹ 27,079.3 million as compared to ₹

17,357.5 million for FY 2020. After we considered that COVID-19 did not result in any stress on the liquidity available in the financial system, we subsequently reduced the overall liquidity that we were carrying to ₹24,061.9 million for the nine months ending December 31, 2021.

In addition, we also have in place effective asset liability management strategies. We aim to ensure that we do not have any cumulative asset/liability mismatches. As of December 31, 2021, we have positive asset-liability mismatch across all the maturity buckets. This allows us to better meet the growing loan demands of our rapidly increasing customer base, even if external borrowings and funding sources face temporary realignment.

Social objectives are one of the core components of our business model

We have adopted and implemented a social objective across all aspects of our business. We believe these social objectives are a key strength and differentiator for our business. We operate a financially inclusive customer centric lending business and believe that our business model contributes significantly to the economic uplifting of our target customers by contributing to an improvement in their standard of living. As of December 31, 2021, 80.52% of our Gross AUM and 88.76% of our live accounts was from customers who belonged to the economically weaker and low income group, earning less than ₹ 50,000 per month. Many of our loans are provided under the various affordable housing schemes promoted by the Government of India, such as the Pradhan Mantri Awas Yojana, which benefits economically weaker segment, low income group and medium income group citizens in urban and rural areas. These loans constitute 14.91% of our Live Accounts and 12.16% of our Gross AUM as of December 31, 2021.

In addition to our customer-facing social objectives, we have also implemented social initiatives in other aspects of our business. Our presence in rural and semi urban locations across India results in us providing employment opportunities for people in these locations. For example, in 2018, we launched a sales channel called 'Aadhar Mitra'. Aadhar Mitras are people who are in non-allied industries (for example, hardware owners, property brokers and building material suppliers) act as lead providers to our sales teams. We have enrolled 9,403 Aadhar Mitras as of December 31, 2021 and provided these people with an alternate source of income (i.e., referral fees for referring loans that are paid out on disbursements to customers sourced by them).

Through the provision of loans for purchase of homes to a customer segment that is not serviced by the mainstream financial services sector and our employment of personnel in rural and semi urban locations across India, we are fulfilling an important social objective of economic upliftment for these segments of the Indian economy.

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

Our board of directors is comprised of qualified and experienced personnel, who have extensive knowledge and understanding of the banking and finance industry. Our Managing Director and Chief Executive Officer has 37 years of experience and our Chief Financial Officer has 26 years of experience in the financial services industry. Further, the chairman of our Board is an Independent Director. Our independent directors include our chairman Om Prakash Bhatt (ex-chairman of the State Bank Group, and currently on the board of directors of Tata Steel Limited, Tata Consultancy Services Limited, etc.), Nivedita Haran (Retired as the Additional Chief Secretary, Department of Home Affairs, Government of Kerala) and Sharmila A. Karve (previously associated with Price Water House Coopers as a partner). For further information, see "*Our Management*" beginning on page 154 of the Draft Red Herring Prospectus.

In addition, we have a strong and experienced management team comprising a 7 member leadership team. Our management team brings a diverse array of backgrounds, with a mix of professionals from the financial services industry. We believe that the diversity and experience of our management gives us the strength to formulate and execute a broad array of strategies, dealing with a wide spectrum of product and customer segments and successfully navigating a wide range of risks inherent in the financial services industry. Our management team has an average experience of 25 years in the financial services industry segment.

Since June 2019, BCP Topco, which is in turn an affiliate of funds managed by affiliates of Blackstone Group Inc (collectively "**Blackstone**"), is our Promoter and currently holds 98.72% of our pre-Offer issued, subscribed and paid-up Equity Share capital. We benefit from the resources, relationships and expertise of Blackstone, one of the world's leading investment firms. Blackstone's asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different businesses, Blackstone had total assets under management of over $880.9 billion as of December 31, 2021. Following our acquisition by Blackstone, we implemented a corporate governance framework, with the induction of three independent directors, one of whom serves as Chairman.

Our financial performance has remained consistent and resilient through various external events in the Indian economy. During these periods, the Indian economy and the banking and finance industry in India were adversely impacted by various events such as demonetization and the introduction and roll out of a nationwide GST; defaults involving large non-bank finance companies; and, most recently, the various waves of the COVID-19 pandemic. Our overall growth, performance of our portfolio, asset quality and continued profitability during these periods despite these negative events demonstrates the strengths of our business and our management team.

Our Strategy

Expand our Distribution Network to Achieve Deeper Penetration in key states

We have a comprehensive pan-India presence covering our target customers. However, with increased urbanization across India, we believe that continuously expanding our physical and digital presence across India will be a key enabler for our growth. We believe that our current operating model is scalable, which will assist us in expanding our operations with lower incremental costs to drive efficiency and profitability.

Our branch expansion is done in a calibrated and systematic manner. We review a number of factors including demographics and competitive landscape before establishing a branch. We have modelled our branches into categories to manage costs and risks while expanding our presence. We have ultra-micro and micro branches that are minimally staffed but have the ability to source customers for certain locations. For other locations we have small branches and main branches to provide higher levels of disbursements and cater to a larger pool of customers. We also test markets before opening any presence by appointing a 'resident executive' in that location. This allows us to gauge the potential of a particular location without incurring the costs of opening a branch location. We are constantly evaluating locations using the above criteria and expect to continue to add branches to grow out network in the near term.

Continue to focus on our target customers and grow our customer base

In FY2020, our customers crossed 150,000 accounts and we have more than 194,000 Live Accounts as on December 31, 2021. A majority of our customers are from the economically weaker and low-to-middle income segment of the Indian economy. As of December 31, 2021, 62.43% of our customers are salaried individuals and 37.57% are self-employed individuals. According to CRISIL Report, the housing shortage in India is estimated to increase to 100 million units by 2022, and 95% of household shortage is from lower income group and economic weaker section with the remaining 5% of the shortage coming from middle income group or above. Further, the Indian mortgage market is significantly underpenetrated and has historically being growing on a year on year basis. We intend to focus on growing our share of the low income housing segment mortgage market in India and continuing to focus on the salaried and self-employed categories from the economically weaker and low-to-middle income group segment of the Indian economy. We believe our objective of financial inclusion for these categories of customers coupled with our digitally enabled customer centric approach will allow us to continue to grow our customer base and grow our loan portfolio. In addition, we may also explore selective opportunistic acquisitions of low income housing segment loan portfolios from banks and financial institutions as means of inorganic growth.

Continue to invest in and roll out digital and technology enabled solutions across our business to improve customer experience and improve cost efficiency

In October 2021, we implemented an enterprise-wide technology upgrade of our systems and processes. These investments are aimed at modernizing our technology backbone and digitizing operating processes. We believe that these initiatives will assist in streamlining of existing processes and introduction of enhanced features.

Further, we continuously aim to make the process of buying a house for our customers seamless by building a digitally-driven and enabled HFC focused on the low income housing segment. The key components of this are the simplification of processes, growing our reach, efficient and comprehensive risk management combined with a superior customer experience.

Our credit underwriting, risk management and fraud detection teams utilize technology to centrally process loan applications, analyze credit risks, identify fraud and utilize an objective cognitive rule-based policy to make credit decisions. These technology-enabled initiatives allow us to increase our customer penetration by enabling third parties to source customers while keeping credit appraisals in-house.

Operationally, digitization benefits us through improved underwriting processes, increased productivity, cost reduction and improved collections through data-driven early warning systems.

These measures will improve our customers experience while transacting with us. At the back-end, we are automating various processes and rolled out of a lending management system with different technologies. In FY 2020, we launched a Digital Transformation program and have appointed Tata Consultancy Services Limited ("**TCS**") to implement their Lending and Securitization Platform across our systems. These technologies will further enable our shift to an analytics-based approach across our business. These technological systems and enhancements will help us further improve our systems, processes and controls. Our technology initiatives coupled with our physical branch and location expansion will allow us to continue to expand and grow our business, while improving our cost efficiency. See "– *Information Technology*" on page 106 of this Addendum.

Optimize our borrowing costs and reduce operating expenses further

Our cost of borrowing has been steadily declining over the last 3 financial years due to our proactive and flexible fundraising strategy. We intend to continue to diversify our funding sources, identify new sources and pools of capital and implement robust asset liability management policies with the aim of further optimizing our borrowing costs and help expand/increase our NIM.

We intend to increase the share of NHB refinancing in our Total Borrowings and also accessing international sources of funding to reduce our overall cost of borrowings. For example, in December 2021, we received a sanction letter from NHB for an amount of Rs. 12.5 billion.

Our fully built-out distribution and collections infrastructure is a key source of operating leverage and will help reduce our operating expenses. Further, we expect that our strategic investments in technology and digitization across our business will further reduce our operating expenses and credit costs over time. We will continue to review and identify means to improving our revenue to operating expenses ratio and improving our overall NIM from current levels.

We believe that as a result of these various initiatives we would be in a position to continue to maintain our low NPA levels and reduce it further, improve our credit ratings for new fund raising, reduce the cost of our borrowing and hence sustainably deliver superior return ratios.

With a strategy to leverage our distribution network and widen our sources of funds, we signed our first co-lending agreement with UCO Bank in November 2021, which is expected to come into effect in the first half of Fiscal 2023. We are may also enter into such arrangements with other private and public sector banks to increase the number of our co-lending partners. We believe co-lending presents a unique opportunity through the combination of the banks' availability of low cost of funds, coupled with an NBFC (including HFC's) ability to source retail customers efficiently as well as manage these customers, including collections. This model allows NBFCs or HFCs to cater to a larger customer base with lesser capital by leveraging the larger balance sheet of their partner banks.

RBI had amended the co-lending framework in November 2020 to improve the flow of credit to the unserved and underserved sector of the economy, and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and wider reach of the NBFCs. Under the terms of the revised Co-Lending Model ("**CLM**"), banks are now also permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement in a manner akin to bilateral assignment. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs will be required to retain a minimum of 20% share of the individual loans on their books.

In view of CLM, we strategically partnered with UCO Bank to take advantage of this new framework. Under our co-lending arrangement with UCO Bank, we will source and disburse loans in our usual course of business in accordance with our existing policies and subsequently may request UCO Bank to participate in the specific home loans with pre-agreed parameters. UCO Bank, after completing its internal due diligence, may agree to participate by transferring an 80% share of the loan to our Company through an escrow account. Our Company will continue to service the loan as a servicing agent, and continue to have interface with the customers, and share the collections with UCO Bank.

Our Business Operations

We are an HFC focused on the low income housing segment, targeting primarily first-time home buyers in economically weaker and low-to-middle income customers. We serve formal and informal customers in salaried and self-employed segments. As of December 31, 2021, salaried customers accounted for 62.43% of our Gross AUM and self-employed customers account for 37.57% of Gross AUM. As of December 31, 2021, we have more than 194,000 loan accounts. Apart from home loans, we also offer loans against property, loans for renovation and property extension and loans for purchase of commercial property. As of December 31, 2021, home loans and non-home loans (including respective insurance portion) accounted for 82.91% and 17.09% of our Gross AUM, respectively. Further, for the disbursements made in the nine months ended December 31, 2021, approximately 15.6% of our customers are new-to-credit.

The average ticket size of our loans was ₹ 0.86 million, with an average loan-to-value of 57.47%, as of December 31, 2021.

As of December 31, 2021, we had a network of 325 branches covering over 496 districts in 20 states and union territories in India. We are evenly spread across states thereby helping us reduce risk of concentration. We have increased the scale and have strategically expanded to geographies where there is substantial demand for housing finance.

We utilize a diverse range of lead sourcing channels such as Direct Selling Teams, Direct Selling Associates, Aadhar Mitras, digital channels and call center with continuous focus on ground level activities such as market combing, loan tents, and various other marketing activities to assist the front end teams reach out to the desired segment.

We have been actively participating in various affordable housing initiatives of the government of India. For example, we participate in the Pradhan Mantri Awas Yojana of the government of India, pursuant to which we provide a subsidy to borrowers from economically weaker segments in the payment of interest. As of the date of this Addendum, we have assisted in providing a subsidy amounting to ₹ 7,690.0 million to 35,244 customers.

The following table sets forth details of our Gross AUM, disbursements and average ticket sizes for our home loans and non-home loans, as of and for the years indicated:

Metric	As of/for the				
	Year ended March 31, 2019	**Year ended March 31, 2020**	**Year ended March 31, 2021**	**Nine months ended December 31, 2020**	**Nine months ended December 31, 2021**
	(₹ in million)				
Gross AUM:					
Home Loans	84,364.7	97,579.1	112,959.6	107,142.0	116,499.7
Non-Home Loans	14,844.0	16,317.0	20,292.6	19,136.4	24,010.5
Project Finance	948.8	420.5	18.8	385.7	11.7
Total	100,157.5	114,316.6	133,271.0	126,664.1	140,521.9
Disbursements:					
Home Loans	27,747.9	28,387.3	30,409.0	19,408.9	19,103.7
Non-Home Loans	4,154.7	3,514.1	5,038.1	2,920.6	4,669.8
Project Finance	15.9	-	-	-	-
Total	31,918.5	31,901.4	35,447.1	22,329.5	23,773.5
Average Ticket Size on Retail AUM:					
Home Loans	0.85	0.87	0.88	0.88	0.90
Non-Home Loans	0.67	0.69	0.72	0.71	0.70
Total	0.82	0.84	0.85	0.85	0.86

Notes:

(1) The above AUM and disbursement figures in Home Loans and Non Home Loans include the insurance amount. For regulatory reporting purposes, insurance amount of Home Loans is classified as Non Home Loans.

Our loan products

We provide the following categories of loans to our customers:

Loan category	End-use/features	Maximum tenure
Loans for purchase and self-construction of residential properties	We provide loans for the purchase of ready residential property to the extent of 90% of the purchase price of the property. Approximately 90% of our annual disbursements for such loans are in ticket sizes of Rs 2,000,000 or lower. In addition, we also provide loans for: • purchase of residential plots, • combination of plot purchase and construction upon the plot; and • residential construction on self-owned plots.	30 years / 20 years for purchase of residential plots
Loans for home improvement/extension	We provide loans for improvements in the existing house and for extensions in the existing structure. These loans are also subject to a maximum of 80% of the overall market value of the property. Loans for home improvement can be obtained for various purposes, such as flooring or roofing, plumbing, plastering, painting and electrical work. Loans for extension can be obtained for purposes such as for extension of floors.	30 years
Loans against residential/commercial property	We provide loans against existing residential and commercial property of customers based on their requirement and the value of the property. The end use of such loans can be investment in their business or personal expenses such as marriage, education and medical expenses.	15 years
Loans for purchase/construction of non-	We provide loans for the purchase/ construction of properties for commercial use.	15 years

Loan category	End-use/features	Maximum tenure
residential property		

Our Branch Network

As of December 31, 2021, we conducted our operations through 325 branches in 496 districts, covering 15,000 locations in 20 states and union territories.

Our portfolio is geographically well diversified, as shown in the following table, which sets forth the state wise distribution of our Gross AUM and branches as of December 31, 2021:

State	Percentage of Total Branches	Percentage of Gross AUM
Uttar Pradesh	13.8%	15.3%
Maharashtra	12.0%	15.0%
Madhya Pradesh	11.4%	11.1%
Gujarat	8.9%	11.1%
Rajasthan	8.0%	10.9%
Tamil Nadu	9.2%	7.4%
Telangana	5.2%	5.8%
Karnataka	6.5%	4.6%
Andhra Pradesh	4.3%	3.9%
Others	20.6%	14.9%
Total	**100%**	**100%**

The following table sets forth certain details of the reach of our branch network as of December 31, 2021:

State	Number of Branches	Number of Districts with a Point of Presence	Number of Districts in the State	District Penetration %
Uttar Pradesh	45	73	78	94%
Maharashtra	39	34	35	97%
Madhya Pradesh	37	52	52	100%
Gujarat	29	32	33	97%
Rajasthan	26	30	33	91%
Tamil Nadu	30	33	33	100%
Telangana	17	35	35	100%
Karnataka	21	30	30	100%
Andhra Pradesh	14	13	15	87%
Others	67	164	389	42%
Total	**325**	**496**	**733**	**68%**

The following table shows the split of our branches according to type as of December 31, 2021:

S. No.	Type	Number	Percentage
1.	Main branch	119	37%
2.	Small branch	103	32%
3.	Micro branch	50	15%
4.	Ultra-micro branch	53	16%
Total		**325**	**100%**

Our Customer Base

Our target customer segment comprises individuals from the economically weaker and low-to-middle income segments in urban, semi-urban and rural areas who have limited access to formal banking credit. We offer loans to both salaried and self-employed individuals in the formal and informal segments. We cater to customers from informal employment sectors who do not have formal income proofs, pay slips, or income tax returns, and hence may be excluded from being served by banks or large financial institutions. As a result of our expertise, experience and business model, we believe that we are able to effectively serve such customers and grow our business, while monitoring and mitigating risks. We have developed detailed customer interviews as part of our personal discussion process, which provide us deep insights into behavioral traits and other data points which substitute some of the traditional data.

Key Parameters of our loan products: LTV Ratio, EMI and Tenure of our Home Loans

The NHB Directions prescribe the thresholds of loans that can be provided to housing loan customers. A property with market value of up to ₹ 3.00 million is permitted to have a maximum LTV ratio of up to 90.0%, property with market value between ₹ 3.00 million and ₹7.50 million is permitted to have maximum LTV ratio of up to 80.0% and property with market value above ₹7.50 million is permitted to have maximum LTV ratio of up to 75.0%. We set an LTV ratio range for each of our loan products that is within the relevant range prescribed by the relevant regulatory authorities. As of December 31, 2021 and December 31, 2020, our home loans and non-home loans had an average loan-to-value of 60.21% and 44.22%, and 59.25% and 44.83% respectively at the time of the sanctioning of the loan, resulting in our Gross AUM (excluding project finance loans) having an average loan-to-value of 57.47% and 57.00%, respectively, at the time of the sanctioning of the loan.

While approving a loan application, we review the customer's repayment capacity, which is determined by factors such as the customer's age, educational qualification, number of dependents and the stability and continuity of the customer's income. If applicable, we also review a co-applicant's income, assets and liabilities, and cash flows, as required. The amount of the loan is determined on the basis of our evaluation of the repayment capacity of a customer, the value of the relevant property and is subject to regulatory limits. Loans are required to be repaid in equated monthly instalments ("**EMIs**") over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan. The tenure of our home loans can be for a period up to 30 years and vary according to the purpose of the loan, the customer's age and the customer segment.

Interest Rates, Fees and Collateral for our Home Loans

The pricing of our loans is linked to our reference rate which we determine from time to time based on market conditions. As of December 31, 2021 and December 31, 2020, our reference rate was 16.15%.

We require our customers to pay certain processing fees and charges prior to the disbursement of the loans at different stages of the loan application. These fees and charges are subject to change from time to time based on market conditions and regulatory requirements.

The underlying collateral for a loan is the house or property towards which the loan is provided. The security for home loans is created either through an equitable mortgage by way of deposit of title deeds or a registered mortgage of immovable property. We also offer our customers an option to take an insurance cover for the home, with the sum assured cover of at least the home loan amount, which offers an additional cover for any damage to the collateral.

Loan sourcing

We generate loans through both in-house and external sources. We use a combination of in-house sales team, including direct selling teams ("**DSTs**"), resident executives and relationship managers. Our external channels include direct sales agents ("**DSAs**") and Aadhar Mitras. As of December 31, 2021, our direct selling team including relationship managers comprised 1,731 members and 229 resident executives. Further, we have 3,630 DSAs and 9,403 Aadhar Mitras.

We enter in to agreements for the appointment of our DSAs and Aadhar Mitras. These agreements govern our arrangements for the appointment, termination and compensation of these external sourcing channels. These agreements also specify the responsibilities and requirements that these sources have to satisfy in the conduct of their activities while dealing with our customers. The leads generated or customers sourced by these external sourcing channels are subject to our internal credit approval and disbursement process in accordance with our internal policies. For further details, see "- *Credit Approval and Disbursement Process*" on page 102 of this Addendum.

In 2018, with a view to lowering our cost of acquisition for new loans and to widen our reach, we launched the 'Aadhar Mitra Programme'. Aadhar Mitras are individuals engaged by us who may be in a non-allied industry (for example, hardware store owners, property brokers and building material suppliers) and act as lead providers to our DSTs. We incentivize Aadhar Mitras with a referral fee for every referral that results in a loan disbursal by us. Our onboarding process for Aadhar Mitra involves the verification of documents of a prospective Aadhar Mitra by our local branch, followed by training programs for the Aadhar Mitra. In August 2021, we launched a “Mahila Aadhar Mitra” program which catered to enrolling women as Aadhar Mitras. This enables us to widen our network of Aadhar Mitras and at the same time helps to providing a source of income to our Mahila Aadhar Mitras.

Further, we also generate business through corporate channel partners and digital platforms such as digital lead aggregators under the 'Digital Aadhar Mitra', program website and social media platforms. The table below sets forth the break-up of disbursements from direct and alternate channels, for the periods indicated:

Channel	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	(₹ millions, except percentages)				

	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %
Aadhar Mitras...........	5,458.5	22.96%	5,484.9	24.56%	8,759.4	24.71%	6,635.1	20.80%	3,830.5	12.00%
DSAs............	7,403.6	31.14%	6,439.3	28.84%	10,175.6	28.71%	8,527.7	26.73%	7,660.8	24.00%
DSTs............	10.911.4	45.90%	10,405.3	46.60%	16,512.1	46.58%	16,738.6	52.47%	20,427.2	64.00%
Total	**23,773.5**	**100.00%**	**22,329.5**	**100.00%**	**35,447.1**	**100.00%**	**31,901.4**	**100.00%**	**31,918.5**	**100.00%**

Credit Approval and Disbursement Processes

For credit underwriting and verification, we use both technology as well as manual verification methods through our well-trained credit officers. Through a mix of technology and manual verification, our credit team can underwrite customers belonging to both formal and informal employment segments. We process KYC documents and verify the income of customers from the formal employment segment using technology led solutions (for example, the online verification of EPF, TDS, company/employer profile, income tax returns). In case of the informal customer segment, the credit manager visits the customer's residential / business premises and assesses the income of the customer according to pre-defined policies and processes.

We have centralized as well decentralized processing mechanisms:

- *Centralised processing*: We have two centralised credit processing hubs (Mumbai and Bangalore) where all loan applications for formal salaried customers are processed. This ensures standardisation, cost optimization and better turn-around time.

- *Decentralised processing*: For loan applications of customers from informal segments (self-employed customers or customers who receive their salary in cash), we utilise branch led processing through branch credit managers, as such cases require on-ground verification of the business and income assessment.

Upon sourcing a customer and obtaining a loan application along with the relevant documentation, our branch sales manager hands over the application file to the branch operations team. The operations team checks the application for various parameters, including the completeness of the application form, relevant KYC documents, an initial money deposit cheque and income proof. All the documents are then scanned and shared with an outsourced centralized data entry team. Thereafter, the centralized data entry team completes the detailed data capture including customer demographics, income and banking details into the Synergy system (for details, see " – *Information Technology*" below on page 106 of this Addendum) and assigns the application to the credit manager (in our loan origination system). To identify any fraudulent activity at an early stage, our risk control unit screens every application and document. Any suspicious documents are sampled and verified at the source of the document. The credit manager performs the de-duplication and credit bureau checks. The credit manager checks the complete credit bureau report where the credit score of the applicant is reviewed along with a track record of loan repayments.

Upon the receipt of property documents, which are to be used as collateral, the branch credit manager initiates a legal and technical assessment to verify the authenticity of the documents, the legal title to the collateral property and its market value. We conduct personal discussions over the telephone as well as in-person meetings at the customer's place of business. For customers from the self-employed and informal salaried segments, our credit managers visit the customer's place of business to understand their business, review the proof of salary, revenue streams and expenses and, based on income validation, determine their loan eligibility. The credit manager then prepares the disbursement memorandum and cash flow analysis. For customers from the salaried segment, the credit manager conducts telephonic discussions to prepare the disbursement memorandum. At this stage, if the credit manager receives any additional documents, then these are shared with the risk containment unit to verify the authenticity of such additional documents. The risk containment unit also conducts in-person meetings with certain customers. The loan application is then sent to our sanctioning authority for final approval. We seek to mitigate the risk of default by including specific covenants in the loan documentation in addition to our general terms and conditions, on a case-by-case basis.

We have implemented a four-pronged system of credit assessment comprising:

- *Underwriting*: We have a credit team of 383 personnel as of December 31, 2021, comprising credit managers who conduct an independent verification of customers, evaluate the customer's business and financing needs, and analyse their ability to repay loans. Our credit managers also conduct an analysis of the existing and expected cash flow of a customer's business.

- *Legal assessments*: We conduct legal assessments through our in-house team of lawyers and by engaging empanelled vendors (lawyers or law firms) who help us perform functions such as the verification of documents, conduct of property searches and issuance of legal scrutiny reports of title to properties. Legal reports prepared by empanelled lawyers are reviewed by our in- house legal team. The in-house legal team is responsible for clearing the title of collateral for the reports issued by empanelled local law firms and lawyers. As of December 31, 2021, we had an in-house team of 25 lawyers, and approximately 591 local law firms and lawyers were empanelled with us.

- *Technical assessments*: In relation to loans for construction, home improvement or home extension, we conduct technical assessments primarily through our in-house team of engineers and by engaging empanelled valuers who help us perform functions such as site visits, conducting technical evaluation of properties and the periodical review of construction projects. As of December 31, 2021, we had a team of 247 technical members and approximately 207 technical agencies were empanelled with us. Further, for properties above a certain threshold, we also obtain additional valuation from independent third parties. Additionally, our branch managers or credit managers also visit properties valued above the threshold limits. As an additional measure, approximately 10% of the properties mortgaged in each quarter are re-valued to review the variance in valuation. In cases where there is a variance, the properties are examined for taking necessary remedial measures.

- *Risk Containment Unit*: Our risk control unit conducts trigger based checks, scrutinizes documents, field investigation, visits certain customers and seeks to identify fraud at early stages. They also conduct geography specific risk assessments, authentication of demand letters and employment certifications. As of December 31, 2021, our risk control unit comprised 24 personnel. We also engage third party vendors to assist in fraud control.

Loan Collection and Monitoring

We have well established processes and a strong four-tier collections infrastructure comprising tele-calling, field collection, legal recovery and settlement to help us with loan collections. At the outset of loan disbursement, we provide our customers with the option to make their payments using methods such as automated clearing house payment gateways, post-dated cheques and other digital modes of payment. We have also tied up with e-commerce payment systems to augment our digital payment gateways. However, given the limited digital access of our customers in rural areas, we have also entered into an agreement with service providers to provide assisted digital payment services, to facilitate seamless cash payments through their network. As of December 31, 2021, 90% of our customers pay their monthly instalments through automated clearing house modes. Since 2018, we have been collecting pre authorizations from customers for electronic auto debits from their bank accounts and also collect post-dated cheques in advance for use in case of delays in registration of the auto debit facility. For overdue cases, our field executives visit customers to collect instalments. We track loan repayment schedules on a monthly basis by monitoring instalments due and loan defaults. We ensure that all customer accounts are reviewed by our personnel at periodic intervals, particularly for customers who have larger exposures or have missed their payments.

Our field executives are responsible for collecting instalments, with each field executive typically having responsibility for specified number of borrowers, depending on the volume of loan disbursements in the area. We also use services of third party call centers. We believe that our loan recovery procedures are well-suited to the markets that we cater to.

We employ a structured collection process wherein we remind our customers of their payment schedules through text messages and calls from our tele-callers. In certain cases, our in-house team also visits our customers. If the customer has not made payment by the due date and despite regular follow-ups for a certain period of time, a senior member of our collections team visits the customer and legal action is initiated if the customer's ability or intent to repay is suspect.

In the event of default under a loan agreement, we may initiate the process for re-possessing collateral. We work with local authorities to repossess such assets and take appropriate care in dealing with customers while enforcing on assets. Where appropriate, our collections department coordinates with our legal team and external lawyers to initiate and monitor legal proceedings.

Other Business Initiatives

Distribution of Insurance Products

In March 2019, we received a certificate of registration to act as corporate agent from the IRDAI. Pursuant to this certificate and applicable guidelines, we are permitted to enter into arrangements with insurers for the distribution of life, general and health insurance products. We currently act as corporate agents for three general insurance companies and one life insurance company.

We facilitate our customers with multiple insurance products linked to their life, health and property. Under life insurance, we provide mortgage reducing term insurance linked to the loan facility. Under general insurance we provide property insurance, personal accident, critical illness and health insurance. These products are optional to the customer.

Treasury Functions

Our treasury department is responsible for our capital requirements and asset liability management, liquidity management and control, diversifying fund raising sources, managing interest rate risk and investing surplus funds in accordance with the criteria set forth in our investment policy. We have obtained financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds and insurance companies to meet our capital requirements. We assign loans through direct assignment to banks and financial institutions, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our treasury and finance team periodically submit their reports to our asset liability management committee, which submits its findings to our Board.

Our financings are typically secured against our assets. Since the security we provide is on a pari-passu basis to all lenders (except to NHB, which is on exclusive charge basis), we are required to obtain no-objection letters/ pari-passu letters for the perfection of security from all our lenders (except NHB) every time we raise a new secured borrowings which is time consuming.

With the approval and consent from our secured lenders we have appointed a security trustee in respect of our banking arrangements. We have appointed Beacon Trusteeship Limited as a security trustee with effect from September 23, 2021. The appointment of a security trustee would not only reduce the need for individual approvals and consents from our lenders but would also enable the security trustee to monitor our assets that are provided as security.

As of December 31, 2021 and December 31, 2020, total borrowings comprised 61.83% and 61.97% of loans from banks, 16.51% and 22.65% of Non-convertible debentures, 20.73% and 13.51% of loans from National Housing Bank, 0.77% and 0.86% of subordinate liabilities and 0% and 0.51% of commercial paper. Our average cost of borrowings reduced from 10.09% in FY2019 to 8.90% in FY2020, 8.50% for the nine months ended December 31, 2020, 8.15% in FY2021 and further to 7.18% for the nine months ended December 31, 2021. Our incremental cost of borrowings reduced from 10.00% in FY2019 to 8.89% in FY2020, 7.38% for the nine months ended December 31, 2020, 6.76% in FY2021 and further to 5.87% for the nine months ended December 31, 2021. Further, as of December 31, 2021 and December 31, 2020, 27.08% and 25.99% of our Total Borrowings and assignment were at fixed rates of interest, while 72.92% and 74.01% were at floating rates. We believe that we have been able to access cost-effective diversified debt financing due to our stable credit history, good credit ratings and conservative risk management policies.

Capital Adequacy Ratios

The NHB Directions currently require HFCs to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital. Under these requirements, HFC's Tier I and Tier II capital should not be less than 13% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable. The CRAR shall be increased to 14% on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter, with a minimum requirement of Tier I capital of 10.0% on risk weighted assets. Further, the NHB Directions require that the Tier II capital shall not exceed 100% of the Tier I capital at any point of time.

The following table sets forth certain details of our CRAR and other key metrics as of the dates indicated:

	As at March 31,			**As at December 31,**	**As at December 31,**
	2019	**2020**	**2021**	**2020**	**2021**
Total assets *(₹ in million)*	94,800.2	123,664.3	136,303.3	130,116.0	142,111.1
Risk weighted assets *(₹ in million)*	46,615.1	47,734.4	62,454.9	57,055.3	68,510.1
Net worth *(₹ in million)*................................	8,588.7	23,472.7	26,927.6	25,986.2	30,227.8
CRAR (%)..	18.28%	51.42%	44.08%	46.88%	44.73%
CRAR - Tier I capital (%)............................	15.57%	49.08%	42.62%	45.32%	43.61%
CRAR - Tier II capital (%)...........................	2.71%	2.35%	1.46%	1.56%	1.12%
Amount of subordinated debt qualified as Tier – II capital *(₹ in million)*.......................	756.0	708.0	660.0	660.0	492.0

Credit Ratings

Our current credit ratings are set forth below:

Rating Agency	Instrument	Rating
CARE Ratings	Long-term	AA/Stable
	Subordinate Debt	AA-/ Stable
Brickworks Ratings	Long-term	AA/Stable
	Subordinate Debt	AA/ Stable
CRISIL Ratings	Fixed Deposits	FAA-/Stable
	Short-term	A1+
ICRA Ratings	Short-term	A1+
India Ratings	Short-term	A1+

Risk Management

Risk management forms an integral part of our business. We continue to improve our internal policies and implement them rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to mitigate and address such risks. Our risk management framework is driven by our Board and its sub-committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee and is overseen by our full-time Chief Risk Officer. We accord the necessary importance to prudent lending practices and have implemented adequate measures for risk mitigation, which include verification of credit history from credit information bureaus, multiple verifications of a customer's business and residence, verification of income and KYC documents submitted by the customer, technical and legal verifications, conservative loan to value, and required term cover for insurance.

The major types of risk we face in our businesses are liquidity risk, credit risk, operation risk, interest rate risk, cash management risk, asset risk and inflation risk.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. We may face an asset-liability mismatch caused by a difference in the maturity profile of our 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. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

Our treasury department secures funds from multiple sources, including banks, financial institutions and capital markets and is responsible for diversifying our capital sources, managing interest rate risks and maintaining strong relationships with banks, financial institutions, mutual funds, insurance companies, the NHB, other domestic and foreign financial institutions and rating agencies. We continuously seek to diversify our sources of funding to facilitate flexibility in meeting our funding requirements. We maintain adequate liquidity buffers to take care of our working capital requirements and unforeseen market liquidity condition, as on December 31, 2021 and December 31, 2020, we have cash and bank balances of ₹ 21,728.4 million and ₹ 23,831.0 million and had undrawn credit lines amounting to ₹18,260 million and ₹19,050 million, respectively. Due to the composition of our loan portfolio, which also qualifies for priority sector lending, we also engage in direct assignment transactions which provide an additional avenue of liquidity.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. We manage credit risks by using a set of credit norms and policies, which are approved by our Board and backed by our technology platform. We have 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 at various levels. We have created a robust credit assessment and underwriting practice that enables us to fairly price our credit risks. The process is complemented by strong legal and technical assessment along with a robust Risk Containment Unit.

Operational Risk

Operational risks arise from a variety of factors, including failure to obtain proper internal authorizations, improperly documented transactions, failure of operational and information security procedures, failure of computer systems, software or equipment, fraud, inadequate training or employee errors. As one of the features of our lending operations, we offer a speedy loan approval process and therefore have adopted de-centralized and centralized loan approval systems. In order to control our operational risks, we have adopted clearly defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed audit firms to conduct internal and process audits to assess adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at the Audit Committee meetings.

Interest Rate Risk

We are subject to interest rate risk, primarily since we lend to customers at rates and for maturity periods that may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, 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, we seek to optimize our borrowing profile between short-term and long-term loans. We adopt 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 our Asset Liability Management Committee prepares an interest rate sensitivity report periodically for assessment of interest rate risks.

Cash Management Risk

Our branches collect cash from customers for amounts that are overdue and deposit it in our bank accounts and we have also engaged certain agencies for their cash management services. To address the cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. Further, we have also undertaken insurance policies to mitigate the risk. See "*—Competitive Strengths—Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality*", "*—Loan Collection and Monitoring*" and "*—Information Technology*" on pages 94, 103 and 106 of this Addendum, respectively, for additional details on measures and steps we have implemented for cash collection activities.

Collateral Risk

Collateral risks arise due to the decrease in the value of collateral over time. The realizable price of a re-possessed asset may be lower than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount due from our customers due to such a decrease in the value of collateral. We may also face certain practical and execution difficulties during the process of enforcing the collateral of defaulting customers. We work with local authorities to repossess such assets and take appropriate care in dealing with customers while enforcing on assets.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through committees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee.

- *Audit Committee*. Our Audit Committee is authorized to select and establish accounting policies, review reports of the statutory and the internal auditors and meet with them to discuss their findings, suggestions and other related matters. It also conducts a scrutiny of related party transactions, inter-corporate loans and investments and evaluates internal financial controls and risk management systems and procedures periodically.

- *Asset Liability Management Committee*. The Asset Liability Management Committee evaluates liquidity and other risks, devises strategies to mitigate such risks and reports its findings to our Board periodically. It lays down policies and quantitative limits relating to assets and liabilities, based on an assessment of the various risks involved in managing them. Its scope includes liquidity risk management, management of market risks, and funding and capital planning.

- *Risk Management Committee*. The Risk Management Committee supervises, guides, reviews and identifies current and emerging risks, develops risk assessment and measurement systems and establishes policies, practices and other control mechanisms to manage risks, develop risk tolerance limits for approval by our Board and senior management, and monitor positions against approved risk tolerance limits.

- *Executive Risk Management Committee*. The Executive Risk Management Committee discusses, deliberates and approves all policy and process changes, schemes, modification in products and funding schemes. It ensures stringent monitoring and management of special situations/problems and recommends policies and frameworks to the Board. It reviews risk appetite levels, portfolio and other limits, key risk indicators, portfolio quality, stress testing results and takes action.

We have also appointed a Chief Manager - Information Security Officer in 2021 to continuously monitor and control the risks associated with the use of technology across our various business processes.

Information Technology

Our business is dependent on information technology systems and we intend to continue making necessary investments to upgrade our systems, to improve our operational efficiency, customer service and decision making process while improving our business continuity and reducing the risk and negative impacts of system failures.

We are continuously upgrading our IT systems to achieve these objectives. We have implemented digital solutions across various aspects of our business with these objectives in mind. Our credit underwriting, risk management and fraud detection teams utilize technology to centrally process loan applications, analyze credit risks, identify fraud and utilize an objective cognitive rule-based policy to make credit decisions. These technology-led initiatives allow us to increase our customer penetration by allowing us to utilize third parties for sourcing customers (as is the case with our digital Aadhar Mitras) while keeping credit appraisals in-house. Further, these technology solutions ensure data integration across all platforms and reduce manual intervention. The digitization of our work processes and functions improves the customer experience through more convenient accessibility, better customer service and engagement and faster turnaround time driven by faster decision making. Operationally, automation / digitization benefits us through improved underwriting processes, increased productivity, cost reduction and improved collections through data-driven early warning systems.

Till September 2021 we utilized an enterprise-wide loan management system, Synergy, to provide an integrated platform for loan processing, credit processing, credit management, general ledger, debt management and reporting. The Synergy platform assisted in loan processing and enables the automation of loan origination systems, credit underwriting processes, underwriting rules, disbursement processing branch accounting systems and maintaining customer history. We have implemented middleware and unified various internal systems and third-party service providers with Synergy. This integration enhanced our ability to connect with online/ fintech aggregators for customer sourcing, payments, credit bureau and customer service. We implemented web portals for field investigation and verification of customer documentations where third-party services are consolidated and automated processing takes place in Synergy. We implemented a treasury solution for tracking all front end and back end activities towards borrowings and investments of. Further, we implemented an enterprise document management system and all customer and loan documents are archived in robust and secure manner. In order to improve customer satisfaction, we implemented CRM service modules which enable our employees to view, capture and respond to customer service-related requests through various channels such as branch walk-ins, call centres and emails.

Synergy, an enterprise wide loan management system, is a bespoke application developed on technology stack of Domino (a software supplied by a third party service provider). Application management is undertaken through our in-house team and domino resources who are engaged from third party service provider (non-core activity). The information technology requirements outsourced are as follows:

Type of Service	Service Provider	Core/Non-core Activities
IT Infrastructure Managed Services which include the following services, among others: • services in relation to hosting and managing the data centre infrastructure for disaster and data recovery sites; • infrastructure managed services covering provisioning and deprovisioning of VM servers; • network, storage, active directory, back-up, and database administration; • firewall and antivirus services and patch management, • IDS and IPS services, NTP Services; and disaster and data recovery availability monitoring services.	Tata Consultancy Services Limited	Core
Developer resources for Domino which includes the following services, among others, supply of software developer resources with Lotus notes Domino programming skills on time and material basis. These developer resources from the service provider are deployed onsite and their services are used to support and maintain the Synergy application.	Third party service provider (M/s Lauren Information Technologies Pvt Ltd. is the only third party service provider engaged by the Company for these services)	Non-core

From October 2021, the Synergy platform has been replaced by our TCS Lending and Securitization Platform as part of our Digital Transformation Program.

Further, we have implemented analytics platforms to enable data backed decision making and develop a comprehensive information management system. We have developed a credit risk scoring engine to provide a credit risk score based upon customer demographics and income profile, which supplements our underwriting process. We utilize our analytics platform to improve business while managing risks. Through this platform, several management information system reports are generated, including on an automated basis, which helps us optimize our operations.

We have implemented an online payment gateway on our website to enable our customers to make their payments via modes such as internet banking, UPI and debit cards. In addition to this, we are integrated with banks and online payment aggregators which enables customer to pay at the nearest collection point as well thereby improving collection efficiency. We conduct regular tracking of our collections team and have provided them with mobile applications to enable them to collect payments from our customers. We also capture latitude and longitude of properties that helps us in easy identification and more accurate valuation, which we believe has helped us reduce our turnaround time for approving loans, as well as achieve a higher accuracy in determining the loan-to-value ratio.

At our branches, we have installed a three-layered multiprotocol label switching security, which helps us prevent any unauthorized access to our network, manage network broadcasting and provides security from spoofing attacks. We have also enabled work-from-home for employees through secure VPN access, which has helped ensure continuity of business even during the COVID-19 related lockdown. We have also implemented digital human resources management solutions, with attendance, leave management, reimbursements and online learning management capabilities. We have dedicated IT infrastructure with a data center that is hosted at Mumbai and data recovery center hosted in Hyderabad. Our overall infrastructure is designed and deployed with layered security architecture with 24X7 network and security monitoring that assures high up-time for better customer service and acquisition.

Digital Transformation Program

In FY 2020, we launched a Digital Transformation program and have appointed TCS to implement their Lending and Securitization Platform across our systems. Our TCS platform was operational in October 2021. As we implemented the TCS platform concurrently across all our branches, there was some disruption in disbursement numbers in October and November 2021 due to the "learning curve" associated with the adoption of a new technological system, which have settled down since mid-November 2021. See "*Risk Factors – Risks Relating to our Business - We rely significantly on our information technology systems for our business and operations. A failure, inadequacy or security breach in our information technology and telecommunication systems may adversely affect our business, results of operations, cash flows and financial condition*." on page 11 of this Addendum. As part of the program, we have implemented technology lead initiatives across the following areas:

Digital Onboarding - digitizing the loan life cycle management with omni-channel inputs, capturing leads from multiple sources, rule-based auto-allocation of these leads, customer onboarding with cognitive document extraction and validation, and loan application processing;

Loan Origination - focusing on straight through processing, enabling the credit team to underwrite applications through rule-based deviations and workflows based on customer profile;

Loan Servicing - enabling disbursal, repayment schedule management, NPA tracking, interfacing with third-party applications and agencies such as CIBIL, CERSAI, PMAY etc.;

Finance & Accounting – enabling an enterprise wise integrated accounting solution;

GST Integration – enabling capturing and generation of the GST data to be filed in various GST returns;

Collection Management – enabling a real time program with ability to allocate accounts to agents through a rule-based engine and handling the payments and collections from such agents;

Analytics - enabling monitoring of loan portfolios, as well as the servicing and performance management of pool investments on a continuous basis;

Mobility Solutions – our collection mobility application which is currently in operation enables collection agents on field to capture customer payments electronically. We are also developing a sales mobility application to assist our field sales team and channel partners in submitting customer leads and documents through a digital onboarding process; and

Customer Engagement – enabling easier and more efficient customer engagement, via our Aadhar Housing website, which facilitates customers' online loan applications, payments and other services requests. We are also in the process of developing our customer mobile application which will provide a convenient and easy platform for customers to track their loan balance, make payments and other service requests, as well as refer customer leads, thereby improving customer engagement throughout the lifecycle of the loan. We are also developing our social media channels (such as Whatsapp) which will provide customers easy access to loan application and various loan services.

Digital and Data Analytics

Our data science practice under our Chief Data Officer ("CDO"), has been set up based on the concept that a data driven strategy along with artificial intelligence and machine learning can further drive our business. Having a CDO function along with a centralized data and data science enables us to bring in better controls, standardization and governance of such processes at the organization level, while managing risk, growing our business, performing market research and increasing data and analytics integration with our business. Our data science team consists of data engineers, visualization and data discovery experts, and data scientists.

Focus Areas

Our current focus is on improving asset quality by enhancing the robustness of our existing risk analytics for credit risk underwriting (rejection and acceptance models/scorecards), collections analysis, and the identification of high-risk customer cohorts. We are also automating our solutions for risk-based pricing to improve approval rates while simultaneously improving the pricing of credit risk, thereby improving overall yields and profitability. Our branch opening strategy is being integrated with our data science initiatives.

Intellectual Property

We own a combination of trademarks to establish and protect our brands, logos and marketing designs. As of December 31, 2021, we have 12 trademarks, registered with the Registrar of Trademarks under the Trademarks Act.

Marketing

Given the demographics and spread of our target audience, we look to connect with prospective customers through our local outreach activities and social media efforts. We undertake activities such as DSA/Aadhar Mitra branding, local marketing activities, local branding and advertising through wall paintings, branding of our Aadhar Mitra boards which helps us to create visibility in our target markets. In addition, we also provide branded merchandise to our partners/ sales force to create a stronger recall with the target audience.

We use our social media handles extensively to communicate and engage with our prospective/ existing customers for promoting our services / updating customers of any new product or service offering. In addition to social media, our website and call center is used extensively for leads/ sourcing of new business at a lower cost.

We also extensively utilize public relations initiatives to create awareness amongst our target audience and stakeholders, which aids in creating a stronger goodwill and brand equity in the market.

Competition

The housing finance industry in India is highly competitive. We face competition from other HFCs, NBFCs as well as scheduled commercial banks. We generally compete on the basis of the range of product offerings, interest rates, fees and customer service, as well as for skilled employees, with our competitors. Our primary competitors include Aavas Financiers Limited, Motilal Oswal Home Finance Limited, Home First Finance Company Limited and Magma Housing Finance Limited. For further details, see "*Industry Overview*" on page 48 of this Addendum.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include directors' and officers' liability insurance, and we also have a combined corporate policy which covers, among others, public liability insurance, fidelity insurance, burglary, fire and allied perils, breakdown of office equipment, and terrorism cover. In addition, we have a money insurance policy pertaining to cash in safes and in transit.

Our insurance coverage (on a consolidated basis), as of December 31, 2021 is as follows:

A) Property Plant & Equipments:

Particulars	**Amount (₹ in millions)**	**Percentage of total Assets (in %)**	**Percentage of insurance coverage (in %)**
Insured Fixed Assets	352	0.25%	100%

B) Other Insurance coverage

Particulars	**Sum Assured (₹ in millions)**	**Percentage of total assets**	**Percentage of insurance coverage (in %)**
Money Policy	1,861	NA	NA
Directors & officers	1,000	NA	NA
Fidelity Guarantee	69.5	NA	NA
Run off Directors and Officers	140	NA	NA

Cyber Liability including Data Liability cover	500	NA	NA

Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of life insurance policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good. Other financial assets such as bank balances and receivables and non-financial assets such as intangible assets are not insured.

Employees

The following table sets forth our employee details as of December 31, 2021:

Particulars	Number of Employees
Branch Management	209
Business Development	42
BPR	1
Sales	872
Collections	319
Product	6
Marketing	4
Insurance	1
Credit.	386
Operations.	366
Technical	248
Legal	26
Risk Control Unit	24
Information Technology	15
Finance	26
Human Resources	25
Corporate Social Responsibility	1
Administration	21
Risk Management	8
Internal Audit	14
Secretarial	4
Data Science	12
CEO's office	2
Total	**2,632**

We also employed 1,304 personnel in our 100% subsidiary as on December 31, 2021. The number of our employees on roll as on Fiscals 2019, 2020 and 2021 is 2,217, 2,097 and 2,310, respectively. The number of employees in our 100% subsidiary as on Fiscals 2019, 2020 and 2021 is 1,127, 584 and 1,513, respectively.

Corporate Social Responsibility

Our long-term goal is to be able to contribute to a fair society where everyone can prosper. In addition to the social objectives that are at the core of our business, we also undertake various additional CSR initiatives. Through our CSR initiatives, we have pledged to contribute to the socio-economic development of the society through our philanthropic approach.

We believe that our CSR initiatives contribute to our overall strategy of engaging with communities and we have undertaken various activities towards promoting preventive healthcare and sanitation facilities, providing employment through enhancing vocational skills, and prevention of hunger by providing food and various such other activities that are focused primarily towards the improvement of health and education. We have incurred or accrued ₹41.7 million in FY2021, ₹65.9 million in FY2020 and ₹7.9 million in FY2019 on various CSR activities.

Set forth below are details of some of our key CSR initiatives for Fiscal 2022:

Project	Project Focus
Aayushmaan Aadhar	192 health camps held across various cities. 14 ambulances donated across 8 cities to provide pre-

Project	Project Focus
	hospital treatment to patients and transport to definitive care.
Aadhar Kaushal	The project focused on providing technical and sector-based skills training to empower the underprivileged and youth with disabilities for wage employment. The project also focused on providing 275-300 youth from economically weaker sections of the society living in slums and poor localities with employable skills along with soft skills which would equip them with job opportunities and enable them to become self-reliant and contributing members of the society.
Aadhar Aangan	An initiative aimed at ensuring nutrition, early childhood education and care through capacity building of frontline workers.
Aadhar Kishori Kalyan	The project aimed to create sustainable livelihood for 450 young women while also promoting inclusive growth in the retail sector.
Aadhar Annapurna	The project focused on eradicating hunger, poverty and malnutrition amongst the poor in India by providing happiness kits across 5 cities.

Properties

Our registered office, which is located at 2nd Floor, No. 3, JVT Towers, 8th 'A' Main Road, S.R. Nagar, Bengaluru 560 027, Karnataka, India, is on leased premises, and our corporate office which is located at 802, Natraj by Rustomjee, Western Express Highway SirM V Road Junction, Andheri (East), Mumbai – 400 069, Maharashtra, India, has been taken on a lease basis. As of December 31, 2021, we conducted our operations through 325 branches and the premises of all our branches have been taken on a lease or leave and license basis.

RESTATED CONSOLIDATED FINANCIAL INFORMATION

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Aadhar Housing Finance Limited
Unit No. 802, Natraj Rustomjee,
Western Express Highway and M.V.Road,
Andheri (East), Mumbai – 400069

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited) (the "Company" or the "Issuer") and its subsidiary (the Company and its subsidiary together referred to as the "Group"), comprising the Restated Consolidated Statement of Assets and Liabilities as at 31 December 2021 and 2020 and as at 31 March 2021, 2020, and 2019, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity, the Restated Consolidated Cash Flow Statement for the nine month periods ended 31 December 2021 and 2020 and for the years ended 31 March 2021, 2020, and 2019, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 03 March 2022 for the purpose of inclusion in the Addendum to the Draft Red Herring Prospectus ("Addendum to the DRHP"), Red Herring Prospectus ("RHP"), and the Prospectus prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Addendum to the DRHP, RHP, and Prospectus to be filed with Securities and Exchange Board of India in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 1.1 to the Restated Consolidated Financial Information. The responsibility of the respective Board of Directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 07 February 2022 in connection with the proposed IPO of equity shares of the Issuer;

b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

d. The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated Financial Information have been compiled by the management from:

   a. Audited special purpose interim consolidated financial statements of the Group as at and for the nine month periods ended 31 December 2021 and 2020 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India and the circulars and guidelines issued by the Reserve Bank of India (the "RBI") and the National Housing Bank (the "NHB") from time to time, to the extent applicable (the "Special Purpose Interim Consolidated Financial Statements"), which have been approved by the Board of Directors at their meetings held on 03 March 2022 and 09 March 2021, respectively.

   b. Audited consolidated financial statements of the Group as at and for the years ended 31 March 2021, 2020, and 2019 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India (the "Consolidated Financial Statements"), which have been approved by the Board of Directors at their meetings held on 06 May 2021, 29 May 2020, and 30 April 2019, respectively.

5. For the purpose of our examination, we have relied on:

   a. Auditors' report issued by us dated 03 March 2022 on the special purpose interim consolidated financial statements of the Group as at and for the nine month period ended 31 December 2021 as referred in Paragraph 4 above; and

   b. Auditors' reports issued by Deloitte Haskins & Sells LLP and Chaturvedi SK & Fellows (jointly referred to as the "Previous Auditors"), dated 06 May 2021, 29 May 2020, and 30 April 2019 on the consolidated financial statements of the Group as at and for the years ended 31 March 2021, 2020 and 2019, and the auditors' report issued by the Previous Auditors dated 09 March 2021 on the special purpose interim consolidated financial statements of the Group as at and for the nine month period ended 31 December 2020, as referred in Paragraph 4 above.

   The audits for the financial years ended 31 March 2021, 2020, and 2019 and the audit for the nine month period ended 31 December 2020 were conducted by the Previous Auditors, and accordingly reliance has been placed on the restated consolidated statement of assets and liabilities and the restated consolidated statements of profit and loss (including other comprehensive income), statements of changes in equity and cash flow statements, the Summary Statement of Significant Accounting Policies, and other explanatory information and (collectively, the "2021, 2020 and 2019 Restated Consolidated Financial Information") examined by them for the said years/period. The examination report included for the said years is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2021, 2020 and 2019 Restated Consolidated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2021, 2020, and 2019 and in the nine month period ended 31 December 2020, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine month period ended 31 December 2021;

b) do not require any adjustments for the matters mentioned in paragraph 6 below and that there is no modification in the underlying audit reports; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. The audit report issued by us for the nine month period ended 31 December 2021 and the audit reports issued by the Previous Auditors for the financial years ended 31 March 2021 and 2020 and for nine month period ended 31 December 2020 included the following emphasis of matter paragraphs:

31 December 2021
"We draw attention to Note 6 (vi) of the Special Purpose Interim Consolidated Financial Statements, which describes the uncertainty relating to the effects of COVID-19 pandemic on the Group's operations and the impact on the expected credit losses recognised towards the loan assets outstanding as on 31 December 2021. Our opinion is not modified in respect of this matter."

31 March 2021
"We draw attention to Note 6 (viii) to the Consolidated financial statements in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic. Our opinion is not modified in respect of this matter."

31 December 2020
"We draw attention to Note 6 (vi) to the Special Purpose Interim Consolidated Financial Statements, which describes the possible effects of uncertainties relating to COVID 19 on operations of the Group and results as assessed by the management. Our opinion is not modified in respect of this matter."

31 March 2020
"We draw attention to Note 6 to the consolidated financial statements which fully describes that the Group has recognised provision on loans to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic. Our opinion is not modified in respect of this matter."

7. As indicated in our audit report referred above:

a. we did not audit financial statements of one subsidiary whose share of total assets, total revenues, net cash inflows / (outflows) included in the special purpose interim consolidated financial Statements as at and for the period ended 31 December 2021 is tabulated below, which have been audited by another auditor, Chaturvedi & Shah LLP, and whose report has been furnished to us by the Company's management and our opinion on the special purpose interim consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor:

(Rs in million)

Particulars	As at / for the nine month period ended 31 December 2021
Total assets	30.6
Total revenues	278.0
Net cash inflow/ (outflows)	(3.7)

8. Based on examination report dated 03 March 2022 provided by the Previous Auditors, the audit reports on the consolidated financial statements issued by the Previous Auditors included following other matters:

   a. We did not audit financial statements of a subsidiary whose share of total assets, total revenues, net cash inflows / (outflows) in the Special Purpose Interim Consolidated Financial Statements for the nine month period ended 31 December 2020 and the Consolidated Financial Statements for the years ended 31 March 2021, 2020, and 2019, is tabulated below, which have been audited by other auditor, and whose reports have been furnished to us by the Company's management and our opinion on the Special Purpose Interim Consolidated Financial Statements and the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the reports of the other auditor:

(Rs in million)

Particulars	As at/ for the nine month period ended 31 December 2020	As at/ for the year ended 31 March 2021	As at/ for the year ended 31 March 2020	As at/ for the year ended 31 March 2019
Total assets	27.3	30.4	31.8	37.9
Total revenues	201.9	306.3	197.5	291.5
Net cash inflows/ (outflows)	8.1	9.6	(0.7)	(1.2)

   Our opinion on the Special Purpose Interim Consolidated Financial Statements and the Consolidated Financial Statements is not modified in respect of these matters.

9. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors for the respective periods/years, we report that the Restated Consolidated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended 31 March 2021, 2020, and 2019 and in the nine month period ended 31 December 2020 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the nine month period ended 31 December 2021;

b. do not require any adjustments for the matters mentioned in paragraph 6 above and that there is no modification in the underlying audit reports; and

c. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Interim Consolidated Financial Statements and audited Consolidated Financial Statements mentioned in paragraph 4 above.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Board of Directors for inclusion in the Addendum to the DRHP, RHP, and Prospectus to be filed with Securities and Exchange Board of India in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

UDIN: **22105117AEBQIY9553**

Place: Mumbai
Date: 03 March 2022

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Restated consolidated statement of assets and liabilities

(₹ in Million)

	Particulars	Note No.	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	Assets						
1.	**Financial assets**						
a)	Cash and cash equivalents	4	9,881.5	2,707.1	3,835.0	13,648.8	9,433.5
b)	Other bank balances	4	11,846.9	21,123.9	17,877.8	17,766.4	1,105.8
c)	Receivables	5	53.1	40.9	27.2	40.8	38.6
d)	Housing and other loans	6	1,12,572.9	99,191.8	1,06,132.6	89,090.3	80,255.9
e)	Investments	7	4,061.7	3,873.2	4,970.9	239.6	1,496.6
f)	Other financial assets	8	2,387.5	2,145.0	2,153.2	1,902.2	1,778.2
			1,40,803.6	**1,29,081.9**	**1,34,996.7**	**1,22,688.1**	**94,108.6**
2.	**Non-financial assets**						
a)	Current tax assets (net)	9	289.4	263.7	342.8	278.7	136.1
b)	Property, plant and equipment	10	195.1	161.8	163.9	175.1	236.2
c)	Right to use assets	35	361.7	224.0	354.7	258.1	176.1
d)	Other intangible assets	11	9.2	14.6	12.7	9.5	4.4
e)	Deferred tax assets (net)	21	1.9	2.3	2.8	1.7	0.9
f)	Other non-financial assets	12	450.2	367.7	429.7	253.1	137.9
			1,307.5	**1,034.1**	**1,306.6**	**976.2**	**691.6**
	Total assets		**1,42,111.1**	**1,30,116.0**	**1,36,303.3**	**1,23,664.3**	**94,800.2**
	Liabilities and equity						
	Liabilities						
1.	**Financial liabilities**						
a)	Trade payables						
i)	Total outstanding dues to micro enterprises and small enterprises		-	-	-	-	-
ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	13	534.9	297.0	386.8	288.1	157.6
b)	Debt securities	14	17,841.2	22,361.0	21,403.1	17,081.4	16,822.4
c)	Borrowings (other than debt securities)	15	89,205.4	72,862.4	81,104.1	77,841.3	62,894.7
d)	Deposits	16	162.8	469.2	405.6	680.3	1,399.2
e)	Subordinated liabilities	17	833.7	832.1	831.9	830.4	833.4
f)	Other financial liabilities	18	2,694.6	6,895.4	4,774.9	3,018.1	3,612.2
			1,11,272.6	**1,03,717.1**	**1,08,906.4**	**99,739.6**	**85,719.5**
2.	**Non-financial liabilities**						
a)	Current tax liabilities (net)	19	-	2.2	-	-	-
b)	Provisions	20	138.0	127.0	125.0	96.8	71.5
c)	Deferred tax liabilities (net)	21	206.0	127.8	178.1	186.5	308.5
d)	Other non-financial liabilities	22	216.1	155.1	165.6	168.1	111.4
			560.1	**412.1**	**468.7**	**451.4**	**491.4**
3.	**Equity**						
a)	Equity share capital	23	3,947.6	394.8	3,947.6	394.6	251.5
b)	Other equity	24	26,330.8	25,592.0	22,980.6	23,078.7	8,337.8
			30,278.4	**25,986.8**	**26,928.2**	**23,473.3**	**8,589.3**
	Total liabilities and equity		**1,42,111.1**	**1,30,116.0**	**1,36,303.3**	**1,23,664.3**	**94,800.2**

The accompanying notes form an integral part of the restated consolidated financial information

In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors

Manish Gujral
Partner
Membership No.: 105117

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer
Place: Mumbai
Date: March 03, 2022

Sreekanth VN
Company Secretary

Place: Mumbai
Date: March 03, 2022

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Restated consolidated statement of profit and loss

(₹ in Million)

Particulars	Note No.	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
1 Income						
Revenue from operations	25					
a) Interest income		11,468.0	10,601.4	14,269.4	12,145.2	10,949.5
b) Net gain on fair value changes		166.5	50.5	87.8	236.1	248.5
c) Net gain on derecognition of financial instruments under amortised cost category		654.1	496.1	638.1	840.1	918.5
d) Fees and commission Income		472.7	476.2	758.0	655.3	539.6
Total revenue from operations		12,761.3	11,624.2	15,753.3	13,876.7	12,656.1
Other income	26	2.8	2.0	2.2	7.9	0.2
Total income		**12,764.1**	**11,626.2**	**15,755.5**	**13,884.6**	**12,656.3**
2 Expenses						
Finance costs	27	5,727.0	6,176.5	8,159.7	7,934.9	7,319.4
Impairment on financial instruments	28	391.8	463.4	549.4	1,096.5	320.0
Employees benefits expense	29	1,743.4	1,324.0	1,888.1	1,675.6	1,778.4
Depreciation and amortisation expense	10&11&35	98.1	84.5	111.9	115.8	85.5
Other expenses	30	605.6	437.5	721.3	752.7	665.2
Total expenses		**8,565.9**	**8,485.9**	**11,430.4**	**11,575.5**	**10,168.5**
3 Profit before tax and exceptional items		**4,198.2**	**3,140.3**	**4,325.1**	**2,309.1**	**2,487.8**
4 Exceptional item	45	-	-	-	-	138.6
5 Profit before tax		**4,198.2**	**3,140.3**	**4,325.1**	**2,309.1**	**2,349.2**
6 Tax expense	31					
Current tax		876.8	729.3	934.6	540.7	603.2
Deferred tax charge / (credit)		25.4	(59.4)	(10.8)	(125.4)	127.2
		902.2	**669.9**	**923.8**	**415.3**	**730.4**
7 Profit for the period		**3,296.0**	**2,470.4**	**3,401.3**	**1,893.8**	**1,618.8**
8 Other comprehensive income (OCI)						
Items that will not be reclassified to profit or loss						
i Remeasurements of the defined employee benefit plans		13.1	0.4	4.6	(10.8)	(5.3)
ii Income tax relating to items that will not be reclassified to profit or loss		(3.3)	(0.1)	(1.3)	2.7	1.9
Total other comprehensive income for the period (i + ii)		**9.8**	**0.3**	**3.3**	**(8.1)**	**(3.4)**
9 Total comprehensive income		**3,305.8**	**2,470.7**	**3,404.6**	**1,885.7**	**1,615.4**
10 Earnings per equity share	32					
Basic earnings per equity share (₹)		8.35*	6.26*	8.62	5.86	6.44
Diluted earnings per equity share (₹)		8.1*	6.08*	8.37	5.83	6.39
* not annualised						

The accompanying notes form an integral part of the restated consolidated financial information
In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors

Manish Gujral
Partner
Membership No.: 105117

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer

Sreekanth VN
Company Secretary

Place: Mumbai
Date: March 03, 2022

Place: Mumbai
Date: March 03, 2022

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Restated consolidated statement of cash flows

(₹ in Million)

	Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**Cash flow from operating activities**					
	Profit before tax	4,198.2	3,140.3	4,325.1	2,309.1	2,349.2
	Adjustments for:					
	Depreciation and amortisation expense	98.1	84.5	111.9	115.8	85.5
	Loss on sale of fixed assets (net)	1.5	1.9	2.6	27.2	0.6
	Interest on lease liabilities	22.3	15.3	21.1	20.1	14.3
	Gain on modification in lease	-	(0.2)	(0.2)	(1.4)	-
	Provision for contingencies & write offs	391.8	464.6	550.6	1,099.1	324.2
	Profit on sale of investment in mutual fund and other investments	(166.5)	(50.5)	(87.8)	(236.1)	(248.5)
	Provision for employee share based payments	44.4	42.6	61.2	3.1	8.3
	Operating profit before working capital changes	**4,589.8**	**3,698.5**	**4,984.5**	**3,336.9**	**2,533.6**
	Adjustments for:					
	Increase /(decrease) in other financial and non-financial liabilities and provisions	(1,743.2)	4,040.5	1,838.4	(530.9)	(3,747.6)
	Decrease / (increase) in trade receivables	(25.9)	(0.1)	13.6	(2.2)	(13.3)
	Increase in other financial and non-financial assets	(1,325.1)	(479.4)	(318.7)	(435.2)	(833.3)
	Cash generated from / (used in) operations during the period	**1,495.6**	**7,259.5**	**6,517.8**	**2,368.6**	**(2,060.6)**
	Tax paid	(823.3)	(712.1)	(998.7)	(683.3)	(750.9)
	Net cash flow generated from / (used in) operations before movement in housing and other loans	**672.3**	**6,547.4**	**5,519.1**	**1,685.3**	**(2,811.5)**
	Housing and other property loans disbursed	(23,773.5)	(22,329.5)	(35,447.1)	(31,901.4)	(35,707.9)
	Housing and other property loans repayments	12,441.7	7,369.0	12,126.4	12,368.2	12,984.2
	Net cash used in operating activities [A]	**(10,659.5)**	**(8,413.1)**	**(17,801.6)**	**(17,847.9)**	**(25,535.2)**
B.	**Cash flow from investing activities**					
	Proceeds received on sale / redemption of investments	46,423.9	7,402.9	20,537.4	1,29,246.0	1,45,349.1
	Payment towards purchase of investments	(45,348.2)	(10,986.0)	(25,180.0)	(1,27,502.7)	(1,44,744.8)
	Investment in fixed deposits (net of maturities)	6,030.9	(3,357.5)	(111.4)	(16,660.6)	(1,004.3)
	Payment towards purchase of fixed assets	(69.0)	(34.8)	(51.2)	(34.2)	(86.8)
	Proceeds received on sale of fixed assets	0.6	0.1	0.4	0.2	0.9
	Net cash generated from / (used in) investing activities [B]	**7,038.2**	**(6,975.3)**	**(4,804.8)**	**(14,951.3)**	**(485.9)**
C.	**Cash flow from financing activities**					
	Proceeds on issue of equity shares	-	0.2	0.2	13,000.0	-
	Expenses related to allotment of equity shares	(24.8)	-	(170.5)	(14.6)	-
	Proceeds from loans from banks/institutions	22,550.0	15,259.7	27,859.7	35,000.4	24,750.0
	Proceeds from non-convertible debentures	3,190.0	8,150.0	8,150.0	3,000.0	6,764.0
	Repayment of loans to banks/institutions	(14,476.5)	(20,306.7)	(24,621.1)	(19,976.4)	(9,631.6)
	Repayment of non-convertible debentures	(6,801.9)	(3,388.3)	(3,858.3)	(1,820.0)	(1,000.0)
	Net Proceeds / (repayment) of short term Loan	-	496.6	-	(961.4)	(2,245.7)
	Proceeds from deposits	-	-	-	93.3	706.6
	Repayment of deposits	(258.4)	(231.5)	(280.9)	(793.7)	(359.1)
	Proceeds from assignment of portfolio (refer note 3)	5,592.2	4,515.2	5,778.7	9,546.7	14,831.1
	Payment of lease liabilities	(102.8)	(48.5)	(65.2)	(59.8)	(39.4)
	Dividend paid	-	-	-	-	(176.0)
	Tax paid on dividend	-	-	-	-	(36.2)
	Net cash generated from financing activities [C]	**9,667.8**	**4,446.7**	**12,792.6**	**37,014.5**	**33,563.7**
	Net (decrease) / increase in cash and cash equivalents [A+B+C]	**6,046.5**	**(10,941.7)**	**(9,813.8)**	**4,215.3**	**7,542.6**
	Cash and cash equivalents at the beginning of the period	**3,835.0**	**13,648.8**	**13,648.8**	**9,433.5**	**1,890.9**
	Cash and cash equivalents at the end of the period (refer note 4)	**9,881.5**	**2,707.1**	**3,835.0**	**13,648.8**	**9,433.5**

The accompanying notes form an integral part of the restated consolidated financial information
In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors

Manish Gujral
Partner
Membership No.: 105117

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer
Place: Mumbai
Date: March 03, 2022

Sreekanth VN
Company Secretary

Place: Mumbai
Date: March 03, 2022

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Restated consolidated statement of changes in equity

a) Equity share capital

Particulars	**(₹ in Million)**
Balance as at April 01, 2018	**251.5**
Changes in equity share capital during the year	-
Balance as at March 31, 2019	**251.5**
Balance as at April 1, 2019	**251.5**
Changes in equity share capital during the year	
Share issued on preferential allotment	88.1
Share issued on right issue allotment	55.0
Balance as at March 31, 2020	**394.6**
Balance as at April 1, 2020	**394.6**
Changes in equity share capital during the year	
Share issued on ESOP / ESARs Allotment	**0.2**
Bonus Share issued	**3,552.8**
Balance as at March 31, 2021	**3,947.6**
Balance as at April 1, 2020	**394.6**
Changes in equity share capital during the period	
Share issued on ESOP/ESAR Allotment	0.2
Balance as at December 31, 2020	**394.8**
Balance as at April 1, 2021	**3,947.6**
Changes in equity share capital during the period	-
Balance as at December 31, 2021	**3,947.6**

b) Other equity

(₹ in Million)

Particulars	**Capital reserve on amalgamation**	**Securities premium**	**Statutory reserve**	**Debenture redemption reserve**	**General reserve**	**Retained earnings**	**Employees stock option outstanding**	**Total**
Balance as at April 1, 2018	**0.6**	**4,091.3**	**1,216.8**	**-**	**226.7**	**1,390.9**	**-**	**6,926.3**
Profit for the year	-	-	-	-	-	1,618.8	-	1,618.8
Other comprehensive income	-	-	-	-	-	(3.4)	-	(3.4)
Transferred to general reserve	-	-	-	-	300.0	(300.0)	-	-
Transferred to statutory reserve	-	-	324.5	-	-	(324.5)	-	-
Transferred to debenture redemption reserve	-	-	-	563.7	-	(563.7)	-	-
Employee stock option outstanding	-	-	-	-	-	-	8.3	8.3
Final dividend	-	-	-	-	-	(176.0)	-	(176.0)
Dividend distribution tax	-	-	-	-	-	(36.2)	-	(36.2)
Balance as at March 31, 2019	**0.6**	**4,091.3**	**1,541.3**	**563.7**	**526.7**	**1,605.9**	**8.3**	**8,337.8**
Transition to Ind AS 116 (refer note 50)	-	-	-	-	-	9.9	-	9.9
Balance as at March 31, 2019	**0.6**	**4,091.3**	**1,541.3**	**563.7**	**526.7**	**1,615.8**	**8.3**	**8,347.7**
Balance as at April 1, 2019	**0.6**	**4,091.3**	**1,541.3**	**563.7**	**526.7**	**1,615.8**	**8.3**	**8,347.7**
Profit for the year	-	-	-	-	-	1,893.8	-	1,893.8
Other comprehensive income	-	-	-	-	-	(8.1)	-	(8.1)
Securities premium on allotment of equity share	-	12,856.8	-	-	-	-	-	12,856.8
Expenses on allotment of equity shares	-	(14.6)	-	-	-	-	-	(14.6)
Transferred to general reserve	-	-	-	-	200.0	(200.0)	-	-
Transferred to statutory reserve	-	-	385.1	-	-	(385.1)	-	-
Transferred to debenture redemption reserve	-	-	-	1,127.3	-	(1,127.3)	-	-
Employee stock option outstanding	-	-	-	-	-	-	3.1	3.1
Balance as at March 31, 2020	**0.6**	**16,933.5**	**1,926.4**	**1,691.0**	**726.7**	**1,789.1**	**11.4**	**23,078.7**
Balance as at April 1, 2020	**0.6**	**16,933.5**	**1,926.4**	**1,691.0**	**726.7**	**1,789.1**	**11.4**	**23,078.7**
Profit for the year	-	-	-	-	-	3,401.3	-	3,401.3
Other comprehensive income	-	-	-	-	-	3.3	-	3.3
Transfer of securities premium on exercise of ESOPs / ESARs	-	0.4	-	-	-	-	(0.4)	-
Utilisation of securities premium on allotment of bonus Shares	-	(3,552.8)	-	-	-	-	-	(3,552.8)
Expenses on allotment of bonus shares	-	(11.1)	-	-	-	-	-	(11.1)
Transferred to general reserve	-	-	-	-	200.2	(200.0)	(0.2)	-
Transferred to statutory reserve	-	-	682.7	-	-	(682.7)	-	-
Employee stock option outstanding	-	-	-	-	-	-	61.2	61.2
Balance as at March 31, 2021	**0.6**	**13,370.0**	**2,609.1**	**1,691.0**	**926.9**	**4,311.0**	**72.0**	**22,980.6**
Balance as at April 1, 2020	**0.6**	**16,933.5**	**1,926.4**	**1,691.0**	**726.7**	**1,789.1**	**11.4**	**23,078.7**
Profit for the period	-	-	-	-	-	2,470.4	-	2,470.4
Other comprehensive income	-	-	-	-	-	0.3	-	0.3
Securities premium on allotment of equity share	-	0.4	-	-	-	-	(0.4)	-
Transferred to general reserve	-	-	-	-	0.2	-	(0.2)	-
Employee stock option outstanding	-	-	-	-	-	-	42.6	42.6
Balance as at December 31, 2020	**0.6**	**16,933.9**	**1,926.4**	**1,691.0**	**726.9**	**4,259.8**	**53.4**	**25,592.0**
Balance as at April 1, 2021	**0.6**	**13,370.0**	**2,609.1**	**1,691.0**	**926.9**	**4,311.0**	**72.0**	**22,980.6**
Profit for the period	-	-	-	-	-	3,296.0	-	3,296.0
Other comprehensive income	-	-	-	-	-	9.8	-	9.8
Employee stock option outstanding	-	-	-	-	-	-	44.4	44.4
Balance as at December 31, 2021	**0.6**	**13,370.0**	**2,609.1**	**1,691.0**	**926.9**	**7,616.8**	**116.4**	**26,330.8**

Retained earnings includes remeasurement of defined benefit plans accumulated loss (net of tax) of Rs. 13.0 Million as at December 31, 2021, Rs. 25.8 Million as at December 31, 2020, Rs. 22.8 Million as at Match 31, 2021, Rs. 26.1 Million as at March 31, 2020, Rs. 18.0 Million as at March 31, 2019.

The accompanying notes form an integral part of the restated consolidated financial information
In terms of our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
ICAI Firm Registration No: 001076N/N500013

Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: March 03, 2022

For and on behalf of the Board of Directors

Deo Shankar Tripathi
Managing Director & CEO
DIN 07153794

Mukesh G Mehta
Director
DIN 08319159

Rajesh Viswanathan
Chief Financial Officer
Place: Mumbai
Date: March 03, 2022

Sreekanth VN
Company Secretary

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Summary of Significant accounting policies and other explanatory information

Corporate information

Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited) (the "Parent Company") and its subsidiary company (collectively referred to as "the Group" or "the "Company") was incorporated in India in the name of Vysya Bank Housing Finance Limited ("VBHFL") on 26 November, 1990. VBHFL was taken over by Dewan Housing Finance Corporation Limited in 2003 and renamed as DHFL Vysya Housing Finance Limited ("DVHFL"). The erstwhile Aadhar Housing Finance Limited which was established in 2010 and commenced operation in February, 2011 was merged into DVHFL on 20 November 2017 and renamed as Aadhar Housing Finance Limited on 04 December, 2017 with permission of National Housing Bank ("NHB") and Registrar of Companies ("ROC"). The Company is carrying business of providing loans to customers including individuals, companies, corporations, societies or association of persons for purchase / construction / repair and renovation of residential property, loans against property and provide other property related services. The Parent Company is registered with National Housing Bank under section 29A of the National Housing Bank Act, 1987. The Parent Company is a subsidiary of BCP Topco VII Pte. Ltd. ("Holding Company").

During the year ended March 31, 2020, the Wadhawan Global Capital Ltd and Dewan Housing Finance Corporation Limited, along with promoter shareholders and International Finance Corporation (collectively "sellers") transferred their entire shareholding to 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").

The Company's Restated consolidated financial information for the nine months ended December 31, 2021, December 31, 2020 and year ended March 31, 2021, March 31, 2020 and March 31, 2019 are approved for issue in accordance with a resolution of the directors on March 03, 2022.

1. Significant Accounting Policies

1.1 Basis of Preparation and Presentation

The Restated Consolidated Financial Information of the Company and its subsidiary (together known as the "Group") comprise of the Restated Consolidated Statement of Assets and Liabilities as at December 31, 2021, December 31, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Consolidated statement of profit and loss (including Other Comprehensive Income), the Restated Consolidated Statement of Cash Flows and the Restated Consolidated Statement of changes in equity for the nine months ended December 31, 2021, December 31, 2020 and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, and the Summary of Significant Accounting Policies and other explanatory notes and notes to restated consolidated financial information (collectively, the 'Restated Consolidated Financial Information'). These restated consolidated Financial information have been prepared by the management of the Company for the purpose of inclusion in the addendum to draft red hearing prospectus, red herring prospectus and Prospectus (the "RHP" or the "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

(a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

(c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "Guidance Note").

These Restated Consolidated Financial Information have been compiled by the Management from:

a) audited special purpose interim consolidated financial statements of the Group as at and for the nine months ended December 31, 2021 and December 31, 2020 prepared in accordance with the recognition and measurement principles of Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, the circulars and guidelines issued by the Reserve Bank of India (the "RBI") and National Housing Bank (the "NHB") from time to time to the extent applicable (together, the "Special Purpose Interim Consolidated Financial Statements"), which have been approved by the Board of directors of the Company at their meetings held on March 03, 2022 and March 09, 2021 respectively; and

b) audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2021, 2020 and 2019 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors of the Company at their meetings held on May 06, 2021, May 29, 2020 and April 30, 2019 respectively.

The Company follows historical cost convention and accrual method of accounting in the preparation of the financial statements, except otherwise stated.

The accounting policies have been consistently applied by the Company in preparation of the Restated Consolidated Financial Statements and are consistent with those adopted in the preparation of financial statements for the nine months ended December 31, 2021. These Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited Special Purpose Interim Consolidated Financial Statements / audited consolidated financial statements mentioned above.

The Restated Consolidated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021, 2020 and 2019 and nine months ended December 31, 2020 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the nine months ended December 31, 2021.

b) do not require any adjustment for modification as there is no modification in the underlying audit reports.

   i. The auditor's reports dated March 03, 2022 on the Special Purpose Interim Consolidated Financial Statements as at and for the nine months ended December 31, 2021 includes the following Emphasis of Matter paragraph:
   "Emphasis of Matter – Covid 19 :
   We draw attention to note 6 (viii) of the Special Purpose Interim Consolidated Financial Statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Group's operations and the impact on the expected credit losses recognized towards the loan assets outstanding as at 31 December 2021. Our opinion is not modified in respect of this matter."

   ii. The auditor's reports dated March 09, 2021 on the Special Purpose Interim Consolidated Financial Statements as at and for the nine months ended December 31, 2020 includes the following Emphasis of Matter paragraph:

"Impact of COVID-19 pandemic:
We draw attention to Note 6(vi) to the Special Purpose Interim Consolidated Financial Statements, which describes the possible effects of uncertainties relating to COVID-19 on operations of the Group and results as assessed by the management.
Our opinion is not modified with respect to this matter."

iii. The auditor's report dated May 06, 2021 on the Consolidated Financial Statements as at and for the year ended March 31, 2021 includes the following Emphasis of Matter paragraph:
"We draw attention to Note 6 (viii) to the Consolidated financial statements in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic.
Our opinion is not modified in respect of this matter."

iv. The auditor's report dated May 29, 2020 on the Consolidated Financial Statements as at and for the year ended March 31, 2020 includes the following Emphasis of Matter paragraph:
"We draw attention to Note 6 to the consolidated financial statements which fully describes that the Group has recognised provision on loans to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.
Our opinion is not modified in respect of this matter."

The above emphasis of matters do not require any adjustment to the Restated Consolidated Financial Information.

1.2 Going Concern

These consolidated financial statements have been prepared on a going concern basis.

1.3 Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.
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, regardless of whether that price is directly observable or estimated using another valuation technique. The measurement and/ or disclosure in these consolidated financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other transactions that are required to be valued in accordance with Ind AS 102, Ind AS 116 and Ind AS 36, respectively.

1.4 Basis of Consolidation

The Group consolidates all entities which are controlled by it.

The Group establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Group are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent Company.

Details of companies consolidated in these consolidated financial statements

Name of the Company	Type	Country of Incorporation	Holding As at December 31, 2021, December 31, 2020, March 31, 2021, March 31, 2020 and March 31, 2019
Aadhar Housing Finance Limited	Parent Company	India	Parent Company
Aadhar Sales and Services Private Limited	Subsidiary Company	India	100%

1.5 Presentation of financial statements

Amounts in the consolidated financial statements are presented in Indian Rupees in Million (unless otherwise stated). Per share data is presented in Indian Rupee.

2.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

a. Interest income

The main source of revenue for the Group is Income from Housing and Other property loans. Repayment of housing and property loan is by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest basis in terms of the financing scheme opted by the borrower.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination. The financial assets that are classified at fair value through statement of profit and loss ("FVTPL"), transaction costs are recognised in statement of profit and loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

b. Fee and commission income:

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

c. Dividend income

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

d. Investment income

The gains/losses on sale of investments are recognised in the statement of profit and loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

e. Other operating revenue:

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognised on receipt basis.

2.2 Property, plant and equipment and Intangible Assets

Property plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at cost less accumulated depreciation/ amortization and impairment losses, if any. The cost of PPE is its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

PPEs not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land which is not depreciated) less their residual values over their useful lives specified in Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Estimated useful life considered by the Group are:

Asset	**Estimated Useful Life**
Office Equipment and Computers	5 – 10 Years
Furniture and fittings	10 Years
Vehicles	8 Years
Leasehold improvements	Lease Period
Buildings	60 Years

Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 3 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Impairment of assets

As at the end of each financial period, the Group reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal 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 the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the statement of profit and loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss was recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

2.3 Employee benefits

i. Defined contribution plan

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the statement of profit and loss based on the amount of contribution required to be made as and when services are rendered by the employees.

ii. Defined benefits plan

The Group's gratuity liability under the Payment of Gratuity Act, 1972 is determined on the basis of actuarial valuation made at the end of each period using the projected unit credit method.

The Group’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognition of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the period. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

iii. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

iv. Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

v. Share-based payment arrangements

The share appreciation rights / stock options granted to employees pursuant to the Group’s Stock appreciation rights scheme / stock options policy are measured at the fair value of the rights at the grant date. The fair value of the rights / options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each period is at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within other equity.

2.4 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. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

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.

Transition to Ind AS 116

For the purpose of preparation of Restated Consolidated Financial Statements, management has evaluated the impact of change in accounting policies due to adoption of Ind AS 116 for the year ended March 31, 2019 following modified retrospective method. Impact of adoption of Ind AS 116 has been adjusted in the year ended March 31, 2019 for the purpose of restatement. Refer note 50 for details.

2.5 Financial instruments

Recognition of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of Investments, loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of deposits, borrowings (other than debt securities), debt securities, subordinate liabilities and trade payables.

Initial measurement of financial instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the statement of profit and loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets
Classification of financial assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

Investment in equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI.

The Group has not elected to classify any equity investment at FVOCI.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset individually and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

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 individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

Subsequent measurement of financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group's business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. During the current reporting period and previous financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made.

Impairment

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL based on category of loans at a collective level. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The 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. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Group transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in statement of profit and loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities shall be recognised in statement of profit and loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

A financial liability is

a) a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or
b) a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or
c) a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' in the statement of profit and loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.7 Borrowing costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the statement of profit and loss when they are incurred.

2.8 Foreign currencies

a. The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group has been determined based on the primary economic environment in which the Group operate considering the currency in which funds are generated, spent and retained.
b. Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the period-end, non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2.9 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

2.10 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the period. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

2.11 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the statement of profit and loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Current tax

The tax currently payable is based on the estimated taxable profit for the complete financial year for each entity of the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and each entity of the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.12 Special reserve

The Parent Company creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

2.13 Impairment reserve

As per the RBI Circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March, 2020, in the event of the aggregate impairment provision under Ind AS 109 is lower than that required under the Income Recognition, Asset Classification and Provisioning Norms, then the difference shall be appropriated from the Net Profit or loss after tax to a separate "Impairment Reserve".

2.14 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when: an entity has a present obligation (legal or constructive) as a result of a past event; and
- 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

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets:

Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable..

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

2.15 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.16 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.17 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

2.18 Statement of cash flows

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

3. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the consolidated financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Expected credit loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Group in determining the increase in credit risk have been detailed in Note 38.

EIR

The Group’s EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as other fee income/expense that are integral parts of the instrument.

Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model. The Group measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date.

Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

Further details used for estimating fair value for share-based payment transactions are disclosed in Note 42.

Business model assessment

The Company's business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates, accordingly entire Loan Portfolio is classified at amortised cost. Proceeds from assignment of portfolio is considered as financing activity considering the assignment transaction are done primarily to generate the liquidity.

Notes to restated consolidated financial information

4. Cash and bank balances

(₹ in Million)

	Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	Cash and cash equivalents					
a)	Cash on hand	13.6	83.0	109.7	9.5	59.9
b)	Balances with banks in current accounts	1,554.7	2,504.0	1,004.3	3,955.5	1,353.6
c)	Balances with banks in deposits accounts with original maturity of less than 3 months (refer note (i) below)	8,313.2	120.1	2,721.0	9,683.8	8,020.0
		9,881.5	**2,707.1**	**3,835.0**	**13,648.8**	**9,433.5**
	Other bank balances					
a)	In other deposit accounts					
	- Original maturity of more than three months (refer note (ii) & (iii) below)	11,846.6	21,123.5	17,877.4	17,765.8	1,105.1
b)	Earmarked balances with banks					
	- Unclaimed dividend account	0.3	0.4	0.4	0.6	0.7
		11,846.9	**21,123.9**	**17,877.8**	**17,766.4**	**1,105.8**
	Total	**21,728.4**	**23,831.0**	**21,712.8**	**31,415.2**	**10,539.3**

i) Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

ii) Fixed deposit and other balances with banks earns interest at fixed rate.

iii) Other bank balances includes deposits which are under lien including lien towards unutilised bank overdraft :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Deposits under lien	3,580.7	2,316.5	3,945.0	1,695.0	801.0

5. Receivables

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Trade receivables					
Unsecured, considered good	53.1	40.9	27.2	40.8	38.6
Total	**53.1**	**40.9**	**27.2**	**40.8**	**38.6**

i) Trade receivables includes amounts due from the related parties :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Dues from related parties	-	-	-	-	32.8

ii) No trade or other receivable 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.

iii) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

iv) Impairment allowance for trade receivable is Nil and therefore related disclosures are not given in the financial statement.

v) Trade receivables ageing schedule

As At December 31, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	13.9	39.0	0.1	0.1	-	-	53.1

As At December 31, 2020 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	-	40.5	0.4	-	-	-	40.9

As At March 31, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	6.2	20.3	0.7	-	-	-	27.2

As At March 31, 2020 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	-	40.0	0.2	0.6	-	-	40.8

As At March 31, 2019 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled Revenue	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	-	38.3	0.2	0.1	-	-	38.6

Note: Date of the transaction considered as due date of payment

Notes to restated consolidated financial information

6. Housing and other loans (₹ in Million)

	Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	At amortised cost					
i)	Housing and other property loans	1,13,143.7	1,00,183.1	1,07,346.2	89,667.0	79,827.3
ii)	Loans to developers	11.7	385.7	18.8	420.5	948.8
iii)	Loan against fixed deposits	-	1.0	1.0	2.1	1.8
iv)	Interest accrued on above loans	1,290.5	320.7	245.0	271.6	261.1
	Total gross	**1,14,445.9**	**1,00,890.5**	**1,07,611.0**	**90,361.2**	**81,039.0**
	Less: Impairment loss allowance	1,873.0	1,698.7	1,478.4	1,270.9	783.1
	Total net	**1,12,572.9**	**99,191.8**	**1,06,132.6**	**89,090.3**	**80,255.9**

i) All housing and other loans are originated in India.

ii) Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/or undertaking to create a security and/or assignment of Life Insurance Policies and/or personal guarantees and/or hypothecation of assets and are considered appropriate and good.

iii) The Company has assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Oustanding balance in pool	26,976.5	25,652.6	25,468.7	23,711.6	18,919.7

The carrying value of these assets have been de-recognised in the books of the Company.

iv) There is no Outstanding loan to Public institution.

v) Housing loan and other property loan includes given to employees of the Company under the staff loan :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Staff Loans	798.7	740.3	828.8	498.1	260.4

vi) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package and in accordance therewith, the Company had provided moratorium on the payment of all principal amounts and/or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 to all eligible borrowers classified as standard. For all such accounts, where the moratorium was granted, the asset classification remained at a standstill during the moratorium period.

The extent to which the COVID-19 pandemic will ultimately impact the Company's results and carrying value of assets will depend on future developments, which are highly uncertain. The Company's impairment loss allowance estimates are subject to a number of management judgments and estimates, which could undergo changes over the entire duration of the pandemic. Given the uncertainty over the potential macro-economic condition and related judicial decisions on matters arising from the regulatory guidelines, the impact of the COVID pandemic on the financial performance may be different from that estimated as at the date of approval of these financial statements. Such changes will be prospectively recognized. The Company continues to closely monitor any anticipated material changes to future economic conditions. The Company has maintained an impairment provision on account of COVID-19 including one-time restructuring provision as given below :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Additional provision	796.7	495.1	602.2	495.1	-

vii) Assets repossessed under SARFAESI are included in Housing and other loans alongwith corrosponding provisions.

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Amount	445.2	352.9	277.5	348.6	276.5

viii) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil in all reporting periods.

7. Investments (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	Number of Units / Shares					**Amount**				
At amortised cost										
Investments in bonds										
6.10% GOI Bonds 2031 (Face Value of Rs 100 each)	1,75,00,000	-	-	-	-	1,768.8	-	-	-	-
6.57% GOI Bonds 2033 (Face Value of Rs 100 each)	5,00,000	5,00,000	5,00,000	5,00,000	5,00,000	48.6	50.2	49.4	49.1	49.4
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd (Face Value of Rs 1,00,000 each)	2,000	2,000	2,000	2,000	2,000	195.7	195.1	190.4	189.8	190.2
						2,013.1	**245.3**	**239.8**	**238.9**	**239.6**

Notes to restated consolidated financial information

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	Number of Units / Shares					**Amount**				
At fair value through profit and loss										
Investments in mutual funds										
ABSL Liuid Fund Direct	8,37,377	-	-	-	-	284.7	-	-	-	-
UTI Liquid fund direct plan	74,021	-	-	-	-	255.9	-	-	-	-
HSBC Cash Fund	-	-	-	-	1,34,392	-	-	-	-	250.2
SBI Liquid Fund Direct	77,790	55,158	2,20,963	-	-	257.0	176.3	711.8	-	-
HDFC Liquid Fund Direct Growth	61,356	73,215	1,47,714	-	-	254.5	293.9	597.6	-	-
Invesco India Liquid Fund Direct Growth	-	1,26,203	1,40,507	166	97,262	-	353.9	397.1	0.5	255.6
Axis Liquid Fund - Direct Growth	1,08,350	1,43,651	3,10,554	-	1,20,713	253.9	464.1	709.6	-	250.3
BOI AXA Liquid Fund	-	-	-	-	1,16,180	-	-	-	-	250.3
SBI Magnum Insta Cash Plus Fund - Direct Growth	-	-	-	-	85,473	-	-	-	-	250.3
Mirae Assets Cash Management Liquid Fund Direct Growth	-	1,12,791	1,12,791	-	-	-	242.9	244.9	-	-
ICICI Prudential Liquid Fund - Direct Plan - Growth	-	28,65,547	23,36,690	-	-	-	866.4	712.1	-	-
BNP Paribas Liquid Fund Direct Growth	-	19,160	35,019	-	-	-	60.2	110.9	-	-
Tata Liquid Fund Direct Growth	76,887	3,11,843	2,31,943	-	-	256.1	1,004.9	753.3	-	-
Axis Overnight Fund Direct Plan Growth	-	2,04,706	-	-	-	-	155.1	-	-	-
Nippon India Liquid Fund Direct Growth	43,563	-	98,084	-	-	224.8	-	493.6	-	-
ICICI Prudential Overnight Fund Direct Plan Growth	8,37,050	91,610	-	-	-	261.5	10.0	-	-	-
						2,048.4	**3,627.7**	**4,730.9**	**0.5**	**1,256.7**
Investments in quoted equity instruments										
Reliance Power Limited Equity Shares of Face value of Rs 10 each	222	222	222	222	222	0.0	0.0	0.0	0.0	0.0
IDFC First Bank Limited Equity Shares of Face value of Rs 10 each	2,390	2,390	2,390	2,390	2,390	0.1	0.1	0.1	0.1	0.2
Mangalore Refinery and Petrochemical Limited Equity Shares of Face value of Rs 10 each	3,000	3,000	3,000	3,000	3,000	0.1	0.1	0.1	0.1	0.1
						0.2	**0.2**	**0.2**	**0.2**	**0.3**
Total						**4,061.7**	**3,873.2**	**4,970.9**	**239.6**	**1,496.6**

Notes :

i) Amount "0" represent value less than Rs 50,000.

ii) All investments are made within India.

iii) Investment in bonds carry a floating charge in favour of fixed deposits holder read with note no 16 :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Investment in bonds	195.7	195.1	190.4	189.8	190.2

iv) Investment in inter-corporate deposit is written off during the year ended March 31, 2019 by utilising the provision for an amount of ₹ 30 Million.

Notes to restated consolidated financial information

8. Other financial assets

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good					
Receivable from related parties					
Security deposits	-	-	-	-	1.6
Receivable on assigned Loans (net of servicing fee)	-	-	-	-	92.6
Others					
Receivable from assigned portfolio	2,317.7	2,095.2	2,086.4	1,856.7	1,363.4
Receivable on assigned loans (net of servicing fee)	0.3	-	1.2	0.4	-
Receivable from mutual fund	-	-	-	-	250.2
Security deposits	69.5	49.8	65.6	44.3	69.4
Advances to employees	-	-	-	0.8	1.0
Total	**2,387.5**	**2,145.0**	**2,153.2**	**1,902.2**	**1,778.2**

9. Current tax assets (net)

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Income tax paid in advance (net of provisions)	289.4	263.7	342.8	278.7	136.1
Total	**289.4**	**263.7**	**342.8**	**278.7**	**136.1**

Notes to restated consolidated financial information

10. Property, plant and equipment

(₹ in Million)

Particulars	Freehold Land	Building - Owned	Furniture & Fixture	Office Equipments	Vehicles	Computer	Total
Gross carrying value							
Balance as at April 01, 2018	**2.7**	**1.3**	**101.1**	**37.7**	**3.9**	**70.1**	**216.8**
Additions during the year	-	-	44.1	33.3	-	26.3	103.7
Deduction / adjustments	-	-	(1.1)	(0.2)	(0.6)	(0.1)	(2.0)
Balance as at March 31, 2019	**2.7**	**1.3**	**144.1**	**70.8**	**3.3**	**96.3**	**318.5**
Balance as at April 01, 2019	**2.7**	**1.3**	**144.1**	**70.8**	**3.3**	**96.3**	**318.5**
Additions during the year	-	-	4.9	5.7	-	12.3	22.9
Deduction / adjustments	-	-	(33.1)	(1.0)	(0.5)	(1.3)	(35.9)
Balance as at March 31, 2020	**2.7**	**1.3**	**115.9**	**75.5**	**2.8**	**107.3**	**305.5**
Balance as at April 01, 2020	**2.7**	**1.3**	**115.9**	**75.5**	**2.8**	**107.3**	**305.5**
Additions during the year	-	-	20.2	3.4	-	15.7	39.3
Deduction / adjustments	-	-	(6.1)	(4.3)	-	(1.9)	(12.3)
Balance as at March 31, 2021	**2.7**	**1.3**	**130.0**	**74.6**	**2.8**	**121.1**	**332.5**
Balance as at April 01, 2020	**2.7**	**1.3**	**115.9**	**75.5**	**2.8**	**107.3**	**305.5**
Additions during the period	-	-	17.2	2.7	-	5.6	25.5
Deduction / adjustments	-	-	(3.4)	(3.1)	-	(0.6)	(7.1)
Balance as at December 31, 2020	**2.7**	**1.3**	**129.7**	**75.1**	**2.8**	**112.3**	**323.9**
Balance as at April 01, 2021	**2.7**	**1.3**	**130.0**	**74.6**	**2.8**	**121.1**	**332.5**
Additions during the period	-	-	34.0	12.3	-	23.3	69.6
Deduction / adjustments	-	-	(7.2)	(2.0)	(0.1)	(2.5)	(11.8)
Balance as at December 31, 2021	**2.7**	**1.3**	**156.8**	**84.9**	**2.7**	**141.9**	**390.3**
Accumulated depreciation							
Balance as at April 01, 2018	**-**	**0.1**	**10.5**	**5.5**	**0.4**	**17.4**	**33.9**
Depreciation for the year	-	0.1	12.8	9.6	0.6	25.8	48.9
Deduction / adjustments	-	-	-	-	(0.5)	-	(0.5)
Balance as at March 31, 2019	**-**	**0.2**	**23.3**	**15.1**	**0.5**	**43.2**	**82.3**
Balance as at April 01, 2019	**-**	**0.2**	**23.3**	**15.1**	**0.5**	**43.2**	**82.3**
Depreciation for the year	-	-	19.3	11.3	0.4	25.6	56.6
Deduction / adjustments	-	-	(6.7)	(0.5)	(0.5)	(0.8)	(8.5)
Balance as at March 31, 2020	**-**	**0.2**	**35.9**	**25.9**	**0.4**	**68.0**	**130.4**
Balance as at April 01, 2020	**-**	**0.2**	**35.9**	**25.9**	**0.4**	**68.0**	**130.4**
Depreciation for the year	-	0.1	14.7	11.0	0.4	21.3	47.5
Deduction / adjustments	-	-	(4.5)	(3.1)	-	(1.7)	(9.3)
Balance as at March 31, 2021	**-**	**0.3**	**46.1**	**33.8**	**0.8**	**87.6**	**168.6**
Balance as at April 01, 2020	**-**	**0.2**	**35.9**	**25.9**	**0.4**	**68.0**	**130.4**
Depreciation for the period	-	0.1	11.1	8.4	0.3	16.8	36.7
Deduction / adjustments	-	-	(2.3)	(2.2)	-	(0.5)	(5.0)
Balance as at December 31, 2020	**-**	**0.3**	**44.7**	**32.1**	**0.7**	**84.3**	**162.1**
Balance as at April 01, 2021	**-**	**0.3**	**46.1**	**33.8**	**0.8**	**87.6**	**168.6**
Depreciation for the period	-	0.1	12.4	7.4	0.3	16.4	36.6
Deduction / adjustments	-	-	(6.2)	(1.5)	(0.1)	(2.2)	(10.0)
Balance as at December 31, 2021	**-**	**0.4**	**52.3**	**39.7**	**1.0**	**101.8**	**195.2**
Net book value							
As at March 31, 2019	**2.7**	**1.1**	**120.8**	**55.7**	**2.8**	**53.1**	**236.2**
As at March 31, 2020	**2.7**	**1.1**	**80.0**	**49.6**	**2.4**	**39.3**	**175.1**
As at March 31, 2021	**2.7**	**1.0**	**83.9**	**40.8**	**2.0**	**33.5**	**163.9**
As at December 31, 2020	**2.7**	**1.0**	**85.0**	**43.0**	**2.1**	**28.0**	**161.8**
As at December 31, 2021	**2.7**	**0.9**	**104.5**	**45.2**	**1.7**	**40.1**	**195.1**

Notes to restated consolidated financial information

10. Property, plant and equipment ***(Continued…)***

Title deeds of Immovable Properties not held in name of the Company:-

(₹ in Million)

Particulars of the land and building	**Reason for not being held in the name of Company**	**Gross carrying value**				
		As at December 31, 2021	**As at December 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
Plot no.11, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	The title deeds are in the name of DHFL Vysya Housing Finance Limited, currently known as Aadhar Housing Finance Limited. The Company was merged under Section 230 to 232 of the Companies Act, 2013.	2.0	2.0	2.0	2.0	2.0
Plot no 14, Mangala Nagar alias Sri Arunachala Nagar situated in No. 68, Athur Village, Chengalpet Taluk, Kanchipuram District, Tamil Nadu	The title deeds are in the name of erstwhile Aadhar Housing Finance Limited that was merged with the Company under Section 230 to 232 of the Companies Act 2013.	0.7	0.7	0.7	0.7	0.7
Unit No. 5, Row 07, Block B, Garden City, Coimbatore		1.3	1.3	1.3	1.3	1.3

1. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement

2. In None of the title deed mentioned above Promoter , Director, or relative of promoter / director or employee of promoter / director is holder of title deed.

3. All the mentioned properties are held in these names since date of Amalgamation i.e. November 20, 2017.

Notes to restated consolidated financial information

11. Other intangible assets

(₹ in Million)

Particulars	Software
Gross carrying value	
Balance as at April 01, 2018	**10.7**
Additions during the year	0.1
Deduction / adjustments	-
Balance as at March 31, 2019	**10.8**
Balance as at April 01, 2019	**10.8**
Additions during the year	10.1
Deduction / adjustments	(0.1)
Balance as at March 31, 2020	**20.8**
Balance as at April 01, 2020	**20.8**
Additions during the year	10.6
Deduction / adjustments	-
Balance as at March 31, 2021	**31.4**
Balance as at April 01, 2020	**20.8**
Additions during the Period	10.5
Deduction / adjustments	-
Balance as at December 31, 2020	**31.3**
Balance as at April 01, 2021	**31.4**
Additions during the Period	1.7
Deduction / adjustments	-
Balance as at December 31, 2021	**33.1**
Accumulated depreciation	
Balance as at April 01, 2018	**2.4**
Depreciation for the year	4.0
Deduction / adjustments	-
Balance as at March 31, 2019	**6.4**
Balance as at April 01, 2019	**6.4**
Depreciation for the year	5.0
Deduction / adjustments	(0.1)
Balance as at March 31, 2020	**11.3**
Balance as at April 01, 2020	**11.3**
Depreciation for the year	7.4
Deduction / adjustments	-
Balance as at March 31, 2021	**18.7**
Balance as at April 01, 2020	**11.3**
Depreciation for the period	5.4
Deduction / adjustments	-
Balance as at December 31, 2020	**16.7**
Balance as at April 01, 2021	**18.7**
Depreciation for the period	5.2
Deduction / adjustments	-
Balance as at December 31, 2021	**23.9**
Net book value	
As at March 31, 2019	**4.4**
As at March 31, 2020	**9.5**
As at March 31, 2021	**12.7**
As at December 31, 2020	**14.6**
As at December 31, 2021	**9.2**

Notes to restated consolidated financial information

12. Other non-financial assets

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Asset held for sale	39.6	39.6	39.6	62.8	87.5
Less : Provision for diminution in the value of asset held for sale	(18.5)	(18.5)	(18.5)	(21.3)	(28.5)
	21.1	21.1	21.1	41.5	59.0
Prepaid expenses	79.4	58.1	38.7	23.7	23.9
Capital advance	0.6	0.8	3.2	1.9	0.7
Advance for expenses and other advances	89.7	60.0	153.1	163.8	29.6
Unamortised share issue expenses [Refer Note ii below]	184.2	-	159.4	-	-
Receivable from Government (Ex-gratia) [Refer Note 46]	53.8	212.4	53.8	-	-
Balance with government authorities	21.4	15.3	0.4	22.2	24.7
Total	**450.2**	**367.7**	**429.7**	**253.1**	**137.9**

i) Advance for expenses includes amounts given as advance to the related parties :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Advance given to related parties	-	-	-	-	6.2

ii). The Company has incurred certain expenses towards proposed Initial public offering of equity shares. The company expects to recover certain amounts from the selling shareholders and the balance amount would be charged-off to securities premium account in accordance with Section 52 of the Companies Act, 2013 upon share being issued.

13. Trade payables

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Total outstanding dues to micro enterprises and small enterprises (refer note a & b)	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note b & c)	534.9	297.0	386.8	288.1	157.6
Total	**534.9**	**297.0**	**386.8**	**288.1**	**157.6**

a) Based on and to the extent of information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors.
There are no overdue amounts to Micro, Small and Medium Enterprises (MSME) for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

b) Trade Payables ageing schedule

As At December 31, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	484.0	50.9	-	-	-	534.9
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

As At December 31, 2020 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	290.6	6.3	0.1	-	-	297.0
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

As At March 31, 2021 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	376.7	9.9	0.2	-	-	386.8
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

As At March 31, 2020 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	273.8	13.9	0.4	-	-	288.1
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

As At March 31, 2019 (₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-	-
Others	150.9	6.7	-	-	-	157.6
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

Note: Date of the transaction considered as due date of payment

Notes to restated consolidated financial information

c) Trade Payables includes due to related parties [Refer Note 44] :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Dues to related parties	9.0	9.0	9.6	7.5	27.4

14. Debt securities (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
At amortised cost					
Secured					
Redeemable non convertible debentures	17,841.2	21,864.4	21,403.1	17,081.4	15,861.0
Unsecured					
Commercial paper	-	496.6	-	-	961.4
Total	**17,841.2**	**22,361.0**	**21,403.1**	**17,081.4**	**16,822.4**

i) All debt securities are issued in India

ii) Terms of repayment and rate of interest in case of Debt Securities.

(₹ in Million)

Particulars		As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
1.	**Secured**					
	Redeemable non convertible debentures					
	Interest Rate	6.90% to 9.80%	7.35% - 9.80%	7.35% to 9.80%	8.83% - 9.80%	8.40% - 10.25%
	0-3 Years	15,427.7	19,509.6	19,039.7	10,972.0	11,691.9
	3-5 Years	2,236.0	750.0	1,922.0	4,537.7	2,387.7
	>5 Years	212.3	1,698.4	526.4	1,698.3	1,948.4
	Total	**17,876.0**	**21,958.0**	**21,488.1**	**17,208.0**	**16,028.0**
2.	**Unsecured**					
	Commercial paper					
	Interest Rate	0.00%	5.25%	0.00%	0.00%	9.40%
	0-3 Years	-	500.0	-	-	1,000.0
	3-5 Years	-	-	-	-	-
	>5 Years	-	-	-	-	-
	Total	**-**	**500.0**	**-**	**-**	**1,000.0**

Maturity profile disclosed above excludes discount and EIR adjustments :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Discount and EIR	34.8	97.0	85.0	126.6	205.6

List of Redeemable debentures (₹ in Million)

Sr No.	ISIN	Rate of interest	Date of Redemption	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
1	INE538L07452	8.40%	06-05-2019	-	-	-	-	110.0
2	INE538L07452	8.40%	06-05-2019	-	-	-	-	140.0
3	INE538L07452	8.40%	06-05-2019	-	-	-	-	250.0
4	INE538L07452	8.40%	06-05-2019	-	-	-	-	250.0
5	INE538L07452	8.40%	06-05-2019	-	-	-	-	100.0
6	INE538L07452	8.40%	06-05-2019	-	-	-	-	150.0
7	INE538L07429	8.85%	24-07-2019	-	-	-	-	500.0
8	INE538L07023	10.25%	09-01-2020	-	-	-	-	100.0
9	INE538L07023	10.25%	09-01-2020	-	-	-	-	50.0
10	INE538L07023	10.25%	09-01-2020	-	-	-	-	20.0
11	INE538L07023	10.25%	09-01-2020	-	-	-	-	100.0
12	INE538L07023	10.25%	09-01-2020	-	-	-	-	50.0
13	INE538L07403	8.88%	12-06-2020	-	-	-	200.0	200.0
14	INE538L07445	8.83%	23-06-2020	-	-	-	1,500.0	1,500.0
15	INE538L07411	9.05%	03-07-2020	-	-	-	500.0	500.0
16	INE538L07130	9.70%	09-11-2020	-	-	-	100.0	100.0
17	INE538L07148	9.65%	11-12-2020	-	-	-	100.0	100.0
18	INE538L07239	9.55%	03-03-2021	-	100.0	-	100.0	100.0
19	INE538L07247	9.40%	21-03-2021	-	70.0	-	70.0	70.0
20	INE538L07247	9.40%	21-03-2021	-	50.0	-	50.0	50.0
21	INE538L07460	8.90%	26-03-2021	-	100.0	-	100.0	100.0
22	INE538L07460	8.90%	26-03-2021	-	50.0	-	50.0	50.0
23	INE538L07262	9.50%	29-03-2021	-	100.0	-	100.0	100.0
24	INE538L07338	9.40%	27-05-2021	-	45.0	45.0	45.0	45.0
25	INE883F07033	9.60%	05-07-2021	-	20.0	20.0	20.0	20.0
26	INE883F07082	9.35%	17-08-2021	-	20.0	20.0	20.0	20.0
27	INE883F07090	9.35%	25-08-2021	-	10.0	10.0	10.0	10.0
28	INE538L07486	9.60%	29-09-2021	-	294.3	294.3	294.3	294.3
29	INE538L07494	9.60%	29-09-2021	-	5,762.7	5,762.7	5,762.7	5,762.7
30	INE538L07353	9.20%	18-10-2021	-	500.0	500.0	500.0	500.0

Notes to restated consolidated financial information

Sr No.	ISIN	Rate of interest	Date of Redemption	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
31	INE883F07108	9.37%	20-10-2021	-	20.0	20.0	20.0	20.0
32	INE883F07116	9.36%	25-10-2021	-	10.0	10.0	10.0	10.0
33	INE883F07132	9.36%	27-10-2021	-	20.0	20.0	20.0	20.0
34	INE538L07361	9.00%	11-11-2021	-	100.0	100.0	100.0	100.0
35	INE538L07064	9.80%	27-03-2022	200.0	200.0	200.0	200.0	200.0
36	INE538L07072	9.80%	03-06-2022	100.0	100.0	100.0	100.0	100.0
37	INE538L07072	9.80%	03-06-2022	100.0	100.0	100.0	100.0	100.0
38	INE538L07080	9.80%	07-08-2022	80.0	80.0	80.0	80.0	80.0
39	INE538L07080	9.80%	07-08-2022	10.0	10.0	10.0	10.0	10.0
40	INE538L07080	9.80%	07-08-2022	10.0	10.0	10.0	10.0	10.0
41	INE538L07098	9.80%	03-09-2022	100.0	100.0	100.0	100.0	100.0
42	INE538L07106	9.80%	10-09-2022	100.0	100.0	100.0	100.0	100.0
43	INE538L07122	9.70%	04-11-2022	200.0	200.0	200.0	200.0	200.0
44	INE538L07155	9.60%	28-12-2022	200.0	200.0	200.0	200.0	200.0
45	INE538L07171	9.60%	07-01-2023	200.0	200.0	200.0	200.0	200.0
46	INE538L07296	9.30%	28-04-2023	100.0	100.0	100.0	100.0	100.0
47	INE538L07296	9.30%	28-04-2023	13.0	13.0	13.0	13.0	13.0
48	INE883F07017	9.40%	05-05-2023	300.0	300.0	300.0	300.0	300.0
49	INE538L07304	9.50%	13-05-2023	50.0	50.0	50.0	50.0	50.0
50	INE883F07165	9.15%	20-06-2023	2,000.0	2,000.0	2,000.0	3,000.0	-
51	INE538L07502	9.25%	29-09-2023	305.1	305.1	305.1	305.1	305.1
52	INE538L07510	9.65%	29-09-2023	189.6	189.6	189.6	189.6	189.6
53	INE883F07124	9.36%	27-10-2023	40.0	40.0	40.0	40.0	40.0
54	INE883F07140	9.40%	21-11-2023	180.0	180.0	180.0	180.0	180.0
55	INE883F07140	9.40%	21-11-2023	20.0	20.0	20.0	20.0	20.0
56	INE883F07157	9.40%	22-11-2023	90.0	90.0	90.0	90.0	90.0
57	INE538L07056	9.80%	23-03-2025	250.0	250.0	250.0	250.0	250.0
58	INE538L07163	9.60%	06-01-2026	100.0	100.0	100.0	100.0	100.0
59	INE538L07163	9.60%	06-01-2026	100.0	100.0	100.0	100.0	100.0
60	INE538L07163	9.60%	06-01-2026	100.0	100.0	100.0	100.0	100.0
61	INE538L07189	9.60%	19-01-2026	100.0	100.0	100.0	100.0	100.0
62	INE538L07197	9.60%	19-01-2026	10.0	10.0	10.0	10.0	10.0
63	INE538L07197	9.60%	19-01-2026	17.0	17.0	17.0	17.0	17.0
64	INE538L07205	9.60%	25-01-2026	100.0	100.0	100.0	100.0	100.0
65	INE538L07205	9.60%	25-01-2026	100.0	100.0	100.0	100.0	100.0
66	INE538L07213	9.55%	29-01-2026	50.0	50.0	50.0	50.0	50.0
67	INE538L07213	9.55%	29-01-2026	10.0	10.0	10.0	10.0	10.0
68	INE538L07213	9.55%	29-01-2026	50.0	50.0	50.0	50.0	50.0
69	INE538L07213	9.55%	29-01-2026	10.0	10.0	10.0	10.0	10.0
70	INE538L07221	9.55%	01-03-2026	100.0	100.0	100.0	100.0	100.0
71	INE538L07254	9.55%	22-03-2026	200.0	200.0	200.0	200.0	200.0
72	INE538L07270	9.55%	31-03-2026	100.0	100.0	100.0	100.0	100.0
73	INE538L07270	9.55%	31-03-2026	25.0	25.0	25.0	25.0	25.0
74	INE883F07025	9.40%	05-05-2026	200.0	200.0	200.0	200.0	200.0
75	INE883F07041	9.35%	08-07-2026	20.0	20.0	20.0	20.0	20.0
76	INE883F07058	9.40%	13-07-2026	12.0	12.0	12.0	12.0	12.0
77	INE883F07066	9.28%	18-07-2026	20.0	20.0	20.0	20.0	20.0
78	INE883F07074	9.15%	05-08-2026	12.0	12.0	12.0	12.0	12.0
79	INE538L07379	9.00%	16-11-2026	50.0	50.0	50.0	50.0	50.0
80	INE538L07528	9.35%	29-09-2028	95.5	95.5	95.5	95.5	95.5
81	INE538L07536	9.75%	29-09-2028	116.8	116.8	116.8	116.8	116.8
82	INE883F07173	8.00%	05-05-2023	2,000.0	2,000.0	2,000.0	-	-
83	INE883F07181	8.20%	17-08-2023	3,000.0	3,000.0	3,000.0	-	-
84	INE883F07199	8.20%	01-09-2023	1,650.0	1,650.0	1,650.0	-	-
85	INE883F07207	7.35%	28-02-2022	1,000.0	1,000.0	1,000.0	-	-
86	INE883F07215	8.10%	20-10-2025	500.0	500.0	500.0	-	-
87	INE883F07223	7.10%	07-10-2024	990.0	-	-	-	-
88	INE883F07231	6.90%	29-10-2024	1,200.0	-	-	-	-
89	INE883F07249	7.15%	09-12-2026	1,000.0	-	-	-	-

3. The Company has raised funds from Secured Redeemable Non Convertible Debentures (NCDs) as mentioned below :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Secured redeemable non-convertible debentures (NCDs) issued during the period	3,190.0	8,150.0	8,150.0	3,000.0	6,764.0

Secured redeemable non-convertible debentures (NCDs) are long term and are secured by way of pari passu first charge by way of (present & future obligations) hypothecation on all standard book debts / outstanding moneys current assets / receiveables, current assets, cash & bank balances & Investments except for those book debts charged or to be charged in favour of NHB for refinance availed or to be availed from them. NCDs including current maturities are redeemable at par on various periods.

There has been no deviation in the utilisation of issue proceeds of publically issued secured redeemable non-convertible debentures , from the Objects as stated in the Shelf prospectus document dated September 03, 2018.

Notes to restated consolidated financial information

15. Borrowings (other than debt securities)

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Secured					
At amortised cost					
Term Loans					
from banks	66,803.2	59,817.5	64,123.2	69,710.5	54,033.7
from National housing bank	22,402.2	13,044.9	16,980.9	8,130.4	8,861.0
Cash credit facilities					
from banks	-	-	-	0.4	-
Total	**89,205.4**	**72,862.4**	**81,104.1**	**77,841.3**	**62,894.7**

i) All borrowings are issued in India

ii) Terms of repayment and rate of interest in case of borrowings.

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
1. **Term loan from banks**					
Interest rate	Floating*	Floating*	Floating*	Floating*	Floating*
0-3 Years	35,940.2	30,971.3	32,897.2	38,326.4	31,191.2
3-5 Years	16,865.9	14,286.6	15,390.7	14,794.8	11,710.0
>5 Years	14,189.7	14,776.8	16,055.8	16,814.6	11,280.0
Total	**66,995.8**	**60,034.7**	**64,343.7**	**69,935.8**	**54,181.2**
2. **Term Loan from National housing bank**					
Interest rate	2.94% to 7.30%	3.40% - 9.30%	3.00% to 7.50%	4.86% - 9.30%	4.86% - 9.75%
0-3 Years	12,236.8	7,351.6	8,851.3	4,128.0	2,948.4
3-5 Years	5,522.9	2,849.4	4,118.2	2,232.6	2,026.1
>5 Years	4,642.5	2,843.9	4,011.4	1,769.8	3,886.5
Total	**22,402.2**	**13,044.9**	**16,980.9**	**8,130.4**	**8,861.0**

*(Linked with MCLR/Base Rate of respective banks)

Maturity profile disclosed above excludes discount and EIR adjustments :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Discount and EIR	192.6	217.2	220.5	225.3	147.5

iii) The secured term loans from banks are availed from various scheduled banks. These loans are repayable as per the individual contracted terms in one or more instalments between January 2022 and October 2031. These loans are secured / to be secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company’s book debts, housing loans and the whole of the present and future movable assets of the Company as applicable.

iv) Secured term loan from National Housing Bank are repayable as per the contracted terms in one or more instalments between January 2022 and July 2032. These loans from National Housing Bank are secured / to be secured by way of first charge to and in favour of NHB, other banks and NCD holders and jointly ranking pari passu inter-se, on the Company’s book debts, housing loans and the whole of the present and future movable and immovable assets wherever situated excluding Statutory Liquid Ratio assets.

v) Cash credit facilities from banks and are secured by way of jointly ranking pari passu inter-se charge, along with NHB and NCD holders, on the Company’s book debts, housing loans and the whole of the present and future movable assets of the Company as applicable. All cash credit facilities are repayable as per the contracted / rollover term.

16. Deposits

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Deposit					
At amortised cost					
Public deposits	162.8	469.2	405.6	680.3	1,149.2
From others	-	-	-	-	250.0
Total	**162.8**	**469.2**	**405.6**	**680.3**	**1,399.2**

The National Housing Bank Directives requires all HFCs, accepting public deposits, to create a floating charge on the statutory liquid assets maintained in favour of the depositors through the mechanism of a Trust Deed. The Company has accordingly appointed SEBI approved Trustee Company as a Trustee for the above by executing a trust deed.

The public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

17. Subordinated liabilities

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Unsecured					
Redeemable non convertible debentures	833.7	832.1	831.9	830.4	833.4
Total	**833.7**	**832.1**	**831.9**	**830.4**	**833.4**

i) All subordinated liabilities are issued in India

Notes to restated consolidated financial information

ii) Terms of repayment and rate of interest in case of Subordinated Liabilities.

(₹ in Million)

	Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
1.	**Redeemable non convertible debentures**					
	Interest Rate	9.75% - 10.00%	9.75% - 10.00%	9.75% - 10.00%	9.75% - 10.00%	9.75% - 10.00%
	0-3 Years	240.0	240.0	240.0	180.0	-
	3-5 Years	600.0	-	-	60.0	240.0
	>5 Years	-	600.0	600.0	600.0	600.0
	Total	**840.0**	**840.0**	**840.0**	**840.0**	**840.0**

Maturity profile disclosed above excludes discount and EIR adjustments :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Discount and EIR	6.3	7.9	8.1	9.6	6.6

iii) Unsecured Redeemable Non-Convertible Debentures are subordinated to present and future senior indebtedness of the Company. These Unsecured Redeemable Non-Convertible Debentures qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity at the end of various periods.

18. Other financial liabilities (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Book overdraft	-	4,326.1	2,262.5	1,030.3	1766.3
Lease liabilities (refer note 35)	307.0	204.1	324.1	229.2	191.3
Accrued employee benefits	255.7	218.5	297.9	285.8	276.3
Payable to insurance companies towards disbursements	-	114.1	-	-	0
Interest accrued but not due - Deposits	18.4	16.7	15.0	14.0	11.6
Interest accrued but not due - Others	1,051.3	1,294.5	1,113.5	863.1	917.0
Amount payable under assignment of receivables	1,050.6	708.4	734.7	562.1	434.5
Unpaid dividend (refer note below)	0.4	0.4	0.4	0.6	0.7
Unpaid matured deposits and interest accrued thereon	11.2	12.6	26.8	33.0	14.5
Total	**2,694.6**	**6,895.4**	**4,774.9**	**3,018.1**	**3,612.2**

The Company has transferred unclaimed dividend to investor education and protection fund under section 124 of the Companies Act, 2013 :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend transferred to investor education and protection Fund	0.03	0.06	0.09	0.01	0.02

19. Current tax liabilities (net) (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Provision for income tax (net of advance tax)	-	2.2	-	-	-
Total	**-**	**2.2**	**-**	**-**	**-**

20. Provisions (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits					
Provision for compensated absences	77.7	78.6	75.7	67.1	61.3
Provision for gratuity (refer note 41)	60.3	48.4	49.3	29.7	10.2
Total	**138.0**	**127.0**	**125.0**	**96.8**	**71.5**

21. Deferred tax balances (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities (net)					
Deferred tax liabilities	981.8	623.7	624.3	607.3	736.5
Deferred tax assets	775.8	495.9	446.2	420.8	428.0
	206.0	**127.8**	**178.1**	**186.5**	**308.5**
Deferred tax assets (net)					
Deferred tax assets (net)	1.9	2.3	2.8	1.7	0.9
	1.9	**2.3**	**2.8**	**1.7**	**0.9**
Total	**204.1**	**125.5**	**175.3**	**184.8**	**307.6**

Notes to restated consolidated financial information

Deferred tax assets and liabilities in relation to:

(₹ in Million)

Particulars	As at April 1, 2021	Charged to Profit and Loss	Charged to OCI	As at December 31, 2021
Deferred tax liabilities				
Fair value on amalgamation	117.0	0.3	-	117.3
Net gain on derecognition of financial instruments under amortised cost category	507.3	357.2	-	864.5
	624.3	**357.5**	**-**	**981.8**
Deferred tax assets				
On difference between book balance and tax balance of assets	11.3	1.0	-	12.3
On account of impairment on financial instruments	349.3	336.5	-	685.7
On account of provision for employee benefits	30.5	17.3	(3.3)	44.5
Others	57.9	(22.7)	-	35.2
	449.0	**332.1**	**(3.3)**	**777.7**
Net deferred tax (assets)/liabilities	**175.3**	**25.4**	**3.3**	**204.1**

(₹ in Million)

Particulars	As at April 01, 2020	Charged to Profit and Loss	Charged to OCI	As at December 31, 2020
Deferred tax liabilities				
Fair value on amalgamation	156.0	(35.3)	-	120.7
Net gain on derecognition of financial instruments under amortised cost category	451.3	51.7	-	503.0
	607.3	**16.4**	**-**	**623.7**
Deferred tax assets				
On difference between book balance and tax balance of assets	8.5	7.6	-	16.1
On account of impairment on financial instruments	297.7	75.4	-	373.1
On account of provision for employee benefits	22.4	14.3	(0.1)	36.6
Others	93.9	(21.5)	-	72.4
	422.5	**75.8**	**(0.1)**	**498.2**
Net deferred tax (assets)/liabilities	**184.8**	**(59.4)**	**0.1**	**125.5**

(₹ in Million)

Particulars	As at April 01, 2020	Charged to Profit and Loss	Charged to OCI	As at March 31, 2021
Deferred tax liabilities				
Fair value on amalgamation	156.0	(39.0)	-	117.0
Net gain on derecognition of financial instruments under amortised cost category	451.3	56.0	-	507.3
	607.3	**17.0**	**-**	**624.3**
Deferred tax assets				
On difference between book balance and tax balance of assets	8.5	2.8	-	11.3
On account of impairment on financial instruments	297.7	51.6	-	349.3
On account of provision for employee benefits	22.4	9.4	(1.3)	30.5
Others	93.9	(36.0)	-	57.9
	422.5	**27.8**	**(1.3)**	**449.0**
Net deferred tax (assets)/liabilities	**184.8**	**(10.8)**	**1.3**	**175.3**

(₹ in Million)

Particulars	As at April 01, 2019	Charged to Profit and Loss	Charged to OCI	As at March 31, 2020
Deferred tax liabilities				
On difference between book balance and tax balance of assets	4.9	(4.9)	-	-
Fair value on amalgamation	270.3	(114.3)	-	156.0
Net gain on derecognition of financial instruments under amortised cost category	461.3	(10.0)	-	451.3
	736.5	**(129.2)**	**-**	**607.3**
Deferred tax assets				
On difference between book balance and tax balance of assets	-	8.5	-	8.5
On account of impairment on financial instruments	217.6	80.1	-	297.7
On account of provision for employee benefits	20.0	(0.3)	2.7	22.4
Others	186*	(92.1)	-	93.9
	423.6*	**(3.8)**	**2.7**	**422.5**
Net deferred tax (assets)/liabilities	**312.9***	**(125.4)**	**(2.7)**	**184.8**

* Includes Adjustments of ₹ 5.3 million on account of Ind AS 116 transition in opening deferred tax liability(refer note 50)

(₹ in Million)

Particulars	As at April 1, 2018	Charged to Profit and Loss	Charged to OCI	As at March 31, 2019
Deferred tax liabilities				
On difference between book balance and tax balance of assets	7.5	(2.6)	-	4.9
Fair value on amalgamation	324.9	(54.6)	-	270.3
Net gain on derecognition of financial instruments under amortised cost category	198.1	263.2	-	461.3
	530.5	**206.0**	**-**	**736.5**
Deferred tax assets				
On difference between book balance and tax balance of assets				
On account of impairment on financial instruments	180.7	36.9	-	217.6
On account of provision for employee benefits	10.7	7.4	1.9	20.0
Others	156.8*	34.5	-	191.3
	348.2*	**78.8**	**1.9**	**428.9**
Net deferred tax (assets)/liabilities	**182.3***	**127.2**	**(1.9)**	**307.6**

* Includes Adjustments of ₹ 2.7 million on account of Ind AS 116 transition in opening deferred tax liability

Notes to restated consolidated financial information

22. Other non-financial liabilities (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Advance from Customers	38.5	52.5	60.4	47.6	39.6
Statutory dues	42.0	31.7	42.9	26.1	31.8
Others	135.6	70.9	62.3	94.4	40.0
Total	**216.1**	**155.1**	**165.6**	**168.1**	**111.4**

23. Equity share capital (₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Authorised share capital					
Equity shares of Rs 10 each	5,000.0	2,200.0	5,000.0	2,200.0	2,200.0
Issued share capital					
Equity shares of Rs 10 each	3,947.6	394.8	3,947.6	394.6	251.5
Subscribed and paid up capital					
Equity shares of Rs 10 each	3,947.6	394.8	3,947.6	394.6	251.5
Total	**3,947.6**	**394.8**	**3,947.6**	**394.6**	**251.5**

Number of Shares

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Authorised share capital					
Equity shares of Rs 10 each	50,00,00,000	22,00,00,000	50,00,00,000	22,00,00,000	22,00,00,000
Issued share capital					
Equity shares of Rs 10 each	39,47,54,970	3,94,75,497	39,47,54,970	3,94,64,898	2,51,48,472
Subscribed and paid up capital					
Equity shares of Rs 10 each	39,47,54,970	3,94,75,497	39,47,54,970	3,94,64,898	2,51,48,472

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Equity shares at the beginning of the period / year	**39,47,54,970**	**3,94,64,898**	**3,94,64,898**	**2,51,48,472**	**2,51,48,472**
Add: Shares issued during the period / year					
Bonus Issue allotment during the period / year *	-	-	35,52,79,473	-	-
Preferential Allotment during the period / year	-	-	-	88,10,088	-
Right Issue Allotment during the period / year	-	-	-	55,06,338	-
Allotment under ESOP/ESAR during the period / year	-	10,599	10,599	-	-
Equity shares at the end of the period / year	**39,47,54,970**	**3,94,75,497**	**39,47,54,970**	**3,94,64,898**	**2,51,48,472**

*Includes allotment of 26,100 bonus shares pertaining to existing shareholders holding shares in physical mode, allotment of same is pending on account of conversion of physical shares into demat mode.

b) Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders. Dividend declared towards equity shares will be subject to the approval of shareholder in the ensuing Annual General Meeting.

c) The Company has not proposed any dividend in all above mentioned reporting periods.

d) Details of shareholders holding more than five percent equity shares in the Company are as under:

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	% of total shares at the end of period					Number of shares at the end of period				
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	98.72%	98.72%	98.74%	-	38,96,83,420	3,89,68,342	38,96,83,420	3,89,68,342	-
Wadhawan Global Capital Ltd	-	-	-	-	69.98%	-	-	-	-	1,75,97,715
Dewan Housing Finance Corporation Ltd	-	-	-	-	9.15%	-	-	-	-	23,01,090
International Finance Corporation (IFC Washington)	-	-	-	-	16.91%	-	-	-	-	42,53,389

e) the Authorised share capital of the Company was increased from Rs. 2,200 Million to Rs. 5,000 Million during the year ended March 31, 2021.

f) The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on 16th January 2021 in extraordinary general meeting (EGM).

h) Shareholding of Promoters

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
	% of total shares at the end of period					Number of shares at the end of period				
BCP Topco VII Pte. Ltd (Holding Company)	98.72%	98.72%	98.72%	98.74%	-	38,96,83,420	3,89,68,342	38,96,83,420	3,89,68,342	-
Wadhawan Global Capital Ltd	-	-	-	-	69.98%	-	-	-	-	1,75,97,715
Dewan Housing Finance Corporation Ltd	-	-	-	-	9.15%	-	-	-	-	23,01,090
Smt. Aruna Rajeshkumar Wadhawan	-	-	-	-	0.57%	-	-	-	-	1,44,034
Shri. Dheeraj Rajeshkumar Wadhawan	-	-	-	-	0.53%	-	-	-	-	1,34,017
Shri. Kapil Rajeshkumar Wadhawan	-	-	-	-	0.53%	-	-	-	-	1,34,017

Notes to restated consolidated financial information

% Changes in holding during the period

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
	% of total shares at the end of period				
BCP Topco VII Pte. Ltd (Holding Company)	0.00%	-0.02%	-0.02%	98.74%	-
Wadhawan Global Capital Ltd	-	-	-	-69.98%	-
Dewan Housing Finance Corporation Ltd	-	-	-	-9.15%	-
Smt. Aruna Rajeshkumar Wadhawan	-	-	-	-0.57%	-
Shri. Dheeraj Rajeshkumar Wadhawan	-	-	-	-0.53%	-
Shri. Kapil Rajeshkumar Wadhawan	-	-	-	-0.53%	-

24. Other equity

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Capital reserve on amalgamation	0.6	0.6	0.6	0.6	0.6
Securities premium	13,370.0	16,933.9	13,370.0	16,933.5	4,091.3
Statutory reserve (Special reserve as per Section 29C of National Housing Bank Act, 1987 and Special reserve as per Section 36(1)(viii) of the Income Tax Act, 1961) (refer note (i) below)	2,609.1	1,926.4	2,609.1	1,926.4	1,541.3
Debenture redemption reserve (refer note (ii) below)	1,691.0	1,691.0	1,691.0	1,691.0	563.7
General reserve	926.9	726.9	926.9	726.7	526.7
Employee Stock Option Outstanding	116.4	53.4	72.0	11.4	8.3
Retained earnings	7,616.8	4,259.8	4,311.0	1,789.1	1,605.9
Total	**26,330.8**	**25,592.0**	**22,980.6**	**23,078.7**	**8,337.8**

Notes :

i) Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol.Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017.

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the period					
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	70.8	70.8	70.8	70.8	70.8
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	2,538.3	1,855.6	1,855.6	1,470.5	1,146.0
c) Total	2,609.1	1,926.4	1,926.4	1,541.3	1,216.8
Additions during the period					
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-*	-*	-	-	-
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	-*	-*	682.7	385.1	324.5
c) Total	-	-	682.7	385.1	324.5
Utilised during the period					
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-*	-*	-	-	-
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	-*	-*	-	-	-
c) Total	-	-	-	-	-
Balance at the end of the period					
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	70.8	70.8	70.8	70.8	70.8
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	2,538.3	1,855.6	2,538.3	1,855.6	1,470.5
c) Total	2,609.1	1,926.4	2,609.1	1,926.4	1,541.3

*Transfer to statutory reserve & special reserve will be made at the year end

ii) Department of Company Affairs with reference to the General Circular no. 4/2003 vide G.S.R. 413 (E) dated 18.06.2014, had clarified that, Housing Finance Companies registered with National Housing Bank are exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. However, the Company needs to create DRR in case of public issue of Debentures and accordingly, the Company has created DRR towards its public issue of Secured Redeemable Non-Convertible Debentures :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Debenture redemption reserve	1,691.0	1,691.0	1,691.0	1,691.0	563.7

Notes to restated consolidated financial information

25. Revenue from operations

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Interest income					
On financial assets measured at amortised cost					
Interest on loans	10,914.6	9,620.6	13,033.6	11,365.9	10,681.0
Interest on fixed deposits	527.3	962.9	1,212.1	756.8	123.8
Interest on bonds and debentures	26.1	17.7	23.5	22.2	73.6
Other interest	-	0.2	0.2	0.3	71.1
	11,468.0	10,601.4	14,269.4	12,145.2	10,949.5
b) Net gain on fair value changes					
Measured at FVTPL					
Equity investment measured at FVTPL					
Realised	-	-	-	-	-
Unrealised	0.0	0.0	0.0	(0.2)	(0.1)
	0.0	0.0	0.0	(0.2)	(0.1)
Investment in mutual fund measured at FVTPL					
Realised	156.0	29.2	67.6	236.3	247.2
Unrealised	10.5	21.3	20.2	-	1.4
	166.5	50.5	87.8	236.3	248.6
	166.5	50.5	87.8	236.1	248.5
c) Net gain on derecognition of financial instruments under amortised cost category					
On assignment of portfolio	654.1	496.1	638.1	840.1	918.5
	654.1	496.1	638.1	840.1	918.5
d) Fees and commission Income					
Loan processing fee and other charges (net of business sourcing expenses)	377.6	368.4	579.1	485.3	365.8
Intermediary services	95.1	107.8	178.9	170.0	173.8
	472.7	476.2	758.0	655.3	539.6
Total	**12,761.3**	**11,624.2**	**15,753.3**	**13,876.7**	**12,656.1**

i) Amount "0" represent value less than Rs 50,000.

ii) Disclosure in respect of fees and commission income on insurance business undertaken by the company are included in intermediary services

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Life Insurance Business	29.9	24.5	47.6	51.3	64.5
Non - Life Insurance Business	35.4	59.8	98.9	84.4	96.5
Total	**65.3**	**84.3**	**146.5**	**135.7**	**161.0**

26. Other income

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Miscellaneous income	2.8	2.0	2.2	7.9	0.2
Total	**2.8**	**2.0**	**2.2**	**7.9**	**0.2**

27. Finance costs

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expenses on financial liabilities measured at amortised cost					
Interest on borrowings (other than debt securities)	4,134.2	4,566.9	5,974.7	6,044.8	5,198.7
Interest on deposits	22.3	37.7	48.6	86.4	91.5
Interest on non convertible debentures	1,327.2	1,315.8	1,800.2	1,401.6	1,208.1
Interest on subordinated liabilities	62.3	62.3	82.7	83.2	82.9
Interest on others	0.4	9.9	13.4	44.3	470.3
Interest on lease liabilities (refer note 35)	22.3	15.3	21.1	20.1	14.3
Finance charges	158.3	168.6	219.0	254.5	253.6
Total	**5,727.0**	**6,176.5**	**8,159.7**	**7,934.9**	**7,319.4**

28. Impairment on financial instruments

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
On financial instruments measured at amortised cost					
Impairment allowance on loans (Refer note 28.1 & 28.2 below)	365.0	427.9	493.5	1,006.5	245.2
Bad-debts written off	26.8	38.4	58.8	97.2	46.3
Others					
Asset held for sale	-	(2.9)	(2.9)	(7.2)	28.5
Total	**391.8**	**463.4**	**549.4**	**1,096.5**	**320.0**

Notes to restated consolidated financial information

28.1 The Company has made an additional impairment provision of below mentioned amount towards Covid-19 and loans on which one-time restructuring has been implemented (Refer note 6(vi)).

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Additional impairment provision	194.5	-	107.1	495.1	-

28.2 Impairment allowance on loans (including write off) towards loan to developers :

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment allowance on loans including write off	(74.8)	125.8	50.3	399.9	42.8

Net carrying value of loans to developers are given below :

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Net carrying value	3.6	14.6	13.8	196.4	678.1

The Company has not made any fresh loan sanctions under Loans to developers during the year ended March 31, 2019, March 31, 2020, March 31, 2021, nine months ended December 31, 2020 and December 31, 2021.

29. Employee benefits expense (₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, bonus and other allowances	1,534.8	1,145.1	1,642.0	1,510.0	1,608.5
Contribution to provident fund and other funds (refer note 41)	128.7	116.5	152.8	124.8	128.6
Share based payments to employees (refer note 42)	44.4	42.6	61.2	3.1	8.3
Staff welfare expenses	35.5	19.8	32.1	37.7	33.0
Total	**1,743.4**	**1,324.0**	**1,888.1**	**1,675.6**	**1,778.4**

30. Other expenses (₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent (refer note 35)	41.0	39.3	57.4	55.1	74.8
Rates and taxes	-	-	-	0.1	0.2
Travelling expenses	94.0	42.6	46.6	115.6	125.5
Printing and stationery	19.0	16.6	21.8	23.9	41.0
Advertisement and business promotion	23.2	14.9	26.1	38.1	40.1
Insurance	40.8	34.3	56.6	45.1	37.3
Legal and professional charges	46.0	43.0	75.5	57.8	67.0
Auditors remuneration (refer note below 30.2)	12.9	5.4	7.8	6.8	6.3
Postage, telephone and other communication expenses	46.1	30.3	51.4	50.9	53.2
General repairs and maintenance	83.5	76.1	149.5	105.0	44.5
Loss on sale of asset held for sale	-	1.2	1.2	2.6	4.2
Electricity charges	17.5	20.0	27.7	26.7	25.5
Directors sitting fees and commission (refer note below 30.3 and 44)	10.6	10.3	12.1	5.6	8.2
Corporate social responsibility expenses (refer note below 30.1)	45.0	10.0	41.7	65.9	7.9
Goods and service tax	74.4	47.5	76.9	82.6	77.5
Loss on sale of fixed assets	1.5	1.9	2.6	27.2	0.6
Other expenses	50.1	44.1	66.4	43.7	51.4
Total	**605.6**	**437.5**	**721.3**	**752.7**	**665.2**

30.1 Details of Corporate Social Responsibility

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Amount required to be spend during the period*	60.0	41.7	41.7	31.8	18.8
b) Amount spend during the period	51.6	24.9	47.7	31.0	7.9
c) Amount provided during the period	22.2	10.0	28.8	34.9	-
d) Amount of shortfall at the end of the period	#	#	28.9	34.9	34.1
e) Total amount of previous years shortfall	28.9	34.9	34.9	34.1	23.2

f) Reason for shortfall : Due to widespread pandemic of COVID19, the Company's major CSR activities focused on health, education & response to pandemic crisis. Hence the Company was unable to utilise the complete amount of CSR budget allocated for the year ended March 31, 2021.
Reason for shortfall was not required to be disclosed in Board Report for the year ended March 31, 2020 and 2019.

g) Nature CSR activities :- Donation of ambulances & support equipment, early child care & education, skill development & livelihood enhancement, skilling for specially challenged, skilling for kids of destitute homes, computer lab set up for government schools, skilling of women, health camps, donation of oxygen concentrators, donation of ration kits.

* Amount disclosed is for full financial year

Amount of shortfall to be computed at the end of full financial year

Amount mentioned above were paid in cash during the respective financial year and were incurred for the purpose other than construction / purchase of assets.

Notes to restated consolidated financial information

30.2 Details of auditors remuneration :

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Audit fee (including regulatory certificates)	11.5	4.0	5.5	5.3	5.4
Tax audit fee	0.6	0.6	0.8	0.8	0.8
Others	0.8	0.8	1.0	0.1	0.1
GST on Above	-	-	0.5	0.6	-
	12.9	**5.4**	**7.8**	**6.8**	**6.3**
Services towards NCD IPO (including fees paid to previous auditors)	-	-	-	-	10.4
Total	**12.9**	**5.4**	**7.8**	**6.8**	**16.7**

Note : Auditors remuneration upto September 30, 2021 is paid / payable to previous auditors.

30.3 Directors sitting fee and commission is net off reversal :

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Reversals	-	-	-	4.7	-
Provision as at respective period end date	9.0	9.0	9.6	7.5	6.0

31. Tax expense

a) Income tax expenses

The major components of income tax expenses

i) Profit and loss section

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expenses	876.8	729.3	934.6	540.7	603.2
Deferred tax charge / (credit)	25.4	(59.4)	(10.8)	(125.4)	127.2
Total	**902.2**	**669.9**	**923.8**	**415.3**	**730.4**

ii) Other comprehensive income section

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expenses	-	-	-	-	-
Deferred tax	3.3	0.1	1.3	(2.7)	(1.9)
Total	**3.3**	**0.1**	**1.3**	**(2.7)**	**(1.9)**

b) Reconciliation of tax expense

(₹ in Million)

	Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
(A)	Profit before income taxes (including other comprehensive income)	4,211.3	3,140.7	4,329.7	2,298.3	2,343.9
(B)	Enacted tax rate in India (including surcharge and cess)	25.168%	25.168%	25.168%	25.168%	34.944%
(C)	Expected tax expenses	1,059.9	790.5	1,089.7	578.4	819.1
(D)	Other than temporary difference					
	Special reserve	164.5	130.9	171.0	96.9	98.6
	Difference in tax expenses of earlier year	-	-	4.6	-	-
	Effect of change in rate (refer note below)	-	-	-	87.8	-
	Expenses disallowed / (allowed)	(10.1)	(10.4)	(11.0)	(18.9)	(8.0)
(E)	Tax expense recognised in profit and loss	902.2	669.9	923.8	415.3	730.4
(F)	Tax expense recognised in other comprehensive income	3.3	0.1	1.3	(2.7)	(1.9)

Note : The Taxation Laws (Amendment) Ordinance 2019 has inserted section 115BAA in the Income Tax Act. 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Consequently, the opening deferred tax Liability (net) has been measured at the lower rate with a one-time corresponding credit of ₹ 87.8 million to the Statement of Profit and Loss for the year ended March 31, 2020.

Notes to restated consolidated financial information

32. Earnings per equity share

The following is the computation of earnings per equity share on basic and diluted earnings per equity share:

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Net profit after tax attributable to equity shareholders (₹ In Million)	3,296.0	2,470.4	3,401.3	1,893.8	1,618.8
Weighted average number of equity shares outstanding during the period (Nos)	39,47,54,970	3,94,70,140	3,94,71,461	3,23,39,767	2,51,48,472
Adjustment for Bonus Issue (refer note below)	-	35,52,31,260	35,52,43,149	29,10,57,903	22,63,36,248
Weighted average number of equity shares outstanding during the period (Nos) after adjustment for Bonus Issue	39,47,54,970	39,47,01,400	39,47,14,610	32,33,97,670	25,14,84,720
Add: Effect of potential issue of shares / stock rights outstanding during the period*	1,22,72,259	11,83,427	11,82,939	1,53,197	1,78,724
Adjustment for Bonus Issue (refer note below)	-	1,06,50,843	1,06,46,451	13,78,773	16,08,516
Effect of potential issue of shares / stock rights outstanding during the period* after adjustment for Bonus Issue	1,22,72,259	1,18,34,270	1,18,29,390	15,31,970	17,87,240
Weighted average number of equity shares outstanding during the period including potential shares outstanding (Nos)	40,70,27,229	40,65,35,670	40,65,44,000	32,49,29,640	25,32,71,960
Face value per equity share (₹)	10	10	10	10	10
Basic earnings per equity share (₹)	8.35**	6.26**	8.62	5.86	6.44
Diluted earnings per equity share (₹)	8.10**	6.08**	8.37	5.83	6.39

* not considered when anti-dilutive

** Not annualised

Notes to restated consolidated financial information

Note: (1) The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 on 16th January 2021 in extraordinary general meeting (EGM). Consequently, earnings per share has been restated for all the periods presented.

33. Contingent liabilities

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Income tax matters of earlier years	12.5	2.1	2.1	11.3	13.6
Indirect tax matters of earlier years	19.6	-	-	-	-
Total	**32.1**	**2.1**	**2.1**	**11.3**	**13.6**

Part of the aforementioned contingent liabilities towards income tax have been paid under protest.

34. Commitments

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	21.5	88.5	82.8	106.3	11.4
Undisbursed amount of loans sanctioned and partly disbursed	4,650.4	3,463.7	3,922.7	3,567.3	4,043.1

35. Operating lease

Following are the changes in the carrying value of right of use assets:

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening	**354.7**	**258.1**	**258.1**	**176.1**	**144.4**
Ind AS 116 transition adjustment (refer note 50)	-	-	-	15.2	-
Addition during the period	68.7	9.6	154.9**	143.9*	64.3
Deletion during the period	(5.4)	(1.3)	(1.3)	(22.9)	-
Depreciation charge for the period	(56.3)	(42.4)	(57.0)	(54.2)	(32.6)
Closing	**361.7**	**224.0**	**354.7**	**258.1**	**176.1**

* Includes ₹ 42.0 Million of Right to use asset which are under development.

**Includes ₹ 14.4 Million of Right to use asset which are under development.

Notes to restated consolidated financial information

The following is the movement in lease liabilities:

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening	**324.1**	**229.2**	**229.2**	**191.3**	**152.1**
Addition during the period	28.6	9.7	140.5	101.9	64.3
Finance cost accrued during the period	22.3	15.3	21.1	20.1	14.3
Deletion during the period	(5.4)	(1.5)	(1.5)	(24.3)	-
Payment made during the period	(62.6)	(48.6)	(65.2)	(59.8)	(39.4)
Closing	**307.0**	**204.1**	**324.1**	**229.2**	**191.3**

The table below provides details regarding the contractual maturities of lease liabilities as of December 31, 2021 on an undiscounted basis:

Particulars	**₹ in Million**
Less than one year	88.3
One to five years	257.8
More than five year	36.7
Total	**382.8**

Rental expense recorded for short-term leases was as mentioned below :

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Rental expenses	41.0	39.3	57.4	55.1	74.8

The aggregate depreciation on Right to use assets has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

36. Financial instruments

(i) Fair value hierarchy

The Group uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the- counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There were no transfers between levels 1, 2 and 3 during the period.

The Group recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation process

The management of the Group performs the valuations of financial assets and liabilities required for financial reporting purposes.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans are calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Valuation processes and Technique

Type of Instrument	**Reference Price**
Investment in Mutual Funds	NAV as on the reporting date.
Investment in Equity Shares	Quoted price on exchange as on the reporting date.

(₹ in Million)

As at December 31, 2021

Particulars	**Fair Value Hierarchy**	**Fair Value**			**Carrying Value**		
		FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets							
Investments							
- Equity instruments	**Level 1**	0.2	-	-	0.2	-	-

Notes to restated consolidated financial information

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
- Mutual funds	**Level 1**	2,048.4	-	-	2,048.4	-	-
- Government securities	**Level 2**	-	-	1,756.0	-	-	1,817.4
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of Rs 1,00,000 each	**Level 1**	-	-	209.2	-	-	195.7
Financial liabilities							
Debt securities	**Level 1**	-	-	727.2	-	-	704.3
Debt securities	**Level 3**	-	-	17,513.1	-	-	17,137.0

(₹ in Million)

As at December 31, 2020

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	0.2	-	-	0.2	-	-
- Mutual funds	**Level 1**	3,627.7	-	-	3,627.7	-	-
- Government securities	**Level 2**	-	-	51.4	-	-	50.2
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of Rs 1,00,000 each	**Level 1**	-	-	205.8	-	-	195.1
Financial liabilities							
Debt securities	**Level 1**	-	-	7,013.0	-	-	6,715.3
Debt securities	**Level 3**	-	-	15,407.4	-	-	15,149.2

(₹ in Million)

As at March 31, 2021

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity	**Level 1**	0.2	-	-	0.2	-	-

Notes to restated consolidated financial information

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
instruments							
- Mutual funds	**Level 1**	4,730.9	-	-	4,730.9	-	-
- Government securities	**Level 2**	-	-	49.5	-	-	49.4
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of Rs 1,00,000 each	**Level 1**	-	-	207.5	-	-	190.4
Financial liabilities							
Debt securities	**Level 1**	-	-	7,149.8	-	-	6,725.4
Debt securities	**Level 3**	-	-	14,914.2	-	-	14,677.7

(₹ in Million)

As at March 31, 2020

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity instruments	**Level 1**	0.2	-	-	0.2	-	-
- Mutual funds	**Level 1**	0.5	-	-	0.5	-	-
- Government securities	**Level 2**	-	-	49.7	-	-	49.1
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of Rs 1,00,000 each	**Level 1**	-	-	199.0	-	-	189.8
Financial liabilities							
Debt securities	**Level 1**	-	-	6,435.4	-	-	6,684.4
Debt securities	**Level 3**	-	-	10,495.8	-	-	10,397.0

(₹ in Million)

As at March 31, 2019

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets							
Investments							
- Equity	**Level 1**	0.3	-	-	0.3	-	-

Notes to restated consolidated financial information

Particulars	Fair Value Hierarchy	Fair Value			Carrying Value		
		FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
instruments							
- Mutual funds	**Level 1**	1,256.7	-	-	1,256.7	-	-
- Government securities	**Level 2**	-	-	47.0	-	-	49.4
9.80% NCD Jaipur Vidyut Vitran Nigam Ltd Face Value of Rs 1,00,000 each	**Level 1**	-	-	189.4	-	-	190.2
Financial liabilities							
Debt securities	**Level 1**	-	-	6,486.1	-	-	6,643.5
Debt securities	**Level 3**	-	-	9,370.9	-	-	9,217.5

The Group considers that the carrying amounts recognised in the financial statements for housing and other loans, debt securities (other than disclosed above), deposits, borrowings (other than debt securities), subordinated liabilities, trade receivables, payables and other financial assets and liabilities whose fair value is not disclosed approximate their fair values.

37. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR.

(₹ in Million)

Particulars	December 31, 2021		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	9,881.5	-	9,881.5
Other bank balances	9,656.8	2,190.1	11,846.9
Receivables	53.1	-	53.1
Housing and other loans	13,758.3	98,814.6	1,12,572.9
Investments	2,048.4	2,013.3	4,061.7
Other financial assets	1,058.6	1,328.9	2,387.5
Non-financial assets			
Current tax assets (Net)	289.4	-	289.4
Property, plant and equipment	-	195.1	195.1
Right to use assets	-	361.7	361.7
Other intangible assets	-	9.2	9.2
Deferred tax asset (net)	-	1.9	1.9
Other non-financial assets	445.0	5.2	450.2
Total Assets	**37,191.1**	**1,04,920.0**	**1,42,111.1**

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Notes to restated consolidated financial information

Particulars	December 31, 2021		
	Within 12 months	After 12 months	Total
LIABILITIES			
Financial Liabilities			
Trade Payables	534.9	-	534.9
Debt Securities	2,065.1	15,776.1	17,841.2
Borrowings (Other than debt securities)	17,038.7	72,166.7	89,205.4
Deposits	129.0	33.8	162.8
Subordinated liabilities	173.7	660.0	833.7
Other financial liabilities	2,450.0	244.6	2,694.6
Non-Financial Liabilities			
Provisions	7.7	130.3	138.0
Deferred tax liabilities (Net)	-	206.0	206.0
Other non-financial liabilities	216.1	-	216.1
Total liabilities	**22,615.2**	**89,217.5**	**1,11,832.7**
Net	**14,575.9**	**15,702.5**	**30,278.4**

(₹ in Million)

Particulars	December 31, 2020		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	2,707.1	-	2,707.1
Other bank balances	19,438.0	1,685.9	21,123.9
Receivables	40.9	-	40.9
Housing and other loans	14,206.3	84,985.5	99,191.8
Investments	3,627.9	245.3	3,873.2
Other financial assets	885.9	1,259.1	2,145.0
Non-financial assets			
Current tax assets (Net)	263.7	-	263.7
Property, plant and equipment	-	161.8	161.8
Right to use assets	-	224.0	224.0
Other intangible assets	-	14.6	14.6
Deferred tax assets (net)	-	2.3	2.3
Other non-financial assets	366.9	0.8	367.7
Total Assets	**41,536.7**	**88,579.3**	**130,116.0**
LIABILITIES			
Financial Liabilities			
Trade Payables	297.0	-	297.0
Debt Securities	7,674.9	14,686.1	22,361.0
Borrowings (Other than debt securities)	13,330.1	59,532.3	72,862.4
Deposits	302.3	166.9	469.2
Subordinated liabilities	(7.9)	840.0	832.1
Other financial liabilities	6,733.1	162.3	6,895.4
Non-Financial Liabilities			
Current tax liabilities (Net)	2.2	-	2.2

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Particulars	December 31, 2020		
	Within 12 months	After 12 months	Total
Provisions	-	127.0	127.0
Deferred tax liabilities (Net)	-	127.8	127.8
Other non-financial liabilities	155.1	-	155.1
Total liabilities	**28,486.8**	**75,642.4**	**104,129.2**
Net	**13,049.9**	**12,936.9**	**25,986.8**

(₹ in Million)

Particulars	March 31, 2021		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	3,835.0	-	3,835.0
Other bank balances	17,832.0	45.8	17,877.8
Receivables	27.2	-	27.2
Housing and other loans	16,116.5	90,016.1	1,06,132.6
Investments	4,730.9	240.0	4,970.9
Other financial assets	901.4	1,251.8	2,153.2
Non-financial assets			
Current tax assets (Net)	342.8	-	342.8
Property, plant and equipment	-	163.9	163.9
Right to use assets	-	354.7	354.7
Other intangible assets	-	12.7	12.7
Deferred tax asset (net)	-	2.8	2.8
Other non-financial assets	426.5	3.2	429.7
Total Assets	**44,212.3**	**92,091.0**	**1,36,303.3**
LIABILITIES			
Financial Liabilities			
Trade Payables	386.8	-	386.8
Debt Securities	7,917.0	13,486.1	21,403.1
Borrowings (Other than debt securities)	14,175.4	66,928.7	81,104.1
Deposits	322.6	83.0	405.6
Subordinated liabilities	(8.1)	840.0	831.9
Other financial liabilities	4,510.7	264.2	4,774.9
Non-Financial Liabilities			
Provisions	-	125.0	125.0
Deferred tax liabilities (Net)	-	178.1	178.1
Other non-financial liabilities	165.6	-	165.6
Total liabilities	**27,470.0**	**81,905.1**	**1,09,375.1**
Net	**16,742.3**	**10,185.9**	**26,928.2**

(₹ in Million)

Particulars	March 31, 2020		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	13,648.8	-	13,648.8
Other bank balances	16,711.6	1,054.8	17,766.4

Notes to restated consolidated financial information

Particulars	March 31, 2020		
	Within 12 months	After 12 months	Total
Receivables	40.8	-	40.8
Housing and other loans	6,506.7	82,583.6	89,090.3
Investments	0.5	239.1	239.6
Other financial assets	744.8	1,157.4	1,902.2
Non-financial assets			
Current tax assets (Net)	278.7	-	278.7
Property, plant and equipment	-	175.1	175.1
Right to use assets	-	258.1	258.1
Other intangible assets	-	9.5	9.5
Deferred tax assets (Net)	-	1.7	1.7
Other non-financial assets	251.2	1.9	253.1
Total Assets	**38,183.1**	**85,481.2**	**1,23,664.3**
LIABILITIES			
Financial Liabilities			
Trade Payables	288.1	-	288.1
Debt Securities	2,743.4	14,338.0	17,081.4
Borrowings (Other than debt securities)	12,928.4	64,912.9	77,841.3
Deposits	257.9	422.4	680.3
Subordinated liabilities	(9.6)	840.0	830.4
Other financial liabilities	2,832.5	185.6	3,018.1
Non-Financial Liabilities			
Provisions	27.5	69.3	96.8
Deferred tax liabilities (Net)	-	186.5	186.5
Other non-financial liabilities	168.1	-	168.1
Total liabilities	**19,236.3**	**80,954.7**	**1,00,191.0**
Net	**18,946.8**	**4,526.5**	**23,473.3**

(₹ in Million)

Particulars	March 31, 2019		
	Within 12 months	After 12 months	Total
ASSETS			
Cash and cash equivalents	9,433.5	-	9,433.5
Other bank balances	1,095.5	10.3	1,105.8
Receivables	38.6	-	38.6
Housing and other loans	13,309.8	66,946.1	80,255.9
Investments	1,257.0	239.6	1,496.6
Other financial assets	853.6	924.6	1,778.2
Non-financial assets			
Current tax assets (Net)	136.1	-	136.1
Property, plant and equipment	-	236.2	236.2
Right to use assets	-	176.1	176.1
Other intangible assets	-	4.4	4.4

Notes to restated consolidated financial information

Particulars	March 31, 2019		
	Within 12 months	**After 12 months**	**Total**
Deferred tax assets (Net)	-	0.9	0.9
Other non-financial assets	137.2	0.7	137.9
Total Assets	**26,261.3**	**68,538.9**	**94,800.2**
LIABILITIES			
Financial Liabilities			
Trade Payables	157.6	-	157.6
Debt Securities	2,614.4	14,208.0	16,822.4
Borrowings (Other than debt securities)	15,374.3	47,520.4	62,894.7
Deposits	697.2	702.0	1,399.2
Subordinated liabilities	(6.6)	840.0	833.4
Other financial liabilities	3,456.2	156.0	3,612.2
Non-Financial Liabilities			
Provisions	26.1	45.4	71.5
Deferred tax liabilities (Net)	-	308.5	308.5
Other non-financial liabilities	111.4	-	111.4
Total liabilities	**22,430.6**	**63,780.3**	**86,210.9**
Net	**3,830.7**	**4,758.6**	**8,589.3**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the RBI / NHB, which has been relied upon by the auditors.

38. Financial risk management

a. Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Group maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

Liquidity risk is managed in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability

Notes to restated consolidated financial information

Committee (ALCO) of the Group formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Maturity Analysis of Financial assets and Financial Liabilities

As at December 31, 2021

(₹ in Million)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	9,881.5	9,881.5	-	-	-
Other bank balances	11,846.9	9,656.8	2,166.1	-	24.0
Housing and other loans	1,12,572.9	13,758.3	23,710.8	20,258.6	54,845.2
Investments	4,061.7	2,048.4	-	-	2,013.3
Receivables & Other financial assets	2,440.6	1,111.7	891.7	303.2	134.0
Total	**1,40,803.6**	**36,456.7**	**26,768.6**	**20,561.8**	**57,016.5**
Financial Liabilities					
Trade payables	534.9	534.9	-	-	-
Debt securities	17,841.2	2,065.1	13,327.8	2,236.0	212.3
Borrowings (other than debt securities)	89,205.4	17,038.7	30,945.7	22,388.8	18,832.2
Deposits	162.8	129.0	28.3	3.9	1.6
Subordinated liabilities	833.7	173.7	60.0	600.0	-
Other financial liabilities	2,694.6	2,450.0	134.5	77.9	32.2
Total	**1,11,272.6**	**22,391.4**	**44,496.3**	**25,306.6**	**19,078.3**
Net	**29,531.0**	**14,065.3**	**(17,727.7)**	**(4,744.8)**	**37,938.2**
Cumulative Net		**14,065.3**	**(3,662.4)**	**(8,407.2)**	**29,531.0**

As at December 31, 2020

(₹ in Million)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	2,707.1	2,707.1	-	-	-
Other bank balances	21,123.9	19,438.0	1,640.8	22.4	22.7
Receivables	40.9	40.9	-	-	-
Housing and other loans	99,191.8	14,206.3	24,453.2	19,486.7	41,045.6
Investments	3,873.2	3,627.9	-	-	245.3
Receivables & Other financial assets	2,145.0	885.9	797.4	303.7	158.0
Total	**129,081.9**	**40,906.1**	**26,891.4**	**19,812.8**	**41,471.6**
Financial Liabilities					
Trade payables	297.0	297.0	-	-	-
Debt securities	22,361.0	7,674.9	12,237.7	750.0	1,698.4

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Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Borrowings (other than debt securities)	72,862.4	13,330.1	24,775.6	17,136.0	17,620.7
Deposits	469.2	302.3	150.3	11.8	4.8
Subordinated liabilities	832.1	(7.9)	240.0	-	600.0
Other financial liabilities	6,895.4	6,733.1	78.6	60.0	23.7
Total	**103,717.1**	**28,329.5**	**37,482.2**	**17,957.8**	**19,947.6**
Net	**25,364.8**	**12,576.6**	**(10,590.8)**	**1,855.0**	**21,524.0**

As at March 31, 2021

(₹ in Million)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	3,835.0	3,835.0	-	-	-
Other bank balances	17,877.8	17,832.0	-	22.8	23.0
Housing and other loans	1,06,132.6	15,584.1	26,712.9	21,344.5	42,491.1
Investments	4,970.9	4,730.9	-	-	240.0
Receivables & Other financial assets	2,180.4	928.6	799.3	294.1	158.4
Total	**1,34,996.7**	**42,910.6**	**27,512.2**	**21,661.4**	**42,912.5**
Financial Liabilities					
Trade payables	386.8	386.8	-	-	-
Debt securities	21,403.1	7,917.0	11,037.7	1,922.0	526.4
Borrowings (other than debt securities)	81,104.1	14,175.4	27,352.7	19,508.9	20,067.1
Deposits	405.6	322.6	71.4	7.4	4.2
Subordinated liabilities	831.9	(8.1)	240.0	-	600.0
Other financial liabilities	4,774.9	4,510.7	123.5	109.7	31.0
Total	**1,08,906.4**	**27,304.4**	**38,825.3**	**21,548.0**	**21,228.7**
Net	**26,090.3**	**15,606.2**	**(11,313.1)**	**113.4**	**21,683.8**
Cumulative Net		**15,606.2**	**4,293.1**	**4,406.5**	**26,090.3**

As at March 31, 2020

(₹ in Million)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	13,648.8	13,648.8	-	-	-
Other bank balances	17,766.4	16,711.6	1,011.6	21.3	21.9
Housing and other loans	89,090.3	6,506.7	19,171.6	16,152.2	47,259.8
Investments	239.6	0.5	-	-	239.1
Receivables & Other financial assets	1,943.0	785.6	739.3	278.5	139.6
Total	**1,22,688.1**	**37,653.2**	**20,922.5**	**16,452.0**	**47,660.4**

Notes to restated consolidated financial information

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Liabilities					
Trade payables	288.1	288.1	-	-	-
Debt securities	17,081.4	2,743.4	8,102.0	4,537.7	1,698.3
Borrowings (other than debt securities)	77,841.3	12,928.4	29,301.1	17,027.4	18,584.4
Deposits	680.3	257.9	389.0	26.8	6.6
Subordinated liabilities	830.4	(9.6)	180.0	60.0	600.0
Other financial liabilities	3,018.1	2,832.5	77.1	72.7	35.8
Total	**99,739.6**	**19,040.7**	**38,049.2**	**21,724.6**	**20,925.1**
Net	**22,948.5**	**18,612.5**	**(17,126.7)**	**(5,272.6)**	**26,735.3**

As at March 31, 2019

(₹ in Million)

Particulars	Carrying Value	Due within 1 year	Due within 1 to 3 year	Due within 3 to 5 year	More than 5 year
Financial Assets					
Cash and cash equivalents	9,433.5	9,433.5	-	-	-
Other bank balances	1,105.8	1,095.5	10.3	-	-
Housing and other loans	80,255.9	13,309.8	19,002.5	15,490.6	32,453.0
Investments	1,496.6	1,257.0	-	-	239.6
Receivables & Other financial assets	1,816.8	892.2	544.5	250.1	130.0
Total	**94,108.6**	**25,988.0**	**19,557.3**	**15,740.7**	**32,822.6**
Financial Liabilities					
Trade payables	157.6	157.6	-	-	-
Debt securities	16,822.4	2,614.4	9,871.9	2,387.7	1,948.4
Borrowings (other than debt securities)	62,894.7	15,374.3	18,617.8	13,736.1	15,166.5
Deposits	1,399.2	697.2	642.3	47.9	11.8
Subordinated liabilities	833.4	(6.6)	-	240.0	600.0
Other financial liabilities	3,612.2	3,456.3	62.4	53.5	40.1
Total	**85,719.5**	**22,293.2**	**29,194.4**	**16,465.2**	**17,766.8**
Net	**8,389.1**	**3,694.8**	**(9,637.1)**	**(724.5)**	**15,055.8**

Note: The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the company for compiling the return submitted to the NHB, which has been relied upon by the auditors.

b. Interest Risk

The core business of the Group is providing housing and other mortgage loans. The Group borrows through various financial instruments to finance its core lending activity. These activities expose the Group to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of

Notes to restated consolidated financial information

Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. The interest rate risk is monitored through above measures on a quarterly basis.

Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Group's statement of profit and loss (before taxes)

(₹ in Million)

Particulars	Basis Points	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Increase by basis points	+50	117.8	131.3	164.6	79.1	73.5
Decrease by basis points	-50	(117.8)	(131.3)	(164.6)	(79.1)	(73.5)

c. Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Group. In its lending operations, the Group is principally exposed to credit risk.

The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

The Group measures, monitors and manages credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and other property loans. The Group has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

Credit Risk Assessment Methodology

Group's customers for retail loans are primarily lower and middle income, salaried and self-employed individuals. The loans are secured by the mortgage of the borrowers' property.

The Group's credit officers evaluate credit proposals on the basis of operating policies approved by the Board of Directors. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

Notes to restated consolidated financial information

Group monitor's borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Stage 1	High quality assets	12-month ECL
Stage 2	Assets for which there is significant increase in credit risk	Lifetime ECL
Stage 3	Credit-impaired assets	Lifetime ECL – credit-impaired

The key elements in calculation of ECL 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 period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

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 determined based on seasoned historical portfolio data.

Additional provision due to Covid-19 and one-time restructuring-

Based on management overlay the additional provision including one-time restructuring maintained at amount of ₹ 796.7 Million has been carried as of December 31, 2021.

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

a) Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

Notes to restated consolidated financial information

As at December 31, 2021

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	1,02,917.2	276.6	1,02,640.6
Stage 2 – Assets for which there is significant increase in credit risk	Loan	9,074.1	877.1	8,197.0
Stage 3 - Credit-impaired assets	Loan	2,729.3	711.0	2,018.3

1. Above includes Expected Credit Loss provision on Loan commitment amount to Rs. 5.9 Million included in Stage 1.
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to Rs. 796.7 Million.
3. Gross carrying amount disclosed above excludes EIR adjustments amounting to Rs. 390.1 Million.
4. Stage 3 assets includes loan assets more than 90 DPD and less than equal to 90 DPD, the breakup is as under :-

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 3a – Assets Less than equal to 90 DPD	Loan	754.6	89.0	665.6
Stage 3b – Assets more than 90 DPD	Loan	1,974.7	622.0	1,352.7
Total Stage 3 - Credit-impaired assets	Loan	**2,729.3**	**711.0**	**2,018.3**

Note : Stage 3b - Assets more than 90 DPD is comparable with Stage 3 assets of March 31, 2021, December 31, 2020, March 31, 2020 and March 31, 2019.

As at December 31, 2020

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	93,452.3	229.2	93,223.1
Stage 2 – Assets for which there is significant increase in credit risk	Loan	5,884.4	655.6	5,228.8
Stage 3 - Credit-impaired assets	Loan	1,609.4	442.7	1,166.7

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 4.1 Million included in Stage 1.
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and one time restructuring amounting to ₹ 495.1 Million

Notes to restated consolidated financial information

As at March 31, 2021

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	99,829.6	244.2	99,585.4
Stage 2 – Assets for which there is significant increase in credit risk	Loan	6,848.6	795.6	6,053.0
Stage 3 - Credit-impaired assets	Loan	1,350.1	433.6	916.5

1. Above includes Expected Credit Loss provision on Loan commitment amount to Rs. 4.5 Million included in Stage 1.
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and loans on which One Time Restructuring was implemented amounting to Rs. 602.2 Million.
3. Gross carrying amount disclosed above excludes EIR adjustments amounting to Rs. 437.1 Million.

As at March 31, 2020

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	85,798.1	410.0	85,388.1
Stage 2 – Assets for which there is significant increase in credit risk	Loan	3,639.9	355.1	3,284.8
Stage 3 - Credit-impaired assets	Loan	991.2	254.9	736.3

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 3.7 Million included in Stage 1.
2. Above includes Expected Credit Loss provision due to current economic situation of Covid-19 and moratorium amounting to ₹ 495.1 Million

As at March 31, 2019

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss (refer note 1 and 2 below)	Net Carrying Amount
Stage 1 – High quality assets	Loan	76,224.3	132.2	76,092.1
Stage 2 – Assets for which there is significant increase in credit risk	Loan	3,634.6	191.6	3,443.0
Stage 3 - Credit-impaired assets	Loan	630.1	128.0	502.1

1. Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 4.6 Million included in Stage 1.

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Notes to restated consolidated financial information

Reconciliation of Loan balances is given below:

(₹ in Million)

Particulars	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**99,829.6**	**6,848.6**	**1,350.1**	**1,08,028.3**
New assets added during the period	23,773.5	-	-	23,773.5
Assets derecognised under direct assignment	(5,592.2)	-	-	(5,592.2)
Repayment of Loans (excluding write offs)	(11,007.2)	(317.2)	(136.9)	(11,461.3)
Transfers to / from Stage 1	797.8	(755.0)	(42.8)	-
Transfers to / from Stage 2	(4,261.2)	4,286.0	(24.8)	-
Transfers to / from Stage 3	(621.9)	(982.7)	1,604.6	-
Amounts written off	(1.2)	(5.6)	(20.9)	(27.7)
Gross carrying amount closing balance	**1,02,917.2**	**9,074.1**	**2,729.3**	**1,14,720.6**

(₹ in Million)

Particulars	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**85,798.1**	**3,639.9**	**991.2**	**90,429.2**
New assets added during the period	22,329.5	-	-	22,329.5
Assets derecognised under direct assignment	(4,515.2)	-	-	(4,515.2)
Repayment of Loans (excluding write offs)	(7,125.0)	(86.6)	(67.1)	(7,278.7)
Transfers to / from Stage 1	1,119.8	(1,104.6)	(11.0)	4.2
Transfers to / from Stage 2	(4,068.1)	4,079.3	(11.0)	0.2
Transfers to / from Stage 3	(76.4)	(636.2)	724.1	11.5
Amounts written off	(10.4)	(7.4)	(16.8)	(34.6)
Gross carrying amount closing balance	**93,452.3**	**5,884.4**	**1,609.4**	**1,00,946.1**

(₹ in Million)

Particulars	March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**85,798.1**	**3,639.9**	**991.2**	**90,429.2**
New assets added during the period	35,447.1	-	-	35,447.1
Assets derecognised under direct assignment	(5,778.7)	-	-	(5,778.7)
Repayment of Loans (excluding write offs)	(11,630.4)	(200.1)	(192.2)	(12,022.7)
Transfers to / from Stage 1	961.6	(947.9)	(13.7)	-
Transfers to / from Stage 2	(4,874.8)	4,907.3	(32.5)	-
Transfers to / from Stage 3	(80.9)	(542.5)	623.4	-
Amounts written off	(12.4)	(8.1)	(26.1)	(46.6)
Gross carrying amount closing balance	**99,829.6**	**6,848.6**	**1,350.1**	**1,08,028.3**

Notes to restated consolidated financial information

(₹ in Million)

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**76,224.3**	**3,634.6**	**630.1**	**80,489.0**
New assets added during the year	31,901.4	-	-	31,901.4
Assets derecognised under direct assignment	(9,546.7)	-	-	(9,546.7)
Repayment of Loans (excluding write offs)	(11,645.6)	(548.1)	(99.5)	(12,293.2)
Transfers to / from Stage 1	1,004.4	(984.3)	(22.5)	(2.4)
Transfers to / from Stage 2	(1,933.6)	1,946.1	(13.8)	(1.3)
Transfers to / from Stage 3	(189.2)	(360.3)	588.3	38.8
Amounts written off	(16.9)	(48.1)	(91.4)	(156.4)
Gross carrying amount closing balance	**85,798.1**	**3,639.9**	**991.2**	**90,429.2**

(₹ in Million)

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**69,559.7**	**2,304.6**	**510.5**	**72,374.8**
New assets added during the year	35,707.9	-	-	35,707.9
Assets derecognised under direct assignment	(14,830.5)	-	-	(14,830.5)
Repayment of Loans (excluding write offs)	(12,184.4)	(399.3)	(84.6)	(12,668.3)
Transfers to / from Stage 1	332.8	(585.3)	(21.8)	(274.3)
Transfers to / from Stage 2	(2,212.4)	2,517.2	(39.8)	265.0
Transfers to / from Stage 3	(136.0)	(181.8)	341.6	23.8
Amounts written off	(12.8)	(20.8)	(75.8)	(109.4)
Gross carrying amount closing balance	**76,224.3**	**3,634.6**	**630.1**	**80,489.0**

Note: Gross carrying amount disclosed above excludes EIR adjustments :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
EIR Amount	390.1	442.8	437.1	517.4	461.2

Reconciliation of ECL balance is given below:

(₹ in Million)

Particulars	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**244.2**	**795.6**	**433.6**	**1,473.4**
New assets added during the period	64.2	-	-	64.2
Assets derecognised under direct assignment	(15.1)	-	-	(15.1)
Repayment of Loans (excluding write offs)	(26.4)	(36.9)	(45.4)	(108.7)
Transfers to / from Stage 1	2.2	(2.0)	(0.2)	-
Transfers to / from Stage 2	(412.1)	414.5	(2.4)	-
Transfers to / from Stage 3	(162.0)	(256.0)	418.0	-
Impact on period end ECL of exposures transferred between stages during the period	582.8	(227.0)	(71.7)	284.1
Additional provision due to Covid-19 and	-	194.5	-	194.5

Notes to restated consolidated financial information

Particulars	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
onetime restructuring				
Amounts written off	(1.2)	(5.6)	(20.9)	(27.7)
Gross carrying amount closing balance	**276.6**	**877.1**	**711.0**	**1,864.7**

(₹ in Million)

Particulars	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**410.0**	**355.1**	**254.9**	**1,020.0**
New assets added during the period	33.5	-	-	33.5
Assets derecognised under direct assignment	(6.8)	-	-	(6.8)
Repayment of Loans (excluding write offs)	(10.7)	(6.0)	(18.6)	(35.3)
Transfers to / from Stage 1	1.7	(76.5)	(3.0)	(77.8)
Transfers to / from Stage 2	(6.1)	282.7	(3.0)	273.6
Transfers to / from Stage 3	(0.1)	(44.1)	200.7	156.5
Impact on period end ECL of exposures transferred between stages during the period	(192.3)	144.4	11.7	(36.2)
Additional Provision	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**229.2**	**655.6**	**442.7**	**1,327.5**

(₹ in Million)

Particulars	March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**410.0**	**355.1**	**254.9**	**1,020.0**
New assets added during the period	85.1	-	-	85.1
Assets derecognised under direct assignment	(13.9)	-	-	(13.9)
Repayment of Loans (excluding write offs)	(16.3)	(9.7)	(43.1)	(69.1)
Transfers to / from Stage 1	2.3	(2.3)	-	-
Transfers to / from Stage 2	(566.9)	570.7	(3.8)	-
Transfers to / from Stage 3	(26.8)	(179.9)	206.7	-
Impact on period end ECL of exposures transferred between stages during the period	370.7	(45.4)	13.1	338.4
Additional provision due to Covid-19 and onetime restructuring	-	107.1	-	107.1
Amounts written off	-	-	5.8	5.8
Gross carrying amount closing balance	**244.2**	**795.6**	**433.6**	**1,473.4**

(₹ in Million)

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**132.2**	**191.6**	**128.0**	**451.8**
New assets added during the year	44.7	-	-	44.7
Assets derecognised under direct assignment	(13.4)	-	-	(13.4)
Repayment of Loans (excluding write offs)	(16.3)	(26.6)	(22.3)	(65.2)
Transfers to / from Stage 1	1.4	(47.7)	(5.0)	(51.3)
Transfers to / from Stage 2	(2.7)	94.4	(3.1)	88.6

Notes to restated consolidated financial information

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Transfers to / from Stage 3	(0.3)	(17.5)	132.0	114.2
Impact on year end ECL of exposures transferred between stages during the year	(19.8)	3.6	31.4	15.2
Additional Provision due to covid-19	284.2	178.4	32.5	495.1
Amounts written off	-	(21.1)	(38.6)	(59.7)
Gross carrying amount closing balance	**410.0**	**355.1**	**254.9**	**1,020.0**

(₹ in Million)

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**98.6**	**134.9**	**95.2**	**328.7**
New assets added during the year	42.3	-	-	42.3
Assets derecognised under direct assignment	(17.6)	-	-	(17.6)
Repayment of Loans (excluding write offs)	(14.5)	(21.1)	(17.4)	(53.0)
Transfers to / from Stage 1	0.4	(30.9)	(4.5)	(35.0)
Transfers to / from Stage 2	(2.6)	132.7	(8.2)	121.9
Transfers to / from Stage 3	(0.2)	(9.6)	67.1	57.3
Impact on year end ECL of exposures transferred between stages during the year	25.8	(14.4)	55.7	67.1
Amounts written off	-	-	(59.9)	(59.9)
Gross carrying amount closing balance	**132.2**	**191.6**	**128.0**	**451.8**

Note: Above includes Expected Credit Loss provision on Loan commitment :

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Provision towards Loan Commitments	5.9	4.1	4.5	3.7	4.6

b) Loans to Developers

The table below shows the credit quality and the exposure to credit risk based on the period-end stage classification. The amounts presented are gross of impairment allowances.

As at December 31, 2021

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	-	-	-
Stage 2 – Assets for which there is significant increase in credit risk	Loan	11.9	8.3	3.6
Stage 3 - Credit-impaired assets	Loan	-	-	-

Notes to restated consolidated financial information

As at December 31, 2020

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	-	-	-
Stage 2 – Assets for which there is significant increase in credit risk	Loan	21.7	7.1	14.6
Stage 3 - Credit-impaired assets	Loan	364.3	364.3	-

As at March 31, 2021

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	18.8	5.0	13.8
Stage 2 – Assets for which there is significant increase in credit risk	Loan	-	-	-
Stage 3 - Credit-impaired assets	Loan	-	-	-

As at March 31, 2020

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	25.4	2.6	22.8
Stage 2 – Assets for which there is significant increase in credit risk	Loan	100.0	31.8	68.2
Stage 3 - Credit-impaired assets	Loan	321.9	216.5	105.4

As at March 31, 2019

(₹ in Million)

Particulars	Asset category	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
Stage 1 – High quality assets	Loan	267.5	18.0	249.5
Stage 2 – Assets for which there is significant increase in credit risk	Loan	242.2	68.9	173.3
Stage 3 - Credit-impaired assets	Loan	499.7	244.4	255.3

Reconciliation of Loan balances is given below:

(₹ in Million)

Particulars	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**18.8**	**-**	**-**	**18.8**
New assets added during the period	-	-	-	-

Notes to restated consolidated financial information

Particulars	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Repayment of Loans (excluding write offs)	(6.9)	-	-	(6.9)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	(11.9)	11.9	-	-
Transfers to / from Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**-**	**11.9**	**-**	**11.9**

(₹ in Million)

Particulars	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**25.4**	**100.0**	**321.9**	**447.3**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(3.7)	(11.3)	(18.8)	(33.8)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	(21.7)	21.7	-	-
Transfers to / from Stage 3	-	(88.7)	66.5	(22.2)
Amounts written off	-	-	(5.3)	(5.3)
Gross carrying amount closing balance	**-**	**21.7**	**364.3**	**386.0**

(₹ in Million)

Particulars	March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**25.4**	**100.0**	**321.9**	**447.3**
New assets added during the period				
Repayment of Loans (excluding write offs)	(6.6)	(31.7)	(94.0)	(132.3)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Amounts written off	-	(68.3)	(227.9)	(296.2)
Gross carrying amount closing balance	**18.8**	**-**	**-**	**18.8**

(₹ in Million)

Particulars	March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**267.5**	**242.2**	**499.7**	**1,009.4**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(57.5)	(39.2)	(9.4)	(106.1)
Transfers to / from Stage 1	24.2	(25.4)	-	(1.2)
Transfers to / from Stage 2	(79.0)	100.0	(21.0)	-
Transfers to / from Stage 3	(28.3)	(49.1)	103.3	25.9
Amounts written off	(101.5)	(128.5)	(250.7)	(480.7)
Gross carrying amount closing balance	**25.4**	**100.0**	**321.9**	**447.3**

(₹ in Million)

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**710.2**	**224.3**	**436.9**	**1,371.4**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(185.4)	(37.2)	(123.6)	(346.2)
Transfers to / from Stage 1	167.1	(114.3)	(52.8)	-

Notes to restated consolidated financial information

Particulars	March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Transfers to / from Stage 2	(227.8)	227.8	-	-
Transfers to / from Stage 3	(196.6)	(58.4)	257.1	2.1
Amounts written off	-	-	(17.9)	(17.9)
Gross carrying amount closing balance	**267.5**	**242.2**	**499.7**	**1,009.4**

Reconciliation of ECL balance is given below:

(₹ in Million)

Particulars	December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**5.0**	**-**	**-**	**5.0**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(1.8)	-	-	(1.8)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	8.3	-	8.3
Transfers to / from Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	(3.2)	-	-	(3.2)
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**-**	**8.3**	**-**	**8.3**

(₹ in Million)

Particulars	December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2.6**	**31.8**	**216.5**	**250.9**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	-	(3.7)	(18.8)	(22.5)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	7.1	-	7.1
Transfers to / from Stage 3	-	(29.2)	66.5	37.3
Impact on period end ECL of exposures transferred between stages during the period	(2.6)	1.1	100.1	98.6
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**-**	**7.1**	**364.3**	**371.4**

(₹ in Million)

Particulars	March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**2.6**	**31.8**	**216.5**	**250.9**
New assets added during the period	-	-	-	-
Repayment of Loans (excluding write offs)	(0.7)	(10.1)	(63.2)	(74.0)
Transfers to / from Stage 1	-	-	-	-
Transfers to / from Stage 2	-	-	-	-
Transfers to / from Stage 3	-	-	-	-
Impact on period end ECL of exposures transferred between stages during the period	3.1	46.6	89.7	139.4
Amounts written off	-	(68.3)	(243.0)	(311.3)
Gross carrying amount closing balance	**5.0**	**-**	**-**	**5.0**

Notes to restated consolidated financial information

(₹ in Million)

Particulars	March 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**18.0**	**68.9**	**244.4**	**331.3**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(5.8)	(12.5)	(6.3)	(24.6)
Transfers to / from Stage 1	2.4	(8.1)	-	(5.7)
Transfers to / from Stage 2	(8.0)	31.8	(14.1)	9.7
Transfers to / from Stage 3	(2.8)	(15.6)	69.5	51.1
Impact on year end ECL of exposures transferred between stages during the year	100.1	95.7	173.7	369.5
Amounts written off	(101.3)	(128.4)	(250.7)	(480.4)
Gross carrying amount closing balance	**2.6**	**31.8**	**216.5**	**250.9**

(₹ in Million)

Particulars	March 31, 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount opening balance	**35.5**	**59.0**	**194.2**	**288.7**
New assets added during the year	-	-	-	-
Repayment of Loans (excluding write offs)	(12.5)	(10.6)	(61.8)	(84.9)
Transfers to / from Stage 1	11.3	(32.5)	(26.4)	(47.6)
Transfers to / from Stage 2	(15.4)	64.8	-	49.4
Transfers to / from Stage 3	(13.3)	(16.6)	127.5	97.6
Impact on year end ECL of exposures transferred between stages during the year	12.4	4.8	28.8	46.0
Amounts written off	-	-	(17.9)	(17.9)
Gross carrying amount closing balance	**18.0**	**68.9**	**244.4**	**331.3**

Note: Above includes Expected Credit Loss provision on Loan commitment amount to Nil Lakh.

Impairment allowance for loan against fixed deposit is Nil and therefore related disclosures are not given in the financial statement.

c) Group monitors Gross NPAs on Assets under Company's management ("AUM") and Own Book at retail and overall basis.

(₹ in Million)

Particulars	**As at December 31, 2021**	**As at December 31, 2020 #**	**As at December 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**	**As at March 31, 2019**
AUM	1,40,521.9	1,26,664.1	1,26,664.1	1,33,271.0	1,14,316.6	1,00,157.5
GNPA on AUM	3,162.5*	1,994.0	1,119.4	1,430.3	1,237.1	1,021.7
GNPA on AUM (%)	2.25%*	1.57%	0.88%	1.07%	1.08%	1.02%
Retail AUM	1,40,510.3	1,26,278.5	1,26,278.5	1,33,252.2	1,13,896.2	99,208.7
GNPA on Retail AUM	3,162.5*	1,629.7	843.8	1,430.3	937.4	572.7
GNPA on Retail AUM (%)	2.25%*	1.29%	0.67%	1.07%	0.82%	0.58%
Own Book	1,13,545.5	1,01,011.5	1,01,011.5	1,07,802.3	90,605.0	81,237.8
GNPA on Own Book	2,729.3**	1,845.1	1,060.2	1,307.1	1,170.0	1,000.3
GNPA on Own Book (%)	2.40%**	1.83%	1.05%	1.21%	1.29%	1.23%
Retail Own Book	1,13,533.8	1,00,625.9	1,00,625.9	1,07,783.5	90,184.5	80,289.0
GNPA on Retail Own Book	2,729.3**	1,480.7	784.5	1,307.1	870.3	551.3
GNPA on Retail Own Book (%)	2.40%**	1.47%	0.78%	1.21%	0.96%	0.69%

Notes to restated consolidated financial information

#The Hon'ble Supreme Court in a public interest litigation (Gajendra sharma vs. Union of India & Anr) vide an interim order dated 3 September 2020 ('interim order') has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Basis the said interim order, the Group has not classified eligible accounts as NPA as at December 31, 2020. Such accounts have been classified as stage 3 and provisioned accordingly. This proforma details is prepared assuming that NPA would have been classified in December 31,2020.
Excluding accrued interest and adjustment on account of application of EIR under Ind AS
* Includes loan assets of INR 913.8 Million (0.65%) not more than 90 DPD which have been classified as NPA as per the RBI circular dated 12th November, 2021.
** Includes loan assets of INR 754.6 Million (0.66%) not more than 90 DPD which have been classified as NPA as per the RBI circular dated 12th November, 2021.
Note : 1. Assets repossessed under SARFAESI are included in above disclosure in respective items.
2. The amount mentioned above of ‘Own Book’ excludes EIR, Interest accrued on loans and loans against Fixed Deposits.

39. Capital Management

The Group’s objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total ‘equity’ (as shown in the balance sheet) and Capital adequacy ratio.

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Total Borrowings (₹ in Million)	1,08,043.1	96,524.7	1,03,744.7	96,433.4	81,949.7
Total Net Borrowings (₹ in Million)	84,266.6	69,066.4	77,301.4	65,018.3	70,154.4
Total Equity (₹ in Million)	30,278.4	25,986.8	26,928.2	23,473.3	8,589.3
Gross Debt Equity Ratio	3.57	3.71	3.85	4.11	9.54
Net Debt Equity Ratio	2.78	2.66	2.87	2.77	8.17

Total Borrowing includes Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities.
Total net borrowing = Total borrowings – Cash and Cash Equivalents – Investment in Liquid Mutual fund – Receivable from Mutual Fund
The Parent Company is required to maintain the CRAR of 15% by March 31, 2022 as required by RBI and NHB. Further company is required to maintain borrowing not exceeding 12 times of Net Owned Fund.

Below are the details of CRAR and other ratio maintained and calculated as per NHB guidelines in the respective year / period by the Parent Company and as per regulatory return filed with NHB in respective year / period.

Notes to restated consolidated financial information

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Risk weighted Assets (₹ in Million)	68,510.1	57,055.3	62,454.9	47,734.4	46,615.1
Net owned funds (Tier I Capital) (₹ in Million)	29,878.4	25,857.7	26,621.8	23,426.6	7,255.7
Tier II Capital (₹ in Million)	768.5	889.8	909.2	1,120.6	1,263.9
CRAR	44.73%	46.88%	44.08%	51.42%	18.28%
% Variance of CRAR	1.47%	(8.83%)	(14.27)%	181.29%*	
CRAR-Tier I Capital	43.61%	45.32%	42.62%	49.08%	15.57%
% Variance of CRAR-Tier I Capital	2.32%	(7.66%)	(13.16%)	215.22%*	
CRAR- Tier II Capital	1.12%	1.56%	1.46%	2.35%	2.71%
% Variance of CRAR-Tier II Capital	(23.29%)	(33.62%)#	(37.87%)#	(13.28)%	
Amount of subordinated debt qualified as Tier-II Capital (₹ in Million)	492.0	660.0	660.0	708.0	756.0
Amount raised by issue of perpetual debt instruments	Nil	Nil	Nil	Nil	Nil
Liquidity Coverage Ratio **	74.66%	Not Applicable on the reporting date	Not Applicable on the reporting date	Not Applicable on the reporting date	Not Applicable on the reporting date

1. CRAR (Capital Risk Adjusted Ratio) = [Risk Weighted Assets / Net owned fund and Tier II Capital]
2. CRAR (Capital Risk Adjusted Ratio) -Tier I Capital = [Risk Weighted Assets / Net owned fund]
3. CRAR (Capital Risk Adjusted Ratio) -Tier II Capital = [Risk Weighted Assets / Tier II Capital)
4. Liquidity Coverage Ratio = [Stock of High Quality Liquid Assets / Total net cash outflow required in next 30 calendar days]

*CRAR and CRAR Tier I capital has increased due to increase in net owned fund during March 31, 2020

Reduction in CRAR-Tier II Capital is due to reduction in Amount of subordinated debt qualified as Tier-II Capital

**Liquidity Coverage Ratio requirement applicable from December 1, 2021 to the Parent Company as per Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 circular no RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021.

40. Segment reporting

The Group operates only in one Operating Segment i.e Housing Finance business - Financial Services and all other activities are incidental to the main business activity, hence have only one reportable Segment as per Indian Accounting Standard 108 “Operating Segments”. The reportable business segments are in line with the segment wise information which is being presented to the CODM. The Group has identified Managing Director and CEO as CODM.

The Group has its operations within India and all revenue is generated within India.

Notes to restated consolidated financial information

41. Employee benefits

41.1 Defined Contribution Plan

The Group makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident fund	32.1	28.6	38.3	29.0	27.3
Contribution to pension fund	38.1	35.0	47.3	35.4	32.8
Contribution to new pension scheme	3.0	2.3	3.2	3.6	0.9
Contribution to ESIC	7.9	5.9	8.8	6.6	13.7

41.2 Defined Benefit Plan

The Group provides gratuity to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The gratuity plan typically expose the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to restated consolidated financial information

The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:

i. Changes in Defined Benefit Obligation

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Liability at the beginning of the period	115.6	91.3	91.3	61.1	41.5
Current service cost	25.9	20.4	27.2	21.1	15.7
Interest cost	5.8	4.4	5.8	4.5	3.1
Plan Amendment Cost	-	-	-	-	-
Actuarial (gain) /losses	(13.7)	1.1	(4.0)	11.8	5.2
Benefits paid	(4.2)	(2.6)	(4.7)	(7.2)	(4.4)
Liability at the end of the period	129.3	114.6	115.6	91.3	61.1

ii. Changes in Fair Value of Plan Assets

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Plan Assets at the beginning of the period	66.3	61.6	61.6	50.9	40.7
Expected return on plan assets	3.3	3.1	4.1	4.1	3.4
Actuarial Gain/(Loss)	(0.6)	1.5	0.6	1.0	(0.2)
Employer Contribution	-	-	-	5.6	7.0
Benefits Paid	-	-	-	-	-
Plan Assets at the end of the period	69.0	66.2	66.3	61.6	50.9

iii. Reconciliation of Fair Value of Assets and Obligations

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Fair value of Plan Assets	69.0	66.2	66.3	61.6	50.9
Present Value of Obligation	129.3	114.6	115.6	91.3	61.1
Amount Recognised in Balance Sheet	(60.3)	(48.4)	(49.3)	(29.7)	(10.2)

Notes to restated consolidated financial information

iv. Expenses recognised in Statement of Profit and Loss

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Service Cost	25.9	20.4	27.2	21.1	15.7
Net interest on net defined benefit liability / (asset)	2.4	1.4	1.8	0.3	(0.3)
Plan amendment cost / Direct payment	-	-	-	-	-
Expenses recognised in the statement of profit and loss under employee benefits expenses	28.3	21.8	29.0	21.4	15.4

v. Expenses recognised in Statement of Other Comprehensive Income

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain) / loss arising during period	(13.1)	(0.4)	(4.6)	10.8	5.3
Expenses recognised in the other comprehensive income	(13.1)	(0.4)	(4.6)	10.8	5.3

vi. Expected benefit payments

(₹ in Million)

Particulars	As at December 31, 2021
December 31, 2022	8.1
December 31, 2023	8.9
December 31, 2024	11.9
December 31, 2025	14.4
December 31, 2026	19.6
After December 31, 2026	168.7

Notes to restated consolidated financial information

vii. Actuarial Assumptions

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Mortality Table	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	6.7%	6.2%	6.7%	6.7%	7.6%
Salary Escalation Rate	9.5%	9.5%	9.5%	9.5%	8%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary and this has been relied upon by the auditors.

The expected rate of return on plan asset is determined considering several applicable factors , mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Group's policy for plan assets management.

Effect of change in assumptions

(₹ in Million)

Particulars	Plan Liabilities
Discount Rate (increase by 0.5%)	(6.2)
Discount Rate (decrease by 0.5%)	6.8
Salary Escalation Rate (increase by 0.5%)	6.1
Salary Escalation Rate (decrease by 0.5%)	(5.8)

viii. Amount recognised in current period and previous periods

Gratuity:

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Defined benefit obligation	129.3	114.6	115.6	91.3	58.0	41.5
Fair value of plan asset	69.0	66.2	66.3	61.6	50.9	40.7
(Surplus)/ Deficit in the plan	60.3	48.4	49.3	29.7	7.1	0.8
Actuarial (gain)/loss on plan obligation	(13.7)	1.1	(4.0)	11.8	5.2	9.8
Actuarial gain/(loss) on plan asset	0.6	1.5	0.6	1.0	(0.2)	(1.0)

Notes to restated consolidated financial information

Plan Assets

Plan asset composition	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Schemes of Insurance – conventional products	2.57%	2.50%	2.50%	2.61%	2.95%
Schemes of Insurance –ULIP Product	97.43%	97.50%	97.50%	97.39%	97.05%

42. Employee stock appreciation rights and Employees Stock Option

a) Employee Stock Appreciation Rights Plan 2018 ("ESAR 2018" / "Plan")

ESAR 2018 was approved by the shareholders of the Parent Company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on March 26, 2018.

Movement in ESARs

Particulars	For the nine months ended December 31, 2021 (Nos)	For the nine months ended December 31, 2020 (Nos)	For the year ended March 31, 2021 (Nos)	For the year ended March 31, 2020 (Nos)	For the year ended March 31, 2019 (Nos)
Opening	**19,69,286.25**	1,98,992.48	1,98,992.48	2,63,308.76	**-**
Granted during the period	-	-	-	-	2,77,295.20
Adjustment for Bonus Issue (refer note below)	-	-	17,90,932.32	-	-
Lapsed during the period	-	825.54	8,255.42	49,935.75	13,986.44
Exercised by employee*	-	1238.31	12,383.13	14,380.53	-
Closing	**19,69,286.25**	**1,96,928.63**	**19,69,286.25**	**1,98,992.48**	**2,63,308.76**
Vested as at period end	**19,69,286.25**	**1,18,157.18**	**11,81,571.76**	**1,19,395.49**	**78,992.63**
Unvested as at period end	**-**	**78,771.45**	**7,87,714.49**	**79,596.99**	**1,84,316.13**

* Exercised by employee pending for decision by Nomination and remuneration committee on allotment.

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on January 16, 2021 in extraordinary general meeting (EGM).

ESAR were granted at the Price of ₹ 291.70 which was the fair value on the grant date.

The key assumptions used to estimate the fair value of ESARs are:

Particulars	ESAR 2018
Dividend yield	2.40%
Expected Life	3 Years
Risk free interest rate	7.45%
Volatility	0.01%
Model Used	Black & Scholes

Notes to restated consolidated financial information

The expense arises from equity settled ESARs:-

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
ESAR Expenses	-	1.9	2.5	3.0	8.3

b) Employee stock option plans (ESOPS)

Employee Stock Option Plan 2020 ("ESOP Plan 2020")

ESOP Plan 2020 was approved by the shareholders of the company and subsequently the Grant was approved by the Board and the Nomination and Remuneration Committee at its meeting held on May 05, 2020 with the grant date of December 31, 2020 & meeting held on January 16, 2021 with the grant date of January 16, 2021. Details of ESOP Plan 2020 granted are as follows:

Particulars	**ESOP Plan 2020 – March 2020**	**ESOP Plan 2020 – January 2021**	**ESOP Plan 2020 – September 2021**
Scheme Name	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020	Employee Stock Option Plan 2020
No. of options approved	12,00,000*	6,15,460	15,84,058
Date of Grant	March 31, 2020	January 16, 2021	September 22, 2021
No of option granted	10,44,395*	6,15,460	15,84,058
Exercise Price (Rs)	908.05*	90.805	90.805
Method of Settlement	Equity	Equity	Equity
Time Based Eligibility	20% each year in next Five years.	20% each year in next Five years.	20% each year in next Five years.
Vesting Schedule	Eligible options will vest in 60%, 20% and 20% in on Eligibility date, 1st year from eligibility date and 2nd year from eligibility date respectively	Eligible options will vest in 60%, 20% and 20% in on Eligibility date, 1st year from eligibility date and 2nd year from eligibility date respectively	Eligible options will vest in 60%, 20% and 20% in on Eligibility date, 1st year from eligibility date and 2nd year from eligibility date respectively
Condition	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.	1. All eligible options will vest subject to BCP Topco VII Pte. Ltd. Realising minimum net consideration cumulatively from the sale of the Shares held 2. Proportion of eligible option vesting to extent of sale by BCP Topco VII Pte. Ltd.

Notes to restated consolidated financial information

Particulars	ESOP Plan 2020 – March 2020	ESOP Plan 2020 – January 2021	ESOP Plan 2020 – September 2021
Exercise period	2 Years from Vesting	2 Years from Vesting	2 Years from Vesting

* ESOP Plan 2020 – March 2020 disclosure doesn't include the impact **of** bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on 16th January 2021 in extraordinary general meeting (EGM).

Computation of fair value of options

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	ESOP Plan 2020 (March 31, 2020)	ESOP Plan 2020 (January 16, 2021)	ESOP Plan 2020 (September 22, 2021)
Fair value of the option (Rs)	Rs 96 to Rs 333	Rs 28.15 to Rs 51.92	Rs 28.8 to Rs 51.6
Fair value of share on the date of grant (Rs)	908.05	110.00	111.10
Exercise Price(Rs)	908.05	90.805	90.805
Expected Life	3 years to 9 years	3 years to 9 years	3 years to 9 years
Expected Volatility (%)	9.7% to 12.7%	15.6% to 22.1%	15.2% to 22.0%
Life of the Option (years)	3 years to 9 years	3 years to 9 years	3 years to 9 years
Risk Free rate of return (%)	5.2% to 6.7%	4.0% to 6.6%	3.9% to 6.3%
Expected dividend rate (%)	0.8%	0.6%	0.6%

The expected life of the share options is based on current expectations and is not necessarily indicative of exercise patterns that may actually occur. Further, the condition of specified sale of the shares held by the investor is estimated to be fulfilled on the relevant eligibility dates.

Movement in ESOPs

Particulars	For the nine months ended December 31, 2021(Nos)	For the nine months ended December 31, 2020(Nos)	For the year ended March 31, 2021(Nos)	For the year ended March 31, 2020(Nos)
Opening	1,07,02,850	10,44,395	10,44,395	**-**
Adjustment for bonus issue (refer note below)	-	-	93,99,555	
Granted during the period	18,79,549	-	6,15,460	10,44,395
Lapsed during the period	12,01,490	16,538	3,56,560	-
Closing	**1,13,80,909**	**10,27,857**	**1,07,02,850**	**10,44,395**
Vested as at period end	**-**	**-**	**-**	**-**
Unvested as at period end	**1,13,80,909**	**10,27,857**	**1,07,02,850**	**10,44,395**

Note: The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on January 16, 2021 in extraordinary general meeting (EGM).

Notes to restated consolidated financial information

The expense arises from equity settled ESOPs transaction :-

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
ESOP expenses	44.4	40.7	58.7	0.1	-

43. Foreign currency transactions

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Foreign business travel	-	-	-	0.2	0*
Total	**-**	**-**	**-**	**0.2**	**0**

* Amount less than ₹ 50,000.

44. a) Related party transactions

List of related parties with whom transactions have taken place during the periods and relationship:

Sr. No	Relationship	Name of Related Party
1.	Holding Company	BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)
		Wadhawan Global Capital Limited (Formerly Known as Wadhawan Global Capital Private Limited) (upto June 10, 2019)
2.	Enterprise having Significant Influence	International Finance Corporation (Washington) (upto June 10, 2019)
3.	Other Group Companies	Dewan Housing Finance Corporation Limited (upto June 10, 2019)
		DHFL Pramerica Life Insurance Company Limited (upto June 10, 2019)
		DHFL General Insurance Limited (upto June 10, 2019)
		DHFL Pramerica Asset Managers Private Limited (upto June 10, 2019)
		Avanse Financial Services Limited (upto June 10, 2019)
4.	Key Management Personnel	O P Bhatt - Chairman and Director (w.e.f. September 13, 2019)
		Sharmila Karve – Director (w.e.f – December 15, 2020)
		Deo Shankar Tripathi - Managing Director and CEO (w.e.f 21-11-2017)
		Kapil Wadhawan – Chairman and Director (upto June 10, 2019)
		Amit Dixit - Director (w.e.f.- August 2, 2019)
		Mukesh G Mehta - Director (w.e.f.- August 2, 2019)
		Neeraj Mohan - Director (w.e.f.- August 2, 2019 and upto July 13, 2021)
		Shri. G P Kohli (upto June 10, 2019)
		Shri. Sridar Venkatesan (upto April 1, 2020)

Notes to restated consolidated financial information

Sr. No	Relationship	Name of Related Party
		Dr. Nivedita Haran – Director (w.e.f. – September 15, 2018)
		Suresh Mahalingam (upto June 10, 2019)
		Ms. Sasikala Varadachari (upto June 13, 2018)

Transactions with Related Parties:

(₹ in Million)

Name	Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Income :						
DHFL Pramerica Life Insurance Company Limited	Intermediary Services	Not Applicable	Not Applicable	Not Applicable	7.1	64.5
DHFL General Insurance Limited	Intermediary Services	Not Applicable	Not Applicable	Not Applicable	11.4	96.5
Dewan Housing Finance Corporation Limited	Other Income	Not Applicable	Not Applicable	Not Applicable	-	0.1
Dewan Housing Finance Corporation Limited	Sale of Fixed Asset	Not Applicable	Not Applicable	Not Applicable	-	0.8
Avanse Financial Services Limited	Other Income	Not Applicable	Not Applicable	Not Applicable	0.6	-
Expenditure:						
Dewan Housing Finance Corporation Limited	IT support services	Not Applicable	Not Applicable	Not Applicable	2.0	20.0
Dewan Housing Finance Corporation Limited	Rent	Not Applicable	Not Applicable	Not Applicable	2.7	16.3
Dewan Housing Finance Corporation Limited	Legal and Professional Fees	Not Applicable	Not Applicable	Not Applicable	-	-
DHFL Pramerica Life Insurance Company Limited	Insurance Premium	Not Applicable	Not Applicable	Not Applicable	-	4.8
Dewan Housing Finance Corporation	Service fee on assignment	Not Applicable	Not Applicable	Not Applicable	0.6	2.0

Notes to restated consolidated financial information

Name	Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Limited						
DHFL General Insurance Limited	Insurance Premium	Not Applicable	Not Applicable	Not Applicable	1.5	33.5
Deo Shankar Tripathi – Managing Director and CEO	Remuneration	18.9	17.2	21.9	27.1	43.0
Dividend Payment :						
Wadhawan Global Capital Limited	Dividend Payment	Not Applicable	Not Applicable	Not Applicable	-	123.2
Dewan Housing Finance Corporation Limited	Dividend Payment	Not Applicable	Not Applicable	Not Applicable	-	16.1
Others :						
Dewan Housing Finance Corporation Limited	Purchase of Investment	Not Applicable	Not Applicable	Not Applicable	-	3,952.7
Dewan Housing Finance Corporation Limited	Sale of Investment	Not Applicable	Not Applicable	Not Applicable	-	1,674.0
Dewan Housing Finance Corporation Limited	Purchase of portfolio	Not Applicable	Not Applicable	Not Applicable	-	3,789.4
BCP Topco VII Pte. Ltd. (w.e.f June 10, 2019)	Proceeds received on allotment of Equity Shares	-	-	-	13,000.0	Not Applicable

Amount shown above are till the date related party relationship was not terminated.

Compensation of key management personnel of the Company

Notes to restated consolidated financial information

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Short–term employee benefits	18.2	16.6	21.1	26.4	42.3
Post–employment pension (defined contribution)	0.7	0.6	0.8	0.7	0.7
Termination benefits	-	-	-	-	-
Sitting fee and commission	10.6	10.3	12.1	5.6	8.2
Total	**29.5**	**27.5**	**34.0**	**32.7**	**51.2**

Balances with Related Parties:

(₹ in Million)

Name	Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Dewan Housing Finance Corporation Limited	Receivable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	92.6
Dewan Housing Finance Corporation Limited	Payable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	21.4
Dewan Housing Finance Corporation Limited	Security Deposit	Not Applicable	Not Applicable	Not Applicable	Not Applicable	1.6
DHFL Pramerica Life Insurance Company Limited	Receivable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	11.3
DHFL Pramerica Life Insurance Company Limited	Advance	Not Applicable	Not Applicable	Not Applicable	Not Applicable	2.2
DHFL General Insurance Limited	Receivable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	21.5
DHFL General Insurance Limited	Advance	Not Applicable	Not Applicable	Not Applicable	Not Applicable	4.0
DHFL Pramerica Life Insurance	Secured Non-	Not Applicable	Not Applicable	Not	Not Applicable	200.0

Notes to restated consolidated financial information

Name	Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Company Limited	convertible debentures (Liabilities) (Excluding Accrued Interest)			Applicable		
Directors Commission	Payable	9.0	9.0	9.6	7.5	6.0
Deo Shankar Tripathi	Fixed Deposit (including accrued interest)	5.4	5.0	5.1	4.7	4.3
Deo Shankar Tripathi	Debt securities	-	1.3	1.3	1.3	1.0

b) On Consolidation following transactions and balances with Aadhar Sales and Services Private Limited – Subsidiary Company has been eliminated:

Transactions

(₹ in Million)

Particulars	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019
Business sourcing expenses paid to subsidiary company	275.4	199.2	303.2	195.9	291.3
Recovery of expense from subsidiary company	-	-	-	-	0.1
Rent income from subsidiary company	0.2	0.2	0.2	0.2	0.2

Balances

(₹ in Million)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Investment in subsidiary company	0.1	0.1	0.1	0.1	0.1
Deposit receivable from subsidiary company	-	4.0	4.0	19.0	25.0
Receivable from subsidiary company	-	-	0.0*	-	0.0*

* Less than Rs 50,000

Notes to restated consolidated financial information

45. During the year ended March 31, 2019, the Group has paid one-time retention bonus to its employees amounting to ₹ 138.6 million that is debited to the Statement of Profit & Loss. Considering the nature, frequency, and materiality of the item it is treated as an exceptional item in the Statement of Profit & Loss.

46. Scheme for Grant of Ex-gratia

The Government of India has announced the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020) (the 'Scheme') on October 23, 2020, which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by respective lending institutions by November 5, 2020.

The Scheme is applicable to the borrowers of the company. Under the said scheme, the Company has credited the ex-gratia amount of Rs 211.8 Million to borrower's accounts by November 5, 2020.

The Company has received Rs. 158.0 Million against ex gratia credit to customers during the previous year. As at December 31, 2021 Rs. 53.8 Million is receivable from the Government of India towards ex gratia credit to customers and same has been disclosed under Other Non-Financial Assets and Rs. 49.7 million has been disclosed under Other financial liabilities ("Amount payable under assignment of receivables") toward ex-gratia credit belongs to direct assignment.

The Hon'ble Supreme Court of India has pronounced its judgement in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021 in related to Interest on Interest during the six months.

The Reserve Bank of India vide circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021 directed all lending institutions to put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the supreme court judgement.

Based on the RBI Circular and Supreme court judgement additional amount of Rs 0.8 Million is eligible and pending for credit to customer account as at March 31, 2021. This has been disclosed in Other Liabilities as at March 31, 2021.

47. A comparison between provisions required under Income Recognition, Asset classification and provision norms and impairment allowances made under Ind AS 109

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Notes to restated consolidated financial information

As at December 31, 2021

(₹ in Million)

Asset Classification as per RBI Norms	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 required as per 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	1,02,917.2	270.7	1,02,646.5	391.3	(120.6)
	Stage 2 (Refer Note 3)	9,086.0	885.4	8,200.6	463.9	421.5
Subtotal		**1,12,003.2**	**1,156.1**	**1,10,847.1**	**855.2**	**300.9**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,775.2	306.9	1,468.3	266.3	40.6
Doubtful - up to 1 year	Stage 3	750.0	312.0	438.0	187.5	124.5
1 to 3 years	Stage 3	119.7	55.3	64.4	47.9	7.4
More than 3 years	Stage 3	84.4	36.8	47.6	84.4	(47.6)
Subtotal for doubtful		**954.1**	**404.1**	**550.0**	**319.8**	**84.3**
Other items such as guarantees, loan commitments, 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	4,650.4	5.9	4,644.5	-	5.9
Subtotal		**4,650.4**	**5.9**	**4,644.5**	**-**	**5.9**
	Stage 1	**1,07,567.6**	**276.6**	**1,07,290.9**	**391.3**	**(114.7)**
	Stage 2	**9,086.0**	**885.4**	**8,200.6**	**463.9**	**421.5**
Total	**Stage 3**	**2,729.3**	**711.0**	**2,018.3**	**586.1**	**124.9**
	Total	**1,19,382.9**	**1,873.0**	**1,17,509.8**	**1,441.3**	**431.7**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.

Notes to restated consolidated financial information

2. Interest on Net NPA amounting to Rs 103.5 Million (Included in Stage 3 Sub-standard asset – Gross Carrying Amount) has been recognised under Ind AS which is not recognisable under IRACP norms.

3. Customers who has availed the benefit of One-time restructuring as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to Rs. 25 crores) and RBI Notification – RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses) have been disclosed as Stage 2 assets under Ind AS with gross outstanding value of Rs. 4,432.8 Million. Impairment provision and provision required under IRACP is maintained at 10% as required by RBI circular.

The above mentioned amount of 'Total Gross Carrying Amount as per Ind AS' excludes loan against fixed deposits and includes pending part disbursement of loans.

As at December 31, 2020

(₹ in Million)

Asset Classification as per RBI Norms	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 required as per 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	93,009.5	224.8	92,784.7	342.5	(117.7)
	Stage 2	5,906.1	662.4	5,243.7	96.4	566.0
	Stage 3 (Refer Note 3)	819.1	214.4	604.7	40.4	174.0
Subtotal		**99,734.7**	**1,101.6**	**98,633.1**	**479.3**	**622.3**
Non-Performing Assets (NPA)						
Substandard	Stage 3	133.1	53.5	79.6	17.9	35.6
Doubtful - up to 1 year	Stage 3	823.7	428.1	395.6	192.3	235.8
1 to 3 years	Stage 3	139.7	93.0	46.7	50.9	42.1
More than 3 years	Stage 3	58.3	18.4	39.9	44.4	(26.0)
Subtotal for doubtful		**1,021.7**	**539.5**	**482.2**	**287.6**	**251.9**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not	Stage 1	3,463.7	4.1	3,459.6	-	4.1

Notes to restated consolidated financial information

Asset Classification as per RBI Norms	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 required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	**2**	**3**	**4**	**(5)=(3)-(4)**	**6**	**(7) = (4)-(6)**
covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
Subtotal		**3,463.7**	**4.1**	**3,459.6**	**-**	**4.1**
	Stage 1	**96,473.2**	**228.9**	**96,244.3**	**342.5**	**(113.6)**
	Stage 2	**5,906.1**	**662.4**	**5,243.7**	**96.4**	**566.0**
Total	**Stage 3**	**1,973.9**	**807.4**	**1,166.5**	**345.9**	**461.5**
	Total	**1,04,353.2**	**1,698.7**	**1,02,654.5**	**784.8**	**913.9**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.
2. Interest on Net NPA amounting to ₹ 128.7 million has been recognised under Ind AS which is not recognisable under IRACP norms.
3. Hon'ble Supreme Court. in a public interest litigation (Gajendra Sharma vs. Union of India & Anr). vide an interim order dated 3 September 2020 {'interim order). has directed that accounts which were not declared NPA till 31 August 2020 shall not be declared as NPA till further orders. Accordingly these asset has been classified as standard asset otherwise the same would have been classified into substandard asset and provisions required as per IRACP norms would have been higher by ₹ 77.3 Million. The same has been treated as Stage 3 Asset under Ind AS and provision has been made accordingly.

As at March 31, 2021

(₹ in Million)

Asset Classification as per RBI Norms	Asset classify-cation 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 required as per 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	99,411.2	244.7	99,166.5	371.6	(126.9)

Notes to restated consolidated financial information

Asset Classification as per RBI Norms	Asset classify-cation 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 required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7) = (4)-(6)
	Stage 2 (Refer Note 3)	6,848.6	795.6	6,053.0	158.1	637.5
Subtotal		**1,06,259.8**	**1,040.3**	**1,05,219.5**	**529.7**	**510.6**
Non-Performing Assets (NPA)						
Substandard	Stage 3	**666.3**	**145.1**	**521.2**	**109.4**	**35.7**
Doubtful - up to 1 year	Stage 3	579.0	243.4	335.6	157.8	85.6
1 to 3 years	Stage 3	53.8	22.6	31.2	22.4	0.2
More than 3 years	Stage 3	51.1	22.5	28.6	51.1	(28.6)
Subtotal for doubtful		**683.9**	**288.5**	**395.4**	**231.3**	**57.2**
Other items such as guarantees, loan commitments, 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	3,922.7	4.5	3,918.2	-	4.5
Subtotal		**3,922.7**	**4.5**	**3,918.2**	**-**	**4.5**
	Stage 1	**1,03,333.9**	**249.2**	**1,03,084.7**	**371.6**	**(122.4)**
	Stage 2	**6,848.6**	**795.6**	**6,053.0**	**158.1**	**637.5**
Total	**Stage 3**	**1,350.2**	**433.6**	**916.6**	**340.7**	**92.9**
	Total	**1,11,532.7**	**1,478.4**	**1,10,054.3**	**870.4**	**608.0**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.
2. Interest on Net NPA amounting to Rs 43.0 million (Included in Stage 3 Sub-standard asset – Gross Carrying Amount) has been recognised under Ind AS which is not recognisable under IRACP norms.
3. Customers who has availed the benefit of One-time restructuring as per RBI Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 2020 (for restructuring of accounts of Micro, small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to Rs. 25 crores) have been disclosed as Stage 2 assets under Ind AS with gross outstanding value

of Rs. 1363.0 Million. Impairment provision and provision required under IRACP is maintained at 10% as required by RBI circular.

4. The above mentioned amount of 'Total Gross Carrying Amount as per Ind AS' excludes loan against fixed deposits and includes pending part disbursement of loans.

As at March 31, 2020

(₹ in Million)

Asset Classification as per RBI Norms	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 required as per IRACP norms (Including interest on Net NPA)	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	85,826.8	408.9	85,417.9	322.8	86.1
	Stage 2	3,739.9	386.9	3,353.0	223.1	163.8
Subtotal		**89,566.7**	**795.8**	**88,770.9**	**545.9**	**249.9**
Non-Performing Assets (NPA)						
Substandard	Stage 3	685.1	162.6	522.5	185.7	(23.1)
Doubtful - up to 1 year	Stage 3	386.6	201.7	184.9	135.7	66.0
1 to 3 years	Stage 3	210.3	99.4	110.9	109.0	(9.6)
More than 3 years	Stage 3	27.9	7.7	20.2	27.9	(20.2)
Subtotal for doubtful		**624.8**	**308.8**	**316.0**	**272.6**	**36.2**
Other items such as guarantees, loan commitments, 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	3,567.3	3.7	3,563.6	-	3.7
Subtotal		**3,567.3**	**3.7**	**3,563.6**	**-**	**3.7**
	Stage 1	**89,394.1**	**412.6**	**88,981.5**	**322.8**	**89.8**
	Stage 2	**3,739.9**	**386.9**	**3,353.0**	**223.1**	**163.8**
Total	**Stage 3**	**1,309.9**	**471.4**	**838.5**	**458.3**	**13.1**
	Total	**94,443.9**	**1,270.9**	**93,173.0**	**1,004.2**	**266.7**

Notes:

1. The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms.

Notes to restated consolidated financial information

2. The above disclosure is pursuant to RBI Notification no RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated 13th March 2020 and is applicable for all annual/interim period end post the date of the notification.

48. a) Disclosures pursuant to RBI Notification – RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dated May 05, 2021 (Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses)

(₹ in Million)

S.No	Description	Individual Borrower		Small Businesses
		Personal Loans	Business Loans	
A.	Number of requests received for invoking resolution process under Part A	4,597	1,660	-
B.	Number of accounts where resolution plan has been implemented under this window*	3,269	1,146	-
C.	Exposure to accounts mentioned at (B) before implementation of the plan*	2,501.5	813.4	-
D.	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
E.	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
F.	Increase in provisions on account of the implementation of the resolution plan	117.3	35.1	-

*Out of the above, 29 borrower accounts with exposure amounting to Rs. 18.8 Million has slipped into NPA as on December 31, 2021.

b. There were 677 borrower accounts having an aggregate exposure of Rs. 521.2 Million, where resolution plans had been implemented under RBI's Resolution Framework 1.0 dated August 6, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 5, 2021.

49. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act.

50.

Particulars		Name of the entity in the Group	
		Parent	**Direct Subsidiary**
		Aadhar Housing Finance Limited	**Aadhar Sales and Services Private Limited**
Net assets i.e. Total Assets minus Total Liabilities	As at December 31, 2021 As % of consolidated net assets	99.96%	0.04%
	As at December 31, 2021 Amount (₹ in Million)	30,268.2	10.6
	As at December 31, 2020 As % of consolidated net assets	99.99%	0.01%

AADHAR HOUSING FINANCE LIMITED
CIN U66010KA1990PLC011409

Notes to restated consolidated financial information

Particulars		Name of the entity in the Group	
		Parent	Direct Subsidiary
		Aadhar Housing Finance Limited	Aadhar Sales and Services Private Limited
Net assets i.e. Total Assets minus Total Liabilities	As at December 31, 2020 Amount (₹ in Million)	25,984.3	3.3
	As at March 31, 2021 As % of consolidated net assets	99.99%	0.01%
	As at March 31, 2021 Amount (₹ in Million)	26,925.4	3.2
	As at March 31, 2020 As % of consolidated net assets	99.99%	0.01%
	As at March 31, 2020 Amount (₹ in Million)	23,471.4	1.9
	As at March 31, 2019 As % of consolidated net assets	99.99%	0.01%
	As at March 31, 2019 Amount (₹ in Million)	8,588.4	0.9
Profit after tax	For the nine months ended December 31, 2021 As % of consolidated net profit after tax	100.02%	(0.02%)
	For the nine months ended December 31, 2021 Amount (₹ in Million)	3,296.8	(0.7)
	For the nine months ended December 31, 2020 As % of consolidated net profit after tax	99.96%	0.04%
	For the nine months ended December 31, 2020 Amount (₹ in Million)	2,469.5	0.9
	For the year ended March 31, 2021 As % of consolidated net profit after tax	99.95%	0.05%
	For the year ended March 31, 2021 Amount (₹ in Million)	3,399.7	1.6
	For the year ended March 31, 2020 As % of consolidated net profit after tax	100.00%	0%
	For the year ended March 31, 2020 Amount (₹ in Million)	1,893.8	0.0
	For the year ended March 31, 2019 As % of consolidated net profit after tax	99.92%	0.08%
	For the year ended March 31, 2019 Amount (₹ in Million)	1,617.4	1.4
Other Comprehensive Income	For the nine months ended December 31, 2021 As % of consolidated Other Comprehensive Income	16.49%	83.51%
	For the nine months ended December 31, 2021 Amount (₹ in Million)	1.6	8.1
	For the nine months ended December 31, 2020 As % of consolidated Other Comprehensive Income	(100%)	200%
	For the nine months ended December 31, 2020 Amount (₹ in Million)	(3)	6
	For the year ended March 31, 2021 As % of consolidated Other Comprehensive Income	105.88%	(5.88%)
	For the year ended March 31, 2021 Amount (₹ in Million)	3.6	(0.2)
	For the year ended March 31, 2020 As % of consolidated Other Comprehensive Income	111.11%	(11.11%)
	For the year ended March 31, 2020 Amount (₹ in Million)	(9.0)	0.9

Notes to restated consolidated financial information

Particulars		**Name of the entity in the Group**	
		Parent	**Direct Subsidiary**
		Aadhar Housing Finance Limited	**Aadhar Sales and Services Private Limited**
Other Comprehensive Income	For the year ended March 31, 2019 As % of consolidated Other Comprehensive Income	114.71%	(14.71%)
	For the year ended March 31, 2019 Amount (₹ in Million)	(3.9)	0.5
Total Comprehensive Income	For the nine months ended December 31, 2021 As % of consolidated Total Comprehensive Income	99.78%	0.22%
	For the nine months ended December 31, 2021 Amount (₹ in Million)	3,298.4	7.4
	For the nine months ended December 31, 2020 As % of consolidated Total Comprehensive Income	99.94%	0.06%
	For the nine months ended December 31, 2020 Amount (₹ in Million)	2,469.2	1.5
	For the year ended March 31, 2021 As % of consolidated Total Comprehensive Income	99.96%	0.04%
	For the year ended March 31, 2021 Amount (₹ in Million)	3,403.3	1.4
	For the year ended March 31, 2020 As % of consolidated Total Comprehensive Income	99.95%	0.05%
	For the year ended March 31, 2020 Amount (₹ in Million)	1,884.8	0.9
	For the year ended March 31, 2019 As % of consolidated Total Comprehensive Income	99.89%	0.11%
	For the year ended March 31, 2019 Amount (₹ in Million)	1,613.5	1.9

51. Statement of adjustments to Audited Consolidated Financial Statements

Reconciliation of total comprehensive income as per Audited Consolidated Financial Statements with total comprehensive income as per Restated Consolidated Financial Information

(₹ in Million)

Particulars	**For the year ended March 31, 2019**
Total comprehensive income (as per audited financial statements)	1,620.3
Restatement adjustments	
Impact of Ind AS 116 (refer note “a” below)	
(Increase)/decrease in total expenses	
Depreciation of right-of-use assets	(32.6)
Finance cost on lease liability	(14.3)
Other expenses	39.4
Increase/(decrease) profit before tax	**(7.5)**
Tax impact of the above (refer note “b” below)	2.6
Total comprehensive income as per restated consolidated financial information	**1,615.4**

Notes to restated consolidated financial information

Reconciliation of total equity as per audited consolidated financial statements with total equity as per Restated Consolidated Financial Information:

(₹ in Million)

Particulars	As at March 31, 2019
Total equity (as per audited financial statements)	**8,599.2**
Impact of Ind AS 116 (refer note a below)	(15.2)
Tax impact on the above (refer note b below)	5.3
Total equity (as per restated consolidated financial information)	**8,589.3**

Reconciliation of Other equity as at March 31, 2019 as per restated consolidated financial information with opening equity balance as at April 1, 2019 (date of transition to Ind AS 116)

(₹ in Million)

Particulars	For the year ended March 31, 2020
Other Equity	
Restated balance as at March 31, 2019	8,337.8
Add: Adjustment on account of transition to Ind AS 116 (Refer explanation below)	15.2
Less: Deferred tax on above (Refer explanation below)	(5.3)
Balance as on April 01, 2019 as per audited financial statements for year ended March 31, 2020	8,347.7

Explanation: Cumulative effect of restatement adjustment on total equity upto March 31, 2019 relating to Ind AS 116 has not been carried forward to total equity balance as at April 1, 2019 (date of transition to Ind AS 116) as per the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI) (the “Guidance Note”).

Statement showing impact of restatement adjustments on balance sheet

(₹ in Million)

Particulars	As at March 31, 2019
On Account of Ind AS 116	
Assets	
Non-financial assets	
Increase in Right to use assets (refer note “a” below)	176.1
Liabilities and equity	
Financial liabilities	
Increase in other financial liabilities (Lease liabilities) (refer note “a” below)	191.3

Notes to restated consolidated financial information

Particulars	As at March 31, 2019
On Account of Ind AS 116	
Assets	
Non-financial assets	
Non-financial liabilities	
Decrease in deferred tax liabilities (Net) (refer note "b" below)	(5.3)
Equity	
Decrease in Other equity (Retained earnings) (refer note "a" and "b" below)	(9.9)

Statement showing impact of restatement adjustments on statement of profit and loss

(₹ in Million)

Particulars	For the year ended March 31, 2019
On Account of Ind AS 116	
Finance costs	14.3
Depreciation and amortisation expense	32.6
Other expenses (Rent Expenses)	(39.4)

Statement showing impact of restatement adjustments on statement of cash flows

(₹ in Million)

Particulars	For the year ended March 31, 2019
On Account of Ind AS 116	
Cash flows from operating activities	39.4
Cash flows from financing activities	(39.4)

a. Impact of Ind AS 116 : Leases

Effective April 1, 2019, the Group adopted Ind AS 116 - "Leases", which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. The Group adopted Ind AS 116 following modified retrospective method in accordance with the policy mentioned in Note 2.4 to the Restated Consolidated Financial Information.

Notes to restated consolidated financial information

For the purpose of preparation of Restated Consolidated Financial Statements, management has evaluated the impact of change in accounting policies due to adoption of Ind AS 116 for the year ended March 31, 2019 following modified retrospective method. Impact of adoption of Ind AS 116 has been adjusted in the financial year for the purpose of restatement. Transition date for applying retrospective method is considered as April 1, 2017.

b. Accounting for taxes on income

Deferred tax has been created on temporary difference arising on recognition and measurement of right-of-use asset and lease liability as per para 50(a) above.

52. Disclosures pursuant to RBI Notification-RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

a.) Details of transfer through assignment in respect of loans not in default during the nine months ended December 31, 2021

Particulars	**Nine months ended December 31, 2021**
Entity	NBFC (Housing Finance Company)
Count of Loan Accounts Assigned	8384
Amount of Loan Accounts Assigned (Rs in Million)	5,576.2
Weighted average maturity (in Months)	169
Weighted average holding period (in Months)	23
Retention of beneficial economic interest (MRR)	10%
Coverage of tangible security coverage	100%

The Loans transferred are not rated as same are non-corporate borrowers.

b.) The Company has not transferred or acquired, any stressed / default loans during the nine months ended December 31, 2021.

53. The Company periodically files returns/statements with banks and financial institution which are in agreement with books of accounts of the Company. This information has been relied upon by the auditors.

54. Registration of charges or satisfaction with Registrar of Companies are filed and paid within the statutory period for debt and borrowings issued during the period.

55. Money raised by way of borrowing from bank and financial institution have been applied by the Company for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

56. The financial statements for the period ended ended December 31, 2020 and year ended March 31, 2021, March 31, 2020, March 31, 2019 were audited by Deloitte Haskins & sells LLP and Chaturvedi SK & fellows, Chartered Accountants (Previous Auditors).

Notes to restated consolidated financial information

57. Previous periods figures have been regrouped/re-classified wherever necessary to confirm to current period's classification. Accordingly, amounts and other disclosures for the previous periods are included as an integral part of the current period's financial statement and are to be read in relation to the amounts and other disclosures relating to the current periods.

For **Walker Chandiok & Co LLP**	For and on behalf of the Board of Directors	
Chartered Accountants		
ICAI Firm Registration No: 001076N/N500013		
Manish Gujral	**Deo Shankar Tripathi**	**Mukesh G Mehta**
Partner	Managing Director and CEO	Director
Membership No.: 105117	DIN 07153794	DIN 08319159
	Rajesh Viswanathan	**Sreekanth VN**
	Chief Financial Officer	Company Secretary
Place: Mumbai	Place: Mumbai	
Date: March 03, 2022	Date: March 03, 2022	

SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our "Restated Consolidated Financial Information" on page 112 of this Addendum as well as "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 89 and 227 of this Addendum, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. Such non-GAAP financial measures should be read together with the nearest GAAP measure.

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.

The following financial and statistical information relates to our Company and should be read in conjunction with our "*Restated Consolidated Financial Information*" on page 112 of this Addendum:

Return on Equity and Assets

The following table sets forth, for the years indicated selected financial information relating to the return on equity and assets for our Company:

	As of/for the				
	FY 2019	**FY 2020**	**FY 2021**	**Nine months ended December 31, 2020**	**Nine months ended December 31, 2021**
	(₹ in million, except percentages)				
Profit After Tax[(1)]	1,618.8	1,893.8	3,401.3	2,470.4	3,296.0
Adjusted Profit After Tax[(2)]	1,618.8	2,526.9	3,551.8	2,565.4	3,397.4
Total Assets[(3)]	94,800.2	123,664.3	136,303.3	130,116.0	142,111.1
AUM[(4)]	100,157.5	114,316.6	133,271.0	126,664.1	140,521.9
Average AUM[(5)]	89,908.4	107,237.1	123,793.8	120,490.4	136,896.5
Net Worth[(6)]	8,588.7	23,472.7	26,927.6	25,986.2	30,277.8
Average Net Worth[(7)]	7,883.0	16,030.7	25,200.2	24,729.5	28,602.7
Total Borrowings[(8)]	81,949.7	96,433.4	103,744.7	96,524.7	108,043.1
Average Total Borrowings[(9)]	72,564.2	89,191.6	100,089.1	96,479.1	105,893.9
Return on Total Assets (%)[(10)]	1.87%	1.73%	2.62%	2.58%	3.14%
Adjusted Return on Total Assets (%)[(11)]	1.87%	2.30%	2.71%	2.67%	3.21%
Return on Equity (%)[(12)]	20.53%	11.81%	13.50%	13.26%	15.29%
Adjusted Return on Equity (%)[(13)]	20.53%	15.46%	13.71%	13.40%	15.32%
Basic Earnings Per Equity Share[(14)]	6.44	5.86	8.62	6.26*	8.35*
Diluted Earnings Per Equity Share[(15)]	6.39	5.83	8.37	6.08*	8.1*
Net Asset Value Per Share[(16)]	34.2	59.5	68.2	65.8	76.7

Figures disclosed in the above table, except "Profit after Tax", "Total Assets" and "Basic and Diluted Earnings Per Share" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

* *Figures not annualized.*

(1) Profit After Tax represents Profit After Tax for the relevant year or period.

(2) Adjusted Profit After Tax represents our profit after tax for the relevant year or period, adding back provisions towards the impact of COVID-19, one-time restructuring and accelerated provisions / write-offs in our portfolio of loans to developers (net of tax impact).

The table below sets forth the reconciliation of Profit After Tax to Adjusted Profit After Tax:

		FY 2021	Nine months ended December 31, 2020	Nine months ended December 31, 2021
		(₹ in million, except percentages)		
	Reported PAT (A)	3,401.3	2,470.4	3,296.0
Add:	1) COVID 19 and one-time restructuring Provision	107.1	-	194.5
	2) Accelerated Provision / accelerated write offs (reversal) on project finance book	84.5	120.8	(65.3)
	Total Provision	191.6	120.8	129.2
Less:	Tax adjustment	41.1	25.8	27.8
	Net Impact of COVID 19 and OTR & Accelerated Provisions (B)	150.5	95.0	101.4
	Adjusted PAT (C= A+B)	**3,551.8**	**2,565.4**	**3,397.4**

(3) Total Assets represents Total Assets as of the last day of the relevant year or period.

(4) AUM:- Represents aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by Company as of the last day of the relevant year or period as well as loan assets which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year or period.

(5) Average AUM:- Represents the simple average of our AUM as of the last day of the relevant year or period and our AUM of the last day of the previous year or period.

(6) Net worth is the aggregate of our equity share capital and other equity excluding capital reserve on amalgamation.

(7) Average Net Worth:- Represents the simple average of our Net Worth as of the last day of the relevant year or period and our Net Worth as of the last day of the previous year or period.

(8) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities), subordinated liabilities and deposits as of the last day of the relevant year or period.

(9) Average Total Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant year or period and our Total Borrowings outstanding as of the last day of the previous year or period.

(10) Return on Total Assets:- Calculated as the Profit After Tax for the relevant year or period as a percentage of Average total assets (as defined below) in such year.

(11) Adjusted Return on Total Assets:- Calculated as the Adjusted Profit After Tax for the relevant year or period as a percentage of Adjusted Average Total Assets in such year or period.

(12) Return on Equity is calculated as the Profit After Tax for the relevant year or period as a percentage of Average Net Worth in such year or period.

(13) Adjusted Return on Equity is calculated as the Adjusted Profit After Tax for the relevant year or period as a percentage of Adjusted Average Net Worth in such year or period.

(14) Basic Earnings Per Share = $\dfrac{\textit{Net profit available to equity shareholders}}{\textit{Weighted average number of equity shares outstanding during the period}}$

(15) Diluted Earnings Per Share =

$$\dfrac{\textit{Net profit available to equity shareholders}}{\textit{Weighted average number of equity shares outstanding during the period adjusted for the effect of all dilutive potential equity share}}$$

(16) Net Asset value per share = $\dfrac{\textit{Net worth excluding revaluation reserve as at the end of the period}}{\textit{Number of equity shares outstanding at the end of the period**}}$

*** The shareholders vide a special resolution have approved bonus issue of equity shares of the Company in the ratio of nine shares of face value of Rs. 10 each for each existing equity share of the face value of Rs. 10 each on January 16, 2021 in extraordinary general meeting (EGM). Above information has been prepared after giving effect of Bonus Shares in all periods.*

Financial Ratios

The following table sets forth, for the years or period indicated, certain financial ratios for our Company:

	As of/for the				
	FY 2019	**FY 2020**	**FY 2021**	**Nine months ended December 31, 2020**	**Nine months ended December 31, 2021**
	(₹ in million, except percentages)				
AUM(1)	100,157.5	114,316.6	133,271.0	126,664.1	140,521.9
AUM Growth (%)(2)	25.73%	14.14%	16.58%	14.34%^	7.22%^
Average AUM(3)	89,908.4	107,237.1	123,793.8	120,490.4	136,896.5
Assigned assets(4)	18,919.7	23,711.6	25,468.7	25,652.6	26,976.5
Loan Book(5)	81,237.8	90,605.0	107,802.3	101,011.5	113,545.5
Total Assets(6)	94,800.2	123,664.3	136,303.3	130,116.0	142,111.1
Retail AUM(7)	99,208.7	113,896.2	133,252.2	126,278.5	140,510.3
Disbursements(8)	31,918.5	31,901.4	35,447.1	22,329.5	23,773.5
Live Accounts (including assigned loans)(9)	139,249	161,371	182,471	173,571	194,447
Revenue From Operations(10)	12,656.1	13,876.7	15,753.3	11,624.2	12,761.3
Other Income(11)	0.2	7.9	2.2	2.0	2.8
Total Income(12)	12,656.3	13,884.6	15,755.5	11,626.2	12,764.1
Finance Cost(13)	7,319.4	7,934.9	8,159.7	6,176.5	5,727.0
Operating Expenses(14)	2,529.1	2,544.1	2,721.3	1,846.0	2,447.1
Operating Expenses / Average Total Assets(15) (%)..	2.93%	2.33%	2.09%	1.93%^	2.33%^
Credit Cost(16)	320.0	1,096.5	549.4	463.4	391.8
Credit Cost to Average Total Assets(17) (%)	0.37%	1.00%	0.42%	0.48%^	0.37%^
Total Expenses (including credit cost) (18)	10,168.5	11,575.5	11,430.4	8,485.9	8,565.9
Gross Retail NPA (19)..........................	572.7	937.4	1,430.3	843.8*	3,162.5**
Gross Retail NPA – Stage 3a loans(19)…	0	0	0	0	913.8
Gross Retail NPA – Stage 3b loans(19)...	572.7	937.4	1,430.3	843.8	2,248.7
Gross Retail NPA to Retail AUM (%)(20)	0.58%	0.82%	1.07%	0.67%*	2.25%**
Net Retail NPA(21)	444.7	682.5	996.7	401.1	2,451.5
Net NPA to Retail AUM (%)(22)	0.45%	0.60%	0.75%	0.32%	1.74%
Provision Coverage Ratio – Retail Stage 3 AUM (%)(23)	22.35%	27.19%	30.32%	52.47%*	22.48%
Cost to Income Ratio(24)%	47.39%	42.76%	35.83%	33.87%	34.77%
Provision Coverage Ratio – Retail GNPA on AUM (%)(25)	78.89%	108.81%	103.01%	157.32%*	82.92%

Figures disclosed in the above table, except "Revenue from operations", "Other income", "Total revenue", "Finance cost", "Total expenses" and "Total assets" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

^ *Annualized (multiply 365 days and divide by 275 days) for year ended December 31, 2020 and 2021, as applicable.*

(1) AUM:- Represents aggregate of future principal outstanding and overdue principal outstanding, if any, for all loan assets under management which includes loan assets held by Company as of the last day of the relevant year or period as well as loan assets which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year or period.

(2) AUM Growth:- Represents percentage growth in AUM for the relevant year or period over AUM of the previous year or period.

(3) Average AUM:- is the simple average of our AUM as of the last day of the relevant year or period and our AUM of the last day of the previous year or period.

(4) Assigned Assets:- Represents aggregate of future principal outstanding and overdue principal outstanding, if any, for loan assets which have been transferred by our Company by way of assignment and outstanding as of the last day of the relevant year or period.

(5) Loan Book:- Represents the sum of receivables under financing activities from our own book of the last day of the relevant year or period.

(6) Total Assets represents Total Assets as of the last day of the relevant year or period.

(7) Retail AUM represents our AUM that is sourced from our home loans and other mortgage loans.

(8) Disbursements:- Represent the aggregate of all loan amounts extended to our customers in the relevant year or period.

(9) Live Accounts (including assigned accounts):- Represent the aggregate number of loan accounts outstanding as of the end of the relevant year or period including loan accounts which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year or period.

(10) Revenue from operations:- Represents our total revenue from operations for the year or period.

(11) Other Income:- Represents our other income for the relevant year or period.

(12) Total Income:- Represents sum of income from operations and other income for the year or period.

(13) Finance Cost:- Represents our total finance costs for the year or period.

(14) Operating Expenses:- Represents employee benefit expenses, depreciation and amortization expense and other expenses for the relevant year or period.

(15) Operating Expenses/Average Total Assets:- Represents the ratio of our operating expenses for a year or period to the average total assets for the year or period, expressed as a percentage.

(16) Credit Cost:- Represents impairment on financial instruments for the relevant year or period.

(17) Credit Cost/Average Total Assets:- Represents the ratio of our credit cost for a year or period to the average total assets for the year or period, expressed as a percentage. After adjusting for the impact of the COVID-19 provisions and accelerated provisions on loans to developers that we recorded in FY2020, FY 2021 and the nine months ended December 31, 2020 and December 31, 2021, this ratio will be 0.26% for FY 2020, 0.28% for FY 2021, 0.36% for nine months ended December 31, 2020 and 0.25% for the nine months ended December 31, 2021, on an annualized basis.

(18) Total expenses represents Total Expenses for the relevant year or period. Total expenses include employee benefit expenses, finance cost, impairment on financial instruments, depreciation and amortization expense, other expenses.

*(19) Gross Retail NPA:- Represents closing balance of the Gross NPA of our Retail AUM as of the last day of the relevant year or period. See ** below for impact of RBI circular dated November 12, 2021.*

(20) Gross Retail NPA to Retail AUM: Represents the ratio of our Gross Retail NPA as of the last day or the relevant day or period to the Retail AUM as of the last day of the relevant year or period.

(21) Net Retail NPA:- Represents closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period. Net NPA equals total Gross Retail NPA less provision on the same.

(22) Net Retail NPA to Retail AUM: Represents the ratio of our Net Retail NPA as of the last day or the relevant day or period to the Retail AUM as of the last day of the relevant year or period. Net Retail NPA represents the closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period. Net NPA equals total Gross Retail NPA less provision on the same.

(23) Provision Coverage Ratio represents retail provisions for the year or period, as a percentage of total Gross retail NPAs as of the last day of the year or period.

(24) Cost to income ratio represents the ratio of operating expenses for the relevant year or period divided by total income for the year or period, less finance costs for the year or period, expressed as a percentage.

(25) Provision Coverage Ratio represents Total provisions for the year or period, as a percentage of total Gross Stage 3 retail NPAs as of the last day of the year or period (Stage 3a for December 31, 2021 and stage 3b for all other periods).

** The Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. On March 2021, the Supreme Court of India vacated the interim order, and thereafter the accounts shall be declared NPA. Based on this decision, we have classified eligible accounts as NPA as at March 31, 2021.However, such accounts have been classified as Stage 3 assets and provisions have been recognized accordingly in our Restated Consolidated Financial Information. For further details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.*

*** Includes loan assets of ₹ 913.8 Million (0.65%) not more than 90 days past due which have been classified as NPA as per the November 12 Circular.*

On November 12, 2021, the RBI issued a notification on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications on November 12 (the "November 12 Circular") which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower).

Following the November 12 Circular, we classified our Stage 3 assets of Rs 3,162.5 million into:

(a) Stage 3a: Rs 913.8 million loans not more than 90 days past due; and

(b) Stage 3b: Rs 2,248.7 million loans more than 90 days past due.

Our stage 3b loans are comparable to our NPA for the previous period/years and our stage 3a loans have been classified as a result of the November 12 Circular with effect from November 12, 2021. As a result of the reclassification of Stage 3 loans, our Retail GNPAs as of December 31, 2021 of ₹3,162.5 million (2.25% of our Retail AUM) includes loan assets of ₹ 913.8 million (0.65% of our Retail AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular. Our Own Book GNPA as of December 31, 2021 of ₹2,729.3 million (2.40% of our Own Book AUM) includes loan assets of ₹ 754.6 million (0.66% of our Own Book AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular.

See "Business – Competitive Strengths - Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality" on page 94 of this Addendum and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.

YIELDS, SPREADS AND MARGINS

	As of/for the				
	FY 2019	**FY 2020**	**FY 2021**	**Nine months ended December 31, 2020**	**Nine months ended December 31, 2021**
	(₹ in million, except percentages)				
Interest income(1)	10,949.5	12,145.2	14,269.4	10,601.4	11,468.0
Finance cost(2)	7,319.4	7,934.9	8,159.7	6,176.5	5,727.0
Total Interest-earning assets(3)	89,620.6	116,778.8	126,970.8	120,680,7	134,745.8
Average interest-earning assets(4)	81,525.5	103,199.7	121,874.8	118,729.8	130,858.3
Average total assets(5)	86,407.7	109,232.3	129,983.8	126,890.2	139,207.2
Average interest-bearing liabilities(6)	72,564.2	89,191.6	100,089.1	96,479.1	105,893.9
Total Income(7)	12,656.3	13,884.6	15,755.5	11,626.2	12,764.1
Net interest income(8)	5,336.9	5,949.7	7,595.8	5,449.7	7,037.1
Average yield on Loan Book(9)	13.84%	13.26%	13.17%	13.35%	13.05%
Average cost of borrowings (10)	10.09%	8.90%	8.15%	8.50%	7.18%
Spread(11)	3.75%	4.36%	5.02%	4.85%	5.87%
Net Interest Margin (%)(12)	6.18%	5.45%	5.84%	5.70%	6.71%
Average yield on disbursements(13)	13.15%	13.33%	13.32%	13.33%	13.30%
Incremental cost of borrowings(%)(14)	10.00%	8.89%	6.76%	7.38%	5.87%
Incremental borrowings(15)	31,510.0	38,000.0	36,510.0	23,910.0	25,740.0

Figures disclosed in the above table, except "Finance cost" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

**Figures not annualized.*

(1) Interest income:- Represents our interest income for the relevant year or period.

(2) Finance Cost:- Represents our finance cost for the relevant year or period.

(3) Total interest-earning assets:- represents housing and other loans; balances with banks in deposit accounts with original maturity of less than three months; balances with banks in other deposit accounts with an original maturity of more than three months; fixed deposits with banks; and investment in bonds as of the last day of the previous year or period.

(4) Average interest-earning assets represent the simple average of total interest-earning assets as of the last day of the relevant year or period and total interest-earning assets outstanding as of the last day of the previous year or period.

(5) Average total assets:- Simple average of total assets outstanding as of the last day of the relevant year or period and total assets outstanding as of the last day of the previous year or period.

(6) Average interest-bearing liabilities:- Simple average of our total interest-bearing liabilities (which comprises Total Borrowings) outstanding as of the last day of the relevant year or period and our total interest-bearing liabilities outstanding as of the last day of the previous year or period.

(7) Total Income:- represents our total income for the relevant year or period.

(8) Net Interest Income or "NII" represents total income less finance costs, for the relevant year or period.

(9) Average Yield on Gross Loan Book:- Represents the ratio of interest income for a year or period to the average Gross Loan Book for the year or period.

(10) Average cost of borrowing:- Represents finance cost for the relevant year or period as a percentage of Average Borrowings in such year. Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant year or period and our Total Borrowings outstanding as of the last day of the previous year.

(11) Spread:- Represents average yield on Gross Loan Book less average cost of borrowings.

(12) Net Interest Margin: - Represents the ratio of our total income for a year or period, less finance costs for the year or period to the

average total assets for the year or period.

(13) Average yield on Disbursement:- Represents weighted average yield on Disbursement, weights being sanctioned amount of each loan disbursed during the year or period.

(14) Incremental cost of borrowing:- Represents weighted average rate of interest on fresh borrowings in the relevant year or period.

(15) Incremental Borrowings:- Represents fresh borrowings during the year/period.

ASSET QUALITY

Total Loan Book (Housing and other property loans and Loans to developers)

	As of				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
		(₹ in million, except percentages)			
Receivables under financing activities					
Stage I Assets	76,491.8	85,823.5	99,848.4	93,452.3	102,917.2
Stage II Assets	3,876.8	3,739.9	6,848.6	5,906.1	9,086.0
Stage III Assets	1,129.8	1,313.1	1,350.1	1,973.7	2,729.3*
Total Receivables under financing activities	**81,498.4**	**90,876.5**	**108,047.1**	**101,332.1**	**114,732.5**
Provisions					
Stage I Assets	150.2	412.6	249.2	229.2	276.6
Stage II Assets	260.5	386.9	795.6	662.7	885.4
Stage III Assets	372.4	471.4	433.6	807.0	711.0*
Total Provisions	**783.1**	**1,270.9**	**1,478.4**	**1,698.9**	**1,873.0**
Receivables under financing activities (net of provisions)					
Stage I Assets	76,341.6	85,410.9	99,599.2	93,223.1	102,640.6
Stage II Assets	3,616.3	3,353.0	6,053.0	5,243.4	8,200.6
Stage III Assets	757.4	841.7	916.5	1,166.7	2,018.3*
Total Receivables under financing activities (net of provisions)	**80,715.3**	**89,605.6**	**106,568.7**	**99,633.2**	**112,859.5**

* *See above discussions about the November 12 Circular on page 214 of this Addendum. Stage 3 include loan assets not more than 90 days past due (stage 3a assets) and more than 90 days past due (stage 3b assets). As of December 31, 2021, the breakup is as the following:*

Particulars	Gross Carrying Amount	Expected Credit Loss	Net Carrying Amount
	(₹ in million)		
Stage 3a – assets not more than 90 days past due	754.6	89.0	665.6
Stage 3b – assets more than 90 days past due	1,974.7	622.0	1,352.7
Total Stage 3 - Credit-impaired assets	**2,729.3**	**711.0**	**2,018.3**

Note: Stage 3b – assets more than 90 days past due as of December 31, 2021, is comparable with Stage 3 assets as of March 31, 2021, December 31, 2020, March 31, 2020 and March 31, 2019.

Retail Loan Book: Home Loans and Other Property Loans

	As of				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
		(₹ in million, except percentages)			
Receivables under financing activities					
Stage I Assets	76,224.3	85,798.1	99,829.6	93,452.3	102,917.2
Stage II Assets	3,634.6	3,639.9	6,848.6	5,884.4	9,074.1
Stage III Assets	630.1	991.2	1,350.1	1,609.4	2,729.3
Total Receivables under financing activities	**80,489.0**	**90,429.2**	**108,028.3**	**100,946.1**	**114,720.6**
Provisions					
Stage I Assets	132.2	410.0	244.2	229.2	276.6
Stage II Assets	191.6	355.1	795.6	655.6	877.1
Stage III Assets	128.0	254.9	433.6	442.7	711
Total Provisions	**451.8**	**1,020.0**	**1,473.4**	**1,327.5**	**1,864.7**
Receivables under financing activities (net of provisions)					
Stage I Assets	76,092.1	85,388.1	99,585.4	93,223.1	102,640.6
Stage II Assets	3,443.0	3,284.8	6,053.0	5,228.8	8,197.0
Stage III Assets	502.1	736.3	916.5	1,166.7	2,018.3
Total Receivables under financing activities	**80,037.2**	**89,409.2**	**106,554.9**	**99,618.6**	**112,855.9**

	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million, except percentages)				
(net of provisions)					

Housing and other property loans and Loans to Developers

We have discontinued loans to developers and no fresh loan sanctions were made in this category for Fiscals 2020 and 2021 and the nine months ended December 31, 2020 and 2021.

	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million, except percentages)				
Receivables under financing activities					
Stage I Assets	267.5	25.4	18.8	0	0
Stage II Assets	242.2	100.0	-	21.7	11.9
Stage III Assets	499.7	321.9	-	364.3	0
Total Receivables under financing activities .	**1,009.4**	**447.3**	**18.8**	**386.0**	**11.9**
Provisions					
Stage I Assets	18.0	2.6	5.0	0	0
Stage II Assets	68.9	31.8	-	7.1	8.3
Stage III Assets	244.4	216.5	-	364.3	0
Total Provisions	**331.3**	**250.9**	**5.0**	**371.4**	**8.3**
Receivables under financing activities (net of provisions)					
Stage I Assets	249.5	22.8	13.8	-	-
Stage II Assets	173.3	68.2	-	14.6	3.6
Stage III Assets	255.3	105.4	-	-	-
Total Receivables under financing activities (net of provisions)	**678.1**	**196.4**	**13.8**	**14.6**	**3.6**

Stage Wise Loans (Housing and other property loans) – Details

	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million)				
Gross Carrying Amount – Loans(1)					
Stage I Assets	76,224.3	85,798.1	99,829.6	93,452.3	102,917.2
Stage II Assets...	3,634.6	3,639.9	6,848.6	5,884.4	9,074.1
Stage III Assets	630.1	991.2	1,350.1	1,609.4	2,729.3
Total Gross Carrying Amount – Loans	**80,489.0**	**90,429.2**	**108,028.3**	**100,946.1**	**114,720.6**
ECL Allowance – Loans(2)					
Stage I Assets	132.2	410.0	244.2	229.2	276.6
Stage II Assets...	191.6	355.1	795.6	655.6	877.1
Stage III Assets	128.0	254.9	433.6	442.7	711.0
Total ECL Allowance Loans	**451.8**	**1,020.0**	**1,473.4**	**1,327.5**	**1,864.7**
Net Carrying Amount – Loans					
Stage I Assets	76,092.1	85,388.1	99,585.4	93,223.1	102,640.6
Stage II Assets...	3,443.0	3,284.8	6,053.0	5,228.8	8,197.0
Stage III Assets	502.1	736.3	916.5	1,166.7	2,018.3
Total Net Carrying Amount - Loans................	**80,037.2**	**89,409.2**	**106,554.9**	**99,618.6**	**112,855.9**

(1) Gross carrying amount disclosed excludes EIR adjustments amounting to, Rs 461.2 million, Rs 517.4 million, Rs. 437.1 million, Rs 442.8 million and Rs. 390.1 million, for the periods/years as at Fiscals 2019, 2020 and 2021, and as at December 31, 2020 and December 31, 2021, respectively.

(2) ECL:- Expected Credit Loss. ECL disclosed include expected credit loss provision:

(a) on loan commitment amounting to Rs. 4.6 million, Rs. 3.7 million, Rs. 4.5 million, Rs. 4.1 million and Rs. 5.9 million, for the periods/years as at Fiscals 2019, 2020 and 2021, and as at December 31, 2020 and December 31, 2021; and

(b) due to current economic situation of Covid-19 and loans on which one-time restricting was implemented amounting to Rs. 495.1 million, Rs. 602.2 million, Rs. 495.1 million and Rs. 796.7 million, for the periods/years as at Fiscals 2020 and 2021, and as at December 31 ,2020 and December 31, 2021.

PRODUCTIVITY RATIOS

The following table sets forth, for the periods indicated, certain productivity ratios for our Company:

	As of/ for the				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
Number of branches[(1)]	311	294	310	294	325
Number of on-roll employees[(2)]....................	2,217	2,097	2,310	2,171	2,632
Number of off-roll employees [(3)]	1,127	584	1,513	1,426	1,304
Live accounts (including assigned accounts)[(4)]	139,249	161,371	182,471	173,571	194,447
AUM per branch[(5)] (₹ in million)	322.0	388.8	429.9	430.8	432.4
AUM per employee[(6)] (₹ in million).....	45.2	54.5	57.7	58.3	53.4
Disbursement per branch[(7)] (₹ in million)	102.6	108.5	114.3	76.0	73.1
Disbursement per employee[(8)] (₹ in million)	14.4	15.2	15.3	10.3	9.0
Live accounts/branch[(9)].................................	447.7	548.9	588.6	590.4	598.3
Live accounts/employee[(10)]...........................	62.8	77.0	79.0	79.9	73.9

(1) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.

(2) Number of on-roll employees represents aggregate number of employees of our Company as of the last day of relevant period.

(3) Number of off-roll employees represents aggregate number of employees of our Subsidiary as of the last day of relevant period.

(4) Live Accounts (including assigned accounts):- Represent the aggregate number of loan accounts outstanding as of the end of the relevant year or period including loan accounts which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year or period.

(5) AUM per branch represents AUM as of last day of the relevant period divided by number of branches.

(6) AUM per employee represents AUM as of the last day of the relevant period divided by number of on roll employees.

(7) Disbursement per branch represents disbursements in the relevant period divided by number of branches.

(8) Disbursement per employee represents disbursements in the relevant period divided by number of on roll employees.

(9) Live accounts per branch represents live accounts as of the last day of the relevant period divided by number of branches.

(10) Live accounts per employee represents live accounts as of the last day of the relevant period divided by number of on roll employees.

PROVISIONING AND WRITE-OFFS

The classification as per Ind AS is set out:

Asset Category (Loan Book – housing and other property loans and loans to developers)	**As of**				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
	(in percentages)				
Stage I Assets[(1)]	93.86%	94.44%	92.41%	92.22%	89.70%
Stage II Assets[(2)]	4.76%	4.12%	6.34%	5.83%	7.92%
Stage III Assets[(3)]	1.39%	1.44%	1.25%	1.95%	2.38%

(1) % of Stage I Assets in total of Stage I, Stage II, Stage III in Total Loan Book

(2) % of Stage II Assets in total of Stage I, Stage II, Stage III in Total Loan Book

(3) % of Stage III Assets in total of Stage I, Stage II, Stage III in Total Loan Book

CAPITAL ADEQUACY (CRAR)

Particulars	**As of**				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
	(₹ in million, except percentages)				
Tier I Capital	7,255.7	23,426.6	26,621.8	25,857.7	29,878.4
Tier II Capital	1,263.9	1,120.6	909.2	889.8	768.5
Total Capital	**8,519.6**	**24,547.2**	**27,531.0**	**26,747.5**	**30,646.9**
Total Risk Weighted Assets	**46,615.1**	**47,734.4**	**62,454.9**	**57,055.3**	**68,510.1**
CRAR (%)..	**18.28%**	**51.42%**	**44.08%**	**46.88%**	**44.73%**

Particulars	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
CRAR – Tier I capital (%)	15.57%	49.08%	42.62%	45.32%	43.61%
CRAR – Tier II capital (%)	2.71%	2.35%	1.46%	1.56%	1.12%
Debt[(1)] to Net worth[(2)] ratio	**9.54**	**4.11**	**3.85**	**3.71**	**3.57**

Figures disclosed in the above table related to "Debt to Net worth" are not measures of financial position, operating performance or liquidity defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.

(1) Debt:- Represents the represents the aggregate of debt securities, borrowings (other than debt securities), subordinated liabilities and deposits as of the last day of the relevant year or period.

(2) Net worth is the aggregate of our equity share capital and other equity, excluding capital reserve on amalgamation.

SOURCES OF FUND

Particulars	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million, except percentages)				
Term Loans – Secured (A)	**62,894.7**	**77,840.9**	**81,104.1**	**72,862.4**	**89,205.4**
Banks (excluding NHB)	54,033.7	69,710.5	64,123.2	59,817.5	66,803.2
NHB	8,861.0	8,130.4	16,980.9	13,044.9	22,402.2
Non-Convertible Debentures Secured (B)..............	**15,861.0**	**17,081.4**	**21,403.1**	**21,864.4**	**17,841.2**
Non-Convertible Debentures – Unsecured(C)	-	-	-	-	-
Non-Convertible Debentures – Unsecured - Subordinate Debt (Tier II) (D)	**833.4**	**830.4**	**831.9**	**832.1**	**833.7**
Cash Credit/Overdraft – Secured (E).....................	-	**0.4**	-	-	-
Banks..	-	0.4	-	-	-
Commercial Paper (F)...	**961.4**	-	-	**496.6**	-
Deposits (G)..	**1,399.2**	**680.3**	**405.6**	**469.2**	**162.8**
Public Deposits	1,149.2	-	-	-	-
Other Deposits..	250.0	-	-	-	-
Total Borrowings (H = A+B+C+D+E+F+G)..........	**81,949.7**	**96,433.4**	**103,744.7**	**96,524.7**	**108,043.1**

Types of Borrowings (Including Assignment)

	As of	
Type of Borrowings including Assignment	December 31, 2021	
	Amount	% Share
	(₹ in million, except percentages)	
Fixed Rate Borrowings	36,568.3	27.08%
Floating rate borrowings	98,451.3	72.92%
Total borrowings including securitization / assignment	**135,019.6**	**100.00%**

Average Cost of Borrowings and Tenure

Particulars	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(in months, except percentages)				
Average Tenure of Borrowings (including securitization / assignment)...................................	105	108	104	104	105
Average Cost of Borrowing...................................	10.09%	8.90%	8.15%	8.50%	7.18%

ALM:

	As of		
	December 31, 2021		
	Liabilities[(1)]	Assets[(2)*]	Gap
	(₹ in million)		
Years			
Up to 1 Year	28,902.9	54,203.6	25,300.7
Up to 3 year	73,529.4	79,630.7	6,101.3
Up to 5 year	98,835.9	1,00,308.7	1,472.8
Total (including over 5 years)	1,49,591.9	1,60,567.8[(3)]	10,975.9

** Note: The above asset maturity profile is calculated based on historical customer behaviour on our loan assets.*

(1) Liabilities represent trade payables, debt securities, borrowings (other than debt securities), deposits, subordinated liabilities and

other financial liabilities

(2) Assets represents cash and cash equivalents, other bank balances, housing and other loans, investments, and receivables and other financial assets.

(3) Assets up to 15 years were ₹ 158,003.80 as of December 31, 2021. As per NHB guidelines and our internal policies, assets included in over 15 years, are fixed assets, intangibles, other assets such as security deposits and capital advances and non-cash items.

PRODUCT WISE AUM* (IN TERMS OF AMOUNT)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million, except percentages)				
Home Loan	84,364.7	97,579.1	112,959.6	107,142.0	116,499.7
Other Mortgage Loan	14,844.0	16,317.0	20,292.6	19,136.4	24,010.5
Loans to Developers	948.8	420.5	18.8	385.7	11.7
Total	**100,157.5**	**114,316.6**	**133,271.0**	**126,664.1**	**140,521.9**

* *Including insurance portion*

PRODUCT WISE AUM (IN TERMS OF CASES)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(in nos.)				
Home Loan	116,149	134,956	151,270	143,615	156,310
Other Mortgage Loan	23,070	26,399	31,200	29,942	38,136
Loans to Developers	30	16	1	14	1
Total	**139,249**	**161,371**	**182,471**	**173,571**	**194,447**

AUM BY SEGMENT* (RETAIL VS. CORPORATE CUSTOMERS)

Segment/Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million, except percentages)				
Retail					
Home Loan	84,364.7	97,579.1	112,959.6	107,142.0	116,499.7
Other Mortgage Loan	14,844.0	16,317.0	20,292.6	19,136.4	24,010.5
Corporate					
Home Loan	948.8	420.5	18.8	385.7	11.7
Other Mortgage Loan	-	-		-	
Total	**100,157.5**	**114,316.6**	**133,271.0**	**126,664.1**	**140,521.9**
Retail	99.05%	99.63%	99.99%	99.70%	100.0%
Corporate	0.95%	0.37%	0.01%	0.30%	0.0%

* *including insurance portion*

PRODUCT WISE LTV ON GROSS AUM on Outstanding Basis (%)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(in percentages)				
Home Loan	58.04%	58.65%	59.45%	59.25%	60.21%
Other Property Loan	40.97%	43.13%	43.27%	44.83%	44.22%
Loans to Developers	48.09%	34.34%	48.67%	34.38%	47.32%
Total	**55.48%**	**56.35%**	**56.98%**	**57.00%**	**57.47%**

PRODUCT WISE TENURE OF AUM (IN MONTHS, ON ORIGINATION)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(in months)				
Home Loan	199	202	211	210	216
Other Mortgage Loan	154	163	170	171	168
Loans to Developers	54	56	48	57	48

PRODUCT WISE ATS ON AUM (BASED ON SANCTIONED AMOUNT)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million, except percentages)				
Home Loan	0.85	0.87	0.88	0.88	0.90
Other Mortgage Loan	0.67	0.69	0.72	0.71	0.70
Loans to Developers	52.72	50.93	30.00	50.00	30.00
Total	**0.83**	**0.84**	**0.85**	**0.85**	**0.86**
Retail	0.82	0.84	0.85	0.85	0.86

AVERAGE INTEREST YIELD ON AUM BY PRODUCT

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(in percentages)				
Home Loan	12.69%	12.91%	12.65%	12.80%	12.48%
Other Mortgage Loan	15.39%	15.47%	15.40%	15.41%	15.46%
Loans to Developers	18.28%	17.79%	18.40%	17.72%	18.40%
Total	**13.13%**	**13.28%**	**13.06%**	**13.20%**	**12.98%**
Retail	13.08%	13.26%	13.06%	13.19%	12.98%

GROSS NPA (AUM)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020*	December 31, 2021
	(₹ in million)				
Home Loan	503.2	785.9	1,195.9	685.5	2,435.7
Other Mortgage Loan	69.5	151.5	234.4	158.3	726.8
Loans to Developers	449.0	299.7	-	275.6	-
Total	**1,021.7**	**1,237.1**	**1,430.3**	**1,119.4**	**3,162.5**

**The Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. On March 2021, the Supreme Court of India vacated the interim order, and thereafter the accounts shall be declared NPA. Based on this decision, we have classified eligible accounts as NPA as at March 31, 2021.However, such accounts have been classified as Stage 3 assets and provisions have been recognized accordingly in our Restated Consolidated Financial Information. For further details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.*

NO. OF CASES OF GROSS NPA (AUM)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(in No. of cases)				
Home Loan	656	1,034	1,548	901	3,262
Other Mortgage Loan	123	239	361	223	1,069
Loans to Developers	9	11	-	10	-
Total	**788**	**1,284**	**1,909**	**1,134**	**4,331**

% GROSS NPA (AUM)

Product	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020*	December 31, 2021
	(in percentages)				
Home Loan	0.60%	0.81%	1.06%	0.64%	2.09%
Other Mortgage Loan	0.47%	0.93%	1.16%	0.83%	3.03%
Loans to Developers	47.32%	71.28%	0.00%	70.00%	0.00%
% Gross NPA	**1.02%**	**1.08%**	**1.07%**	**0.88%**	**2.25%****

**The Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. On March 2021, the Supreme Court of India vacated the interim order, and thereafter the accounts shall be declared NPA. Based on this decision, we have classified eligible accounts as NPA as at March 31, 2021.However, such accounts have been classified as Stage 3 assets and provisions have been recognized accordingly in our Restated Consolidated Financial Information. For further details, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting* *our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.*

***See above discussions about the November 12 Circular on page 214 of this Addendum. As of December 31, 2021, we classified our Stage 3 assets of Rs 3,162.5 million (2.25% of our Retail AUM) into:*
(a) Stage 3a: Rs 913.8 million (0.65% of our Retail AUM) loans not more than 90 days past due; and
(b) Stage 3b: Rs 2,248.7 million (1.60% of our Retail AUM) loans more than 90 days past due.
Our Stage 3b loans are comparable to our NPAs for the previous period/years.

AUM BY RATE METHOD

	As on		
	December 31, 2021		
Rate Method	**AUM**	**% Share**	**Yield**
Fixed	17,779	12.68%	9.30%
Floating	122,394	87.32%	13.50%
Grand Total	**140,173**	**100%**	**12.98%**

AUM BY STATE/TERRITORY

AUM BY STATE/TERRITORY	As of									
	March 31, 2019		March 31, 2020		March 31, 2021		December 31, 2020		December 31, 2021	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)									
Uttar Pradesh	16,528.2	16.5%	18,603.4	16.3%	21,221.1	15.9%	20,271.0	16.0%	21,511.6	15.3%
Maharashtra	14,799.5	14.8%	16,945.1	14.8%	20,000.9	15.0%	18,897.0	14.9%	21,079.6	15.0%
Madhya Pradesh	13,243.3	13.2%	13,853.9	12.1%	15,206.1	11.4%	14,720.0	11.6%	15,536.9	11.1%
Gujarat	8,903.1	8.9%	10,970.3	9.6%	14,154.0	10.6%	13,136.0	10.4%	15,544.8	11.1%
Rajasthan	8,463.3	8.4%	10,659.6	9.3%	13,579.1	10.2%	12,506.0	9.9%	15,286.4	10.9%
Tamil Nadu	6,913.9	6.9%	8,273.2	7.2%	9,721.5	7.3%	9,279.0	7.3%	10,432.4	7.4%
Telangana	5,604.0	5.6%	6,658.9	5.8%	7,597.5	5.7%	7,214.0	5.7%	8,116.6	5.8%
Karnataka	6,695.3	6.7%	6,605.4	5.8%	6,457.4	4.8%	6,639.0	5.2%	6,488.3	4.6%
Others	19,006.9	19.0%	21,746.8	19.0%	25,333.4	19.0%	24,002.1	18.9%	26,525.3	18.9%
Total	**100,157.5**	**100.0%**	**114,316.6**	**100.0%**	**133,271.0**	**100%**	**126,664.1**	**100.0%**	**140,521.9**	**100%**

GROSS AUM BY INCOME GROUP

Income segment	As of									
	March 31, 2019		March 31, 2020		March 31, 2021		December 31, 2020		December 31, 2021	
	Amount	% Share	Amount	%Share	Amount	% Share	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)									
EWS[(1)]	34,154.3	34.10%	38,464.9	33.65%	44,649.0	33.50%	42,574.0	33.61%	46,934.3	33.40%
LIG[(2)]	45,950.6	45.88%	53,565.3	46.86%	63,368.0	47.55%	59,867.6	47.26%	66,209.5	47.12%
MIG[(3)]	17,277.7	17.25%	20,129.2	17.61%	23,523.0	17.65%	22,184.7	17.51%	25,215.6	17.94%
HIG[(4)]	2,774.9	2.77%	2,157.2	1.89%	1,731.0	1.30%	2,037.8	1.61%	2,162.5	1.54%
Total	**100,157.5**	**100.00%**	**114,316.6**	**100.00%**	**133,271.0**	**100.00%**	**126,664.1**	**100.00%**	**140,521.9**	**100.0%**

(1) Economically Weaker Section (EWS): Income up to Rs 0.3 mn p.a.
(2) Low Income Group (LIG): Above Rs 0.3 mn to Rs 0.6 mn p.a.
(3) Middle Income Group (MIG): Above Rs 0.6 mn to Rs 1.8 mn p.a.
(4) High Income Group: Above Rs 1.8 mn p.a.

AUM BY OCCUPATION

Occupation	As of									
	March 31, 2019		March 31, 2020		March 31, 2021		December 31, 2020		December 31, 2021	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
	(₹ in million, except percentages)									
Salaried	65,609.1	65.51%	74,861.9	65.49%	85,093.3	63.8%	81,539.6	64.37%	87,732.9	62.43%
Self Employed	34,548.4	34.49%	39,454.7	34.51%	48,177.7	36.2%	45,124.5	35.63%	52,789.1	37.57%
Total	**100,157.5**	**100.00%**	**114,316.6**	**100.00%**	**133,271.0**	**100.0%**	**126,664.1**	**100.00%**	**140,521.9**	**100.00%**

% Retail GROSS NPA BY OCCUPATION AND ASSOCIATED YIELD (%)

Occupation	As of									
	March 31, 2019		March 31, 2020		March 31, 2021		December 31, 2020		December 31, 2021	
	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA	Yield	Gross NPA
	(in percentages)									
Salaried	12.51%	0.38%	12.57%	0.51%	12.15%	0.68%	12.40%	0.41%	11.92%	1.60%
Self Employed	14.26%	0.94%	14.61%	1.43%	14.68%	1.76%	14.64%	1.15%	14.76%	3.34%
Total	**13.08%**	**0.58%**	**13.26%**	**0.82%**	**13.06%**	**1.07%**	**13.19%**	**0.67%**	**12.98%**	**2.25%**

DISBURSEMENTS

Disbursement by segments

Product	For the				
	FY2019	FY2020	FY2021	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	(₹ in million)				
Home Loan	27,747.9	28,387.3	30,409.0	19,408.9	19,103.7
Other Mortgage Loan	4,154.7	3,514.1	5,038.1	2,920.6	4,669.8
Loans to Developers	15.9	-	-	-	-
Total	**31,918.5**	**31,901.4**	**35,447.1**	**22,329.5**	**23,773.5**

No. of fresh sanctions during the year (No. of cases)

Disbursement cases by product	For the				
	FY2019	FY2020	FY2021	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	(in nos.)				
Home Loan	51,591	50,151	49,829	32,242	30,431
Other Mortgage Loan	10,068	8,319	8,606	5,214	8,303
Loans to Developers	-	-	-	-	-
Total	**61,659**	**58,470**	**58,435**	**37,456**	**38,734**

Disbursements Yield (in %)

Yield by product	For the				
	FY2019	FY2020	FY2021	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	(in percentages)				
Home Loan	12.78%	12.98%	12.83%	12.88%	12.63%
Other Mortgage Loan	15.64%	16.21%	16.32%	16.29%	16.00%
Loans to Developers	17.73%	-	-	-	-
Total	**13.15%**	**13.33%**	**13.32%**	**13.33%**	**13.30%**

Disbursements by sourcing channels

Channel	For the year ended March 31, 2019		For the year ended March 31, 2020		For the year ended March 31, 2021	
	(₹ millions, except percentages)					
	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %
Aadhar Mitras ….	3,830.5	12.00%	6,635.1	20.80%	8,759.4	24.71%
DSAs	7,660.8	24.00%	8,527.7	26.73%	10,175.6	28.71%
DSTs	20,427.2	64.00%	16,738.6	52.47%	16,512.1	46.58%
Total	**31,918.5**	**100.00%**	**31,901.4**	**100.00%**	**35,447.1**	**100.00%**

Channel	For the nine months ended December 31, 2020		For the nine months ended December 31, 2021	
	Disbursements	Contribution to total disbursements %	Disbursements	Contribution to total disbursements %
Aadhar Mitras…	5,484.9	24.56%	5,458.5	22.96%
DSAs ………….	6,439.3	28.84%	7,403.6	31.14%
DSTs ………….	10,405.3	46.60%	10,911.4	45.90%
Total…………..	**22,329.5**	**100.00%**	**23,773.5**	**100.00%**

Average Ticket Size on Disbursement

Disbursement (ATS)	For the				
	FY2019	FY2020	FY2021	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	(₹ in million)				
Home Loan	0.93	0.94	0.98	0.98	1.00
Other Mortgage Loan	0.65	0.78	0.82	0.81	0.86
Loans to Developers	37.83	-	-	-	-
Total..	**0.89**	**0.93**	**0.96**	**0.96**	**0.98**

GOVERNMENT SANCTIONED PRADHAN MANTRI AWAS YOJANA (PMAY) SUBSIDY

Set forth below is certain information in relation to our live accounts (as of December 31, 2021) that have availed PMAY subsidy in the periods mentioned:

Particular	For the				
	FY2019	FY2020	FY2021	Nine months ended December 31, 2020	Nine months ended December 31, 2021
	(₹ in million, except sanction count)				
Total Sanction Count by GOI as PMAY Subsidy (in numbers)..	6,588	8,745	6,601	4,251	4,587
EWS/LIG Sanction Count by GOI (in numbers)	5,732	8,558	5,774	4,029	4,175
Amount Sanctioned as PMAY Subsidy (₹ in million)	1,471.7	1,927.2	1,428.3	940.2	978.2
EWS/LIG Amount Sanctioned (₹ in million)	1,303.2	1,890.9	1,276.7	901.0	899.2

NON-GAAP RECONCILIATIONS

Below are the reconciliations of the non-GAAP measures presented in this section:

	As of/for the				
	Nine months ended December 31, 2021	Nine months ended December 31, 2020	FY 2021	FY 2020	FY 2019
	(₹ in million, except percentages)				
Average Cost of Borrowing					
Finance costs (A)	5,727.0	6,176.5	8,159.7	7,934.9	7,319.4
Debt securities	17,841.2	22,361.0	21,403.1	17,081.4	16,822.4
Borrowings (other than debt securities)	89,205.4	72,862.4	81,104.1	77,841.3	62,894.7
Deposits	162.8	469.2	405.6	680.3	1,399.2
Subordinated liabilities	833.7	832.1	831.9	830.4	833.4
Total Borrowing (B)	108,043.1	96,524.7	103,744.7	96,433.4	81,949.7
Average Borrowing (C)	105,893.9	96,479.1	100,089.1	89,191.6	72,564.2
Average Cost of Borrowing (D=A/C*100)	7.18%*	8.50%*	8.15%	8.90%	10.09%
* Annualized (multiply 365 days and divide by 275 days)					
Net Retail NPA on AUM and Retail NPA Provision Coverage Ratio					
Gross NPA -Retail -AUM (A)..	3,162.5	843.8**	1,430.3	937.4	572.7
Less: Provision against Retail NPA (Stage 3 Assets (Housing and Other Property Loan)) (B)	711	442.7	433.6	254.9	128.0
Net Retail NPA (C=A-B)	2,451.5	401.1	996.7	682.5	444.7
Retail AUM (D)	140,510.3	126,278.5	133,252.2	113,896.2	99,208.7
Net Retail NPA/AUM (E=C/D*100)	1.74%	0.32%	0.75%	0.60%	0.45%
Retail Provision Coverage Ratio % (F=B/A)	22.48%	52.47%**	30.32%	27.19%	22.35%
Net Worth and Average Net Worth					

	As of/for the				
	Nine months ended December 31, 2021	Nine months ended December 31, 2020	FY 2021	FY 2020	FY 2019
	(₹ in million, except percentages)				
Equity share capital (A)	3,947.6	394.8	3,947.6	394.6	251.5
Other equity (B)	26,330.8	25,592.0	22,980.6	23,078.7	8,337.8
Total equity (C)	30,278.4	25,986.8	26,928.2	23,473.3	8,589.3
Capital Reserve on Amalgamation (D)	0.6	0.6	0.6	0.6	0.6
Net Worth (E=C-D)	30,277.8	25,986.2	26,927.6	23,472.7	8,588.7
Average Net Worth	28,602.7	24,729.5	25,200.2	16,030.7	7,883.0
Return on Equity					
Net profit after tax, as restated (A)	3,296.0	2,470.4	3,401.3	1,893.8	1,618.8
Average Total Equity (B)	28,603.3	24,730.1	25,200.8	16,031.3	7,883.6
Return on Equity (C=A/B*100)	15.29%*	13.26%*	13.50%	11.81%	20.53%
* Annualized (multiply 366 days and divide by 275 days)					
Debt to Equity Ratio					
Total Borrowing (A)	108,043.1	96,524.7	103,744.7	96,433.4	81,949.7
Total Equity (B)	30,278.4	25,986.8	26,928.2	23,473.3	8,589.3
Debt to Equity Ratio (A/B)	3.57	3.71	3.85	4.11	9.54
Cost to Income Ratio					
Finance costs (A)	5,727.0	6,176.5	8,159.7	7,934.9	7,319.4
Total Income (B)	12,764.1	11,626.2	15,755.5	13,884.6	12,656.3
Employees benefits expense (C)	1,743.4	1,324.0	1,888.1	1,675.6	1,778.4
Depreciation and amortisation expense (D)	98.1	84.5	111.9	115.8	85.5
Other expenses (E)	605.6	437.5	721.3	752.7	665.2
Operating Expenses (F=C+D+E)	2,447.1	1,846.0	2,721.3	2,544.1	2,529.1
Cost to Income Ratio (G=F/(B-A)*100)	34.77%	33.87%	35.83%	42.76%	47.39%
Return on Total Average Asset					
Net profit after tax, as restated (A)	3,296.0	2,470.4	3,401.3	1,893.8	1,618.8
Total Assets (B)	142,111.1	130,116.0	136,303.3	123,664.3	94,800.2
Average total assets (C)	139,207.2	126,890.2	129,983.8	109,232.3	86,407.7
Return on total average asset (D=A/C*100)	3.14%*	2.58%*	2.62%	1.73%	1.87%
* Annualized (multiply 365 days and divide by 275 days)					
Return on Equity and Return on Total Assets Adjusted Basis					
Net profit after tax, as restated (A)	3,296.0	2,470.4	3,401.3	1,893.8	1,618.8
Additional Provision on Covid-19 (B)	194.5	-	107.1	495.1	-
Accelerated Provision on Loans to Developers (C)	(65.3)	120.8	84.5	314.2	-
Tax Adjustment on B and C above (D)	27.8	25.8	41.1	176.2	-
Adjusted net profit after tax (E=A+B+C-D)	3,397.4	2,565.4	3,551.8	2,526.9	1,618.8
Total Equity (F)	30,278.4	25,986.8	26,928.2	23,473.3	8,589.3
Cumulative Additional Provision on Covid-19 (G)	796.7	495.1	602.2	495.1	-
Cumulative Accelerated Provision on Loans to Developers (H)	333.4	435.0	398.7	314.2	-
Cumulative Tax Adjustment on B and C above (I) ((Incremental tax rate (calculated after giving effect of tax on other comprehensive income and reducing effect of change in tax rate & difference in tax of earlier years) 21.77% for Fiscal 2020, 21.47% for Fiscal 2021. 21.33% and 21.49% for nine months ended December 31, 2020 and 2021)	245.1	202.0	217.3	176.2	-
Adjusted Total Equity (J)	31,163.4	26,714.9	27,711.8	24,106.4	8,589.3
Average Adjusted Total Equity (K)	29,437.6	25,410.7	25,909.1	16,347.9	7,883.6
Return on Equity Adjusted basis (L=E/K*100)	15.32%*	13.40%*	13.71%	15.46%	20.53%
Total Assets (M)	**142,111.1**	**130,116.0**	**136,303.3**	**1,23,664.3**	**94,800.2**
Adjustment of Cumulative Additional Provision on Covid-19 and Cumulative Accelerated Provision on Loans to Developers (N=G+H)	1,130.1	930.1	1,000.9	809.3	-
Adjusted Total Asset (O)	143,241.2	131,046.1	137,304.2	124,473.6	94,800.2
Adjusted Average total assets (P)	140,272.7	127,759.9	130,888.9	109,636.9	86,407.7
Return on Total Assets on Adjusted basis (Q=E/P*100)	3.21%*	2.67%*	2.71%	2.30%	1.87%
* Annualized (multiply 365 days and divide by 275 days)					
Operating expenses to average total assets					

	As of/for the				
	Nine months ended December 31, 2021	**Nine months ended December 31, 2020**	**FY 2021**	**FY 2020**	**FY 2019**
	(₹ in million, except percentages)				
Operating expenses (A)	2,447.1	1,846.0	2,721.3	2,544.1	2,529.1
Average total assets (B)	139,207.2	126,890.2	129,983.8	109,232.3	86,407.7
Operating expenses to average total assets (C=A/B*100)	2.33%*	1.93%*	2.09%	2.33%	2.93%
* Annualized (multiply 365 days and divide by 275 days)					
Credit Cost to Average Total Assets					
Impairment on financial instruments (Credit Cost) (A)…………	391.8	463.4	549.4	1,096.5	320.0
Average Total Assets (B)	139,207.2	126,890.2	129,983.8	109,232.3	86,407.7
Credit Cost to Average Total Assets (C=A/B)	0.37%*	0.48%*	0.42%	1.00%	0.37%
* Annualized (multiply 365 days and divide by 275 days)					
Credit Cost to Average Total Assets (after removing the impact of credit cost on account of COVID-19 & One-time restructuring and accelerated provision / write offs on loan assets of loan to developer)					
Impairment on financial instruments (Credit Cost) (A)…………	391.8	463.4	549.4	1,096.5	320.0
Additional Provision on Covid-19 (B)	194.5	-	107.1	495.1	-
Accelerated Provision on Loans to Developers (C)	(65.3)	120.8	84.5	314.2	-
Adjusted Impairment on financial instruments (Adjusted Credit Cost) (D = A+B+C)	262.6	342.6	357.8	287.2	320.0
Average Total Assets (E)	139,207.2	126,890.2	129,983.8	109,232.3	86,407.7
Adjusted Credit Cost to Average Total Assets (F=D/E)	0.25%*	0.36%*	0.28%	0.26%	0.37%
* Annualized (multiply 365 days and divide by 275 days)					
Average Yield on Loan Assets					
Interest on Loans (A)	10,914.6	9,620.6	13,033.6	11,365.9	10,681.0
Housing and other loans (B)	112,572.9	99,191.8	106,132.6	89,090.3	80,255.9
Impairment loss allowance (C)..	1,873.0	1,698.9	1,478.4	1,270.9	783.1
Housing and other loans - Gross (D=B+C)	114,445.9	100,890.5	107,611.0	90,361.2	81,039.0
Average Housing and other loans (E)	111,028.5	95,625.9	98,986.1	85,700.1	77,193.0
Average Yield (F=A/E*100)	13.05%*	13.35%*	13.17%	13.26%	13.84%
Annualized (multiply 365 days and divide by 275 days)					
Net Interest Margin					
Total Income (A)	12,764.1	11,626.2	15,755.5	13,884.6	12,656.3
Finance Cost (B)	5,727.0	6,176.5	8,159.7	7,934.9	7,319.4
Net Interest Income (C=A-B)	7,037.1	5,449.7	7,595.8	5,949.7	5,336.9
Average total asset (D)	139,207.2	126,890.2	129,983.8	109,232.3	86,407.7
Net Interest Margin (E=C/D*100)	6.71%*	5.70%*	5.84%	5.45%	6.18%
*Annualized (multiply 365 days and divide by 275 days)					
Provision Coverage Ratio – Retail GNPA on AUM (%)					
Impairment on financial instruments retail excluding loan to developer portfolio (A)……………………………………	1,864.7	1,327.5	1,473.4	1,020.0	451.8
Gross Retail NPA – Stage 3b loans (B)	2,248.7	843.8**	1,430.3	937.4	572.7
Provision Coverage Ratio – Retail GNPA on AUM (%)C=B/C*100)……………………………………………	82.92%	157.32%	103.01%	108.81%	78.89%

** *The Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. On March 2021, the Supreme Court of India vacated the interim order, and thereafter the accounts shall be declared NPA. Based on this decision, we have classified eligible accounts as NPA as at March 31, 2021. However, such accounts have been classified as Stage 3 assets and provisions have been recognized accordingly in our Restated Consolidated Financial Information. For further details, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our restated consolidated financial information as of and for the nine months ended December 31, 2021 and December 31, 2020 and Fiscals ended March 31, 2021, 2020 and 2019, including the related annexures. These restated consolidated financial information are prepared in accordance with Ind AS and restated as per the SEBI ICDR Regulations. Ind AS differs in certain material respects with IFRS and U.S. GAAP. The degree to which the financial information prepared in accordance with Ind AS will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS.

Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year or fiscal are to the 12-month period ended March 31 of that year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" on page 18 of the Draft Red Herring Prospectus and "Risk Factors" on pages 3 of this Addendum.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report. We commissioned the CRISIL Report pursuant to an engagement letter dated January 31, 2022 entered into with CRISIL Limited (available at https://aadharhousing.com/investor-relations/IPO-Material-documents.php), and CRISIL Limited has been exclusively commissioned and paid for by our Company for the purposes of confirming our understanding of the industry in connection with the Offer. For further information, see "Certain Conventions, Presentation of Financial, Industry and Market Data – Industry and Market Data" on page 15 of the Draft Red Herring Prospectus and "Risk Factors – Statistical and industry data in this document is derived from the CRISIL Report commissioned by us and paid for by us exclusively for the purpose of the Offer" on page 6 of this Addendum.

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.

Overview

We are the largest HFC focused on the low income housing segment in India in terms of AUM, as of March 31, 2021, according to the CRISIL Report. We are approximately 1.4 times larger than the second largest peer set company based on AUM as at March 31, 2021. (*Source: CRISIL Report*). Compared to our peers, we have the largest customer base as at March 31, 2021 and have the highest disbursement for financial year ended March 31, 2021. (*Source: CRISIL Report*). Further, as at March 31, 2021, among HFCs focused on the low income housing segment in India, we have the most geographically diversified AUM as well as the highest efficiency in terms of operating expenditure ratios (*Source: CRISIL Report*). We are an entirely retail-focused HFC focused on the low income housing segment, serving economically weaker and low-to-middle income customers, who require small ticket mortgage loans. The average ticket size of our loans was ₹ 0.85 million and ₹ 0.86 million, with an average loan-to-value of 57.00% and 57.47%, as of December 31, 2020 and December 31, 2021, respectively. As of December 31, 2020 and December 31, 2021, 64.37% and 62.43% of our Gross AUM comprised loans to salaried customers, and 35.63% and 37.57% of our Gross AUM comprised loans to self-employed customers, respectively. We offer a range of mortgage-related loan products, including loans for residential property purchase and construction; home improvement and extension loans; and loans for commercial property construction and acquisition. Our financial performance has remained consistent and resilient through various external events in the Indian economy. Our Gross AUM increased from ₹100,157.5 million in FY2019, to ₹114,316.6 million in FY2020, ₹126,664.1 million as of December 31, 2020, ₹133,271.0 million in FY2021, and ₹140,521.9 million as of December 31, 2021. During these periods, the Indian economy and the banking and finance industry in India were adversely impacted by various events such as the introduction and roll out of a nationwide GST; defaults involving large non-bank finance companies; and, most recently, the first, second and third (Omicron) waves of the COVID-19 pandemic.

We have made social objectives one of the core objectives of our business model. We operate a financially inclusive customer centric lending business and believe that our business model contributes significantly to the economic upliftment of our target customers by contributing to an improvement in their standard of living. In addition to our customer-facing social objectives, we have also implemented social objectives in other aspects of our business. Our presence in rural and semi urban locations across India provides a source of employment in these locations. *See "- Competitive Strengths - Social objectives at the core of our business model"* on page 96 of this Addendum.

We have an extensive network of 325 branches, as of December 31, 2021. Our branches are spread across 20 states and union territories, operating in approximately 15,000 locations across India, as of December 31, 2021. Our branch network is widely dispersed with no state accounting for more than 15.3% in terms of Gross AUM as of December 31, 2021. We believe that our diversified reach is well positioned to meet the specific needs of our target customers across geographies, in urban, semi-urban and rural areas. Further, as a result of our geographical spread, the top five states and union territories in terms of contribution to AUM collectively accounted for 63.1% of our AUM as of March 31, 2021, which is the lowest concentration level amongst our competitors in terms of their cumulative share in the top 5 states and union territories, according to the CRISIL Report.

As of December 31, 2021, we have a total of 2,632 employees and our 100% owned subsidiary has a total of 1,304 employees.

We have robust and comprehensive systems and processes for underwriting, collections and monitoring asset quality. These systems and processes are also technology enabled across our front office and back office with a view to ultimately digitize the entire life cycle of a loan from origination to closure. Loan applications from salaried-customers go through our centralized processing unit, increasing efficiency while those from self-employed customers, which require close understanding of the customer and their cash flows, are managed regionally. We also have an internally developed credit assessment model and have digitized monthly collections from customers to the extent possible to reduce processing and improve collection efficiency. We have migrated to a digital, state-of-the-art IT infrastructure with a view to reduce costs, real time analysis of customer data, improve our control and underwriting functions, while increasing customer reach and distribution capability. These measures will further improve our operational efficiency by improving processing times and productivity. For further details, see "*Our Business – Information Technology*" below on page 106 of this Addendum.

We secure financing from a variety of sources including term loans and working capital facilities; proceeds from loans assigned; proceeds from the issuance of NCDs; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, development financial institutions to meet our capital requirements. We follow a prudent borrowing strategy of not relying on short-term loans and as of December 31, 2021 and December 31, 2020, 98.44% and 97.49% of our Total Borrowing comprises long-term borrowings with a tenor of 1 years or more, respectively. As of December 31, 2021 and December 31, 2020, our Total Borrowings were ₹ 108,043.1 million and ₹ 96,524.7 million, respectively. Our average cost of borrowings has reduced from 10.09% as of March 31, 2019 to 8.50% as of December 31, 2020 and 7.18% as of December 31, 2021. As of December 31, 2021, the weighted average tenure of our outstanding borrowings, was 105 months. Further, our long-term rating from CARE and Brickworks are AA, our short-term borrowings are rated A1+ by CRISIL, ICRA and India Ratings, and our fixed deposits program is rated FAA- by CRISIL.

We have a strong, experienced and dedicated management team, with our senior management having an average of 25 years' experience in the financial services industry in India. Further, our board of directors is comprised of a balanced team of independent directors, qualified and experienced personnel, who have extensive knowledge and understanding of the housing finance and banking industries.

Since June 2019, BCP Topco, which is our Promoter, and is an affiliate of funds managed and/or advised by affiliates of Blackstone, currently holds 98.72% of our pre-Offer issued, subscribed and paid-up Equity Share capital. We benefit from the resources, relationships and expertise of Blackstone, one of the world's leading investment firms. Blackstone's asset management businesses include investment vehicles focused on real estate, private equity, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Through its different businesses, Blackstone had total assets under management of over $880.9 billion as of December 31, 2021. Following our acquisition by BCP Topco, we have also strengthened our corporate governance framework, with the induction of three independent directors, one of whom serves as Chairman.

The following table sets forth certain key financial measures for our Company as at/for the periods indicated:

Sr. No.	Metrics	Financial Year ending March 31, 2019	Financial Year ending March 31, 2020	Financial Year ending March 31, 2021	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
1	Live Accounts (including assigned loans)[(1)]	139,249	161,371	182,471	173,571	194,447
2	Number of branches[(2)]	311	294	310	294	325
3	Average ticket size (₹ Mn.)[(3)]	0.83	0.84	0.85	0.85	0.86
4	Retail AUM (₹ Mn.)[(4)]	99,208.7	113,896.2	133,252.2	126,278.5	140,510.3
5	Gross Retail NPA (%)[(5)]	0.58%	0.82%	1.07%	0.67%*	2.25%**
6	Net Retail NPA/ Retail AUM (%)[(6)]	0.45%	0.60%	0.75%	0.32%*	1.74%
7	Net worth[(7)]	8,588.7	23,472.7	26,927.6	25,986.2	30,277.8
8	PAT[(8)]	1,618.8	1,893.8	3,401.3	2,470.4	3,296.0
9	Adjusted PAT[(9)]	1,618.8	2,526.9	3,551.8	2,565.4	3,397.4
10	Adjusted Return on Total Assets (%)[(10)]	1.87%	2.30%	2.71%	2.67%	3.21%
11	Adjusted ROE (%)[(11)]	20.53%	15.46%	13.71%	13.40%	15.32%
12	Debt to Net Worth ratio[(12)]	9.54	4.11	3.85	3.71	3.57
13	Capital Adequacy Ratio (as per regulatory requirements) (%)	18.28%	51.42%	44.08%	46.88%	44.73%

Sr. No.	Metrics	Financial Year ending March 31, 2019	Financial Year ending March 31, 2020	Financial Year ending March 31, 2021	Nine Months ended December 31, 2020	Nine Months ended December 31, 2021
14	Average yield on Loan Book (%)[(13)]	13.84%	13.26%	13.17%	13.35%	13.05%
15	Average cost of Borrowing (%)[(14)]	10.09%	8.90%	8.15%	8.50%	7.18%
16	Net Interest Margin (%)[(15)]	6.18%	5.45%	5.84%	5.70%	6.71%
17	Cost to Income Ratio (%)[(16)]	47.39%	42.76%	35.83%	33.87%	34.77%

Notes:

(1) Live Accounts (including assigned accounts):- Represent the aggregate number of loan accounts outstanding as of the end of the relevant year or period including loan accounts which have been transferred by our Company by way of assignment and are outstanding as of the last day of the relevant year or period.

(2) Number of branches represents aggregate number of branches of our Company as of the last day of relevant period.

(3) Average ticket size =Total sanctioned amount of the AUM of Live Accounts divided by those accounts.

(4) Retail AUM represents our AUM that is sourced from our home loans and other mortgage loans.

*(5) Gross Retail NPA:- Represents closing balance of the Gross NPA of our Retail AUM as of the last day of the relevant year or period. See ** below for impact of RBI circular dated November 12, 2021 on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications (the "**November 12 Circular**").*

(6) Net Retail NPA to Retail AUM: Represents the ratio of our Net Retail NPA as of the last day or the relevant day or period to the Retail AUM as of the last day of the relevant year or period. Net Retail NPA represents the closing balance of the Net NPA of our Retail AUM as of the last day of the relevant year or period. Net NPA equals total Gross Retail NPA less provision on the same.

(7) Net worth is the aggregate of our equity share capital and other equity excluding capital reserve on amalgamation.

(8) PAT represents Profit After Tax for the relevant year or period.

(9) Adjusted PAT represents our profit after tax for the relevant year or period, adding back additional provisions towards the impact of COVID-19, one-time restructuring and accelerated provisions / write-offs in our portfolio of loans to developers (net of tax impact).

(10) Adjusted Return on Total Assets:- Calculated as the Adjusted Profit After Tax for the relevant year or period as a percentage of Adjusted Average Total Assets in such year or period.

(11) Adjusted Return on Equity is calculated as the Adjusted Profit After Tax for the relevant year or period as a percentage of Adjusted Average Net Worth in such year or period.

(12) Debt to Net Worth Ratio:- Represents the ratio of our Total Borrowings to our Net Worth as of the last day of the relevant period.

(13) Average Yield on Gross Loan Book:- Represents the ratio of interest income on loans for a year or period to the average Gross Loan Book for the year or period.

(14) Average cost of borrowing:- Represents finance cost for the relevant year or period as a percentage of Average Borrowings in such year. Average Borrowings is the simple average of our Total Borrowings outstanding as of the last day of the relevant year or period and our Total Borrowings outstanding as of the last day of the previous year.

(15) Net Interest Margin: - Represents the ratio of our total income for a year or period, less finance costs for the year or period to the average total assets for the year or period.

(16) Cost to income ratio represents the ratio of operating expenses for the relevant year or period divided by total income for the year or period, less finance costs for the year or period, expressed as a percentage.

** The Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. On March 2021, the Supreme Court of India vacated the interim order, and thereafter the accounts shall be declared NPA. Based on this decision, we have classified eligible accounts as NPA as at March 31, 2021. However, such accounts have been classified* *as Stage 3 assets and provisions have been recognized accordingly in our Restated Consolidated Financial Information. For further details, see " – Significant Factors Affecting our Results of Operations - General Economic Conditions in India and the impact of the COVID-19 outbreak" on page 230 of this Addendum.*

** *Includes loan assets of ₹ 913.8 Million (0.65%) not more than 90 days past due which have been classified as NPA as per the November 12 Circular.*

Following the November 12 Circular, the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). The circular only applies prospectively from November 2021 and hence we do not need to reclassify any of our historical NPAs. As a result, from a reporting perspective, we classified our Stage 3 assets into, as on December 31, 2021:

(a) Stage 3a: loans not more than 90 days past due; and

(b) Stage 3b: loans more than 90 days past due.

Our stage 3b loans are comparable to our NPA for the previous period/years.

See "Our Business – Competitive Strengths - Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality" on page 94 of this Addendum and "Selected Statistical Information – Financial Ratios" on page 213 of this Addendum. For details of our corporate history, see "*History and Certain Corporate Matters*" on page 148 of the Draft Red Herring Prospectus.

Significant Factors Affecting our Results of Operations

Our results of operations and financial condition are affected by a number of factors including:

General Economic Conditions in India and the impact of the COVID-19 outbreak

Our financial condition and results of operations are influenced by the general economic conditions prevalent in India. Overall economic growth and an increase in GDP are likely to result in an increase in incomes and spending on housing in India, which may lead to an increase in demand for home loans, thereby positively impacting our financial condition and results of operations. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Various factors beyond our control, such as domestic employment levels, conditions in the world economy, escalation of global trade tensions, fluctuations in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates and changes in Indian laws, regulations and policies could have either a positive or adverse impact on the quality of our loan book. The demand for home loans is also affected by real estate prices and other developments in the real estate sector. Typically, higher real estate prices are likely to result in lower affordability for buyers. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates, could impact our business.

In the past several months, the rapid and diffused spread of the coronavirus (COVID-19) and global health concerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or worsen for an unknown period of time. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Across the world, numerous governments and companies, including us, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day country-wide lockdown which was further extended to contain the spread of the virus. Subsequently, progressive relaxations have been granted for movement of goods and people and cautious re-opening of businesses and offices. A resurgence of COVID-19 in India in April 2021 led to further lockdowns in various regions of India and a number of businesses were temporarily closed. While lockdowns are being progressively relaxed, the scope, duration, and frequency of such measures, the adverse effects of COVID-19 and the constantly evolving situation (including in respect of newly emerging variants of COVID-19) remains uncertain and could be severe

According to the CRISIL Report, India's GDP growth was dented in calendar year 2020 by 7.3% year-on-year due to COVID-19, but the International Monetary Fund estimates India's GDP growth to grow by 9.0% in the calendar year of 2021 due to the lower base of calendar year 2020 and approved vaccines and policy measures. For further details, see "*Industry Overview*" on page 48 of this Addendum.

We took a number of proactive steps to counter the impact of COVID-19 on our business. Pursuant to RBI's directions, we granted moratorium on payment of instalments falling due between March 1, 2020 and August 31, 2020 (the "**Moratorium Period**") to all eligible customers who requested for the moratorium. For all such accounts, where the moratorium was granted, the asset classification remained at a standstill during the moratorium period. During the Moratorium Period, we focused our operations on three main aspects: remaining in close contact with all our customers; improving collection efficiencies; and re-starting disbursements with appropriate diligence. We continued regular engagement (through modes such as phone calls and text messages) with our customers during the Moratorium Period and have continued to do so in the months following the Moratorium Period. As a result, while our collection efficiencies dipped in the month of April 2020, we steadily recovered from May 2020 onwards. Additionally, during the second wave of COVID-19 in April to May 2021, our overall business was impacted negatively with a slowdown both in our disbursements and collections, due to a surge in infections across the country, which resulted in localized lockdowns in various regions of India. For the month of January 2022, our collection efficiencies were 100%. Further, as regards to disbursements, while we did not make any fresh disbursements in the month of April 2020, we undertook limited disbursements during FY2021 and have gradually increased our disbursements in the nine months ended December 31, 2021. With a view of minimizing defaults, we focused more on salaried customers during this period. Further, we also tightened our credit policies and performed additional due diligence on our customers to determine if their employment has been impacted by COVID-19. With these measures in place, we were able to gradually increase our disbursements while at the same time improving our collection efficiencies.

The table below sets forth our disbursements and collection efficiencies for the months indicated:

Particulars (₹ in millions)	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020	January 2021
Disbursements	3,860	1,120	-	854	2,098	2,865	3,262	3,150	3,605	3,221	3,275	4,510
Total EMI to be collected	1,600	1,630	1,640	1,630	1,616	1,633	1,657	1,686	1,701	1,739	1,765	1,779
Total EMI collected	1,560	1,450	969	1,064	1,224	1,298	1,383	1,566	1,625	1,687	1,719	1,745
Collection Efficiency	98%	89%	59%	65%	76%	79%	83%	93%	96%	97%	97%	98%

Particulars (₹ in millions)	February 2021	March 2021	April 2021	May 2021	June 2021	July 2021	Augus t 2021	Septemb er 2021	October 2021	November 2021	December 2021	January 2022
Disbursements	3,994	4,614	465	(717)	2,508	4,267	3,605	3,700	2,005	3,703	4,240	4,889
Total EMI to be collected	1,807	1,836	1,885	1,879	1,857	1,857	1,873	1,897	1,925	1,933	1,931	1,985
Total EMI collected	1,787	1,840	1714	1,726	1,821	1,866	1,896	1,900	1,877	1,914	1,939	1,983
Collection Efficiency	99%	100%	91%	92%	98%	100%	101%	100%	98%	99%	100%	100%

Our liquidity position as of March 31, 2021 comprised cash and cash equivalents of ₹ 3,835.0 million and other bank balances of ₹ 17,877.8 million, compared to cash and cash equivalents of ₹ 13,648.8 million and other bank balances of ₹ 17,766.4 as of March 31, 2020 due to net cash used in operating and investing activities during Fiscal 2021. The decrease in cash and cash equivalents from March 31, 2020 to March 31, 2021 was primarily due a decrease in balances with banks in current accounts and balances with banks in deposits accounts with original maturity of less than 3 months, partially offset by an increase in cash on hand. We utilized our liquidity to prepay some of our high cost loans in the Fiscal 2021, which helped in reducing our costs of borrowing for Fiscal 2021 and nine months ended December 31, 2021. As a result of our strong liquidity position, we did not avail the benefit of moratorium from any of our lenders.

While we have taken a number of steps to mitigate the impact of COVID-19 on our business and have been able to grow our Gross AUM, the extent to which the COVID-19 pandemic will ultimately impact our results and carrying value of assets will depend on future developments, which are uncertain. We have maintained additional impairment provision amounting to ₹ 495.1 million as of December 31, 2020 and ₹ 796.7 million as of December 31, 2021 in relation to the impact of COVID-19 and one-time restructuring of loans impacted by COVID-19 under the RBI mandated moratorium. Our impairment loss allowance estimates are subject to a number of management judgments and estimates, which could undergo changes over the entire duration of the pandemic. Further, the Supreme Court of India passed an interim order in September 2020 in a public interest litigation, whereby it directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders. Based on this interim order, we have not classified eligible accounts as NPA as at December 31, 2020. However, such accounts have been classified as Stage 3 assets and provisions have been recognized accordingly in our financial statements. On March 23, 2021 the Supreme Court of India has vacated the interim order of not classifying NPAs and accordingly NPAs have been classified post March 23, 2021 in accordance with the regulatory guidance.

In addition, on November 12, 2021, the RBI issued a circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications (the "**November 12 Circular**") which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdues (in other words, only if the entire arrears of interest and principal are paid by the borrower). Further, on February 15, 2022, the RBI issued a clarificatory circular to the November 12 Circular, which stipulates that NBFCs have until September 30, 2022 to put in place the necessary systems to implement such provision. Following the November 12 Circular, from a reporting perspective, we classified our Stage 3 assets into: (a) Stage 3a loans not more than 90 days past due and (b) Stage 3b loans more than 90 days past due. Our Stage 3b loans are comparable to our NPA for the previous period/years and our Stage 3a loans have been classified as a result of the November 12 Circular with effect from November 12, 2021. As a result of the reclassification of Stage 3 loans, our Retail GNPAs as of December 31, 2021 of ₹3,162.5 million (2.25% of our Retail AUM) includes loan assets of ₹ 913.8 million (0.65% of our Retail AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular. Our Own Book GNPA as of December 31, 2021 of ₹2,729.3 million (2.40% of our Own Book AUM) includes loan assets of ₹ 754.6

million (0.66% of our Own Book) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular. Our Retail GNPAs increased from ₹1,430.3 million (1.07% of our Retail AUM) as of March 31, 2021 to ₹3,162.5 million (2.25% of our Retail AUM) as of December 31, 2021, and our Own Book GNPA increased from ₹1,307.1million (1.21% of our Own Book) to ₹2,729.3 million (2.40% of our Own Book). This clarification by the RBI could cause our NPAs to continue to increase in the near term, and increase stickiness of NPAs for NBFCs going forward, and consequently result in an increase in provisioning requirements, higher capital requirements and losses over time.

Given the uncertainty over the potential macro-economic conditions and judicial decisions on matters arising from the regulatory guidelines (such as the public interest litigation in the Supreme Court), the impact of the COVID-19 pandemic on our financial performance may be different from that estimated as at the date of approval of our financial statements as of and for the nine months ended December 31, 2021. We continue to closely monitor any anticipated material changes to future economic conditions.

Availability of Cost Effective Funding Sources

The availability of cost-effective funding sources impacts our financial condition and profitability. We rely on our revenue from operations, equity in the form of shareholder funds, and debt, in the form of term loans, bank overdraft and working capital facilities; proceeds from the issuance of NCDs and commercial paper; refinancing from the NHB; and subordinated debt borrowings from banks, mutual funds, insurance companies and other domestic, financial institutions to meet our capital requirements. Further, we also assign loans through direct assignment to banks and financial institutions. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Internal factors that affect our cost of funds include our credit ratings and available credit limits. For the nine months ended December 31, 2021 and December 31, 2020 and Fiscals 2021, 2020 and 2019, our average cost of borrowings was 7.18%, 8.50%, 8.15%, 8.90% and 10.09%, respectively.

In September 2018, the borrowing defaults by IL&FS led to an industry wide tightening of liquidity for HFCs and NBFCs, which also led to an increase in our cost of bank borrowings. In the months following the default, we continued to raise liquidity through loans from the NHB (which sanctioned a loan for ₹ 5,000 million in November 2018, which we drew down upon in December 2018 and January 2019) and also through increased direct assignments of our portfolio to banks. Gradually, our cost of borrowings improved to the pre-September 2018 levels, aided by the equity infusion by BCP Topco in June 2019. Further, our credit ratings have also consistently remained high throughout this period.

As of December 31, 2021 and December 31, 2020 and March 31, 2021, March 31, 2020 and March 31, 2019, our aggregate Total Borrowings were ₹ 108,043.1 million, ₹ 96,524.7 million, ₹ 103,744.7 million, ₹ 96,433.4 million and ₹ 81,949.7 million, respectively. Any increase in our cost of funds may require us to increase interest rates on new loans originated to customers in the future to maintain our net interest margins, which may, in turn, decrease the competitiveness of our products and affect our results of operations and prospects.

Going forward, we intend to increase the share of NHB refinancing in our Total Borrowings and also accessing international sources of funding to reduce our overall cost of borrowings. For example, in December 2020, we received a sanction letter from NHB for a ₹ 10 billion loan (pursuant to which, we drewdown ₹ 5 billion in February 2021, ₹ 2.5 billion in June 2021, ₹ 1 billion in September 2021 and ₹ 1.5 billion in October 2021) and in December 2021, we received a sanction letter from NHB for a ₹ 12.5 billion loan (pursuant to which, we drewdown ₹ 2.5 billion in December 2021).

Our ability to maintain our net interest income and net interest margin

Our results of operations depend substantially on the level of our net interest income (representing our total income as reduced by our finance costs) and our ability to maintain and improve our net interest margin (representing the ratio of our net interest income to our total assets). Hence, the differential between the interest rates that we charge on interest-earning assets and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tends to have a significant impact on our results of operations.

We provide loans to our customers at interest rates that are linked to our retail prime lending rate ("**RPLR**"), which is calculated by us based on the interest rate that we pay on our borrowings and other factors and is reviewed by the asset-liability committee of our Board of Directors on a quarterly basis. We pay interest on our bank borrowings based on floating rates and on our NCDs and borrowings from the NHB based on fixed and floating rates. As our RPLR is reviewed on a quarterly basis, it allows us the ability to pass on increases in our borrowing costs to our customers, which we have been able to do in the past. For example, in Fiscal 2019 and 2020, we increased our RPLR, which contributed to the increase in our interest income for those periods (for further details, see "*– Our Results of Operations*" below). As a result, we have been able to improve our net interest margin, which amounted to 6.18%, 5.45%, 5.84%, 5.70% and 6.71% for Fiscals 2019, 2020, 2021 and the nine months ended December 31, 2020 and December 31, 2021, respectively.

In addition, we also have in place effective asset liability management strategies and aim to ensure that we do not have any cumulative asset/ liability mismatches. We have positive asset-liability mismatch across all the maturity buckets. While the contracted maturity of the loans that we originate is higher than the maturity of our borrowings, the actual maturity of the loans is typically lower (due to prepayment and foreclosures). This, along with the excess liquidity that we hold in the form of bank fixed deposits and liquid and overnight mutual funds, helps us to maintain a balanced asset-liability profile.

Credit Quality and Provisioning

Our ability to manage the credit quality of our loans is a key driver of our results of operations. Under Ind AS, we are required to make provisions on the basis of expected credit losses, which requires the estimation of loss on 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 loans and advances. Given the unique nature and the scale of the economic impact caused by ongoing COVID-19 pandemic and the unavailability of reliable data regarding the impact of various regulatory packages, our current estimate of credit loss is based on various highly uncertain and unobservable factors and the actual credit losses for the next 12 months could be significantly different than the expected credit loss estimates prepared by us.

As at December 31, 2021 and December 31, 2020, our consolidated GNPAs were ₹ 3,162.5 million and ₹ 1,119.4 million, representing 2.25% and 0.88% of our Gross AUM, respectively. Further, based on the interim order of the Supreme Court (which directed that accounts which were not declared NPA until August 31, 2020 shall not be declared as NPA until further orders), we have not classified the eligible accounts as NPAs as of December 31, 2020. If we would have continued to classify such accounts as NPAs, our consolidated pro forma GNPAs would have been ₹ 1,994.0 million, representing 1.57% of our Gross AUM. As at December 31, 2021 and December 31, 2020, we have impairment loss allowance amounting to loans of ₹ 1,873.0 million and ₹ 1,698.7 million, which comprised ₹ 711.0 million and ₹ 807.4 million as provision for our consolidated GNPAs/pro forma GNPAs (22.48% and 40.49% of consolidated pro forma GNPAs, respectively) and ₹ 1,162.0 million and ₹ 891.3 million as provision covering standard assets (excluding assets classified as stage 3 but standard as on December 31, 2020) and additional excess provisions, respectively. Our provisions as of December 31, 2020 and December 31, 2021 are towards, among other things, an increased risk of deterioration of our loan portfolio as a result of the impact of the COVID-19 pandemic.

Further, as a prudential measure, we recognized impairment allowance on loans towards loans to developers amounting to ₹ 125.8 million for the nine months ended December 31, 2020 and reversed the impairment on loans to developers amounting to ₹ 74.8 million upon recovery for the nine months ended December 31, 2021. As a result, the net carrying value of loans to developers was ₹ 14.6 million and ₹ 3.6 million as of December 31, 2020 and December 31, 2021, respectively. We have discontinued loans to developers and no fresh loan sanctions were made in this category for Fiscals 2019, 2020 and 2021 and the nine months ended December 31, 2020 and December 31, 2021.

For a summary of the risk classification of our portfolio in accordance with Ind AS as of December 31, 2021, see "*Selected Statistical Information – Asset Quality*" on page 216 of this Addendum.

Government Policy and Regulation

Our results of operations and continued growth also depend on stable government policies and regulations. We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification, norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any significant change by the Government, the NHB or the RBI in their various policy initiatives facilitating the provision of housing or housing finance may affect the demand for our products and services. The NHB Directions currently require HFCs to comply with a CRAR, consisting of Tier I and Tier II capital. Under these requirements, an HFC's Tier I and Tier II capital may not be less than 13.0% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable, with a minimum requirement of Tier I capital of 10% on risk weighted assets. Further, the NHB Directions require that the Tier II capital may not exceed the Tier I capital. As per NHB's directions released in June 2019, the minimum CRAR requirement for HFCs will be progressively increased to 14% by March 31, 2021 and to 15% by March 31, 2022. As of December 31, 2021, our CRAR (%) was 44.73%, with CRAR – Tier I capital (%) comprising 43.61% and CRAR - Tier II Capital (%) comprising 1.12%. In addition, the NHB Directions currently permit HFCs to borrow up to 13 times of their net owned funds until March 31, 2022 and subsequently to 12 times of their net owned funds thereafter. As of December 31, 2021 and December 31, 2020, our Total Borrowings amounted to ₹ 108,043.1 million and ₹ 96,524.7 million, or 3.62 times our NOF of ₹ 29,878.4 million and 3.73 times our NOF of ₹ 25,857.7 million, respectively.

Further, the RBI's guidelines provide for risk weighting of assets based on the LTV ratio. For example, home loans amounting to ₹3 million which are classified as standard assets and have LTV ratios of 80% or lesser, attract a risk weight of 35% and LTV ratios of 80% to 90% attract a risk weight of 50%. These risk weights apply to majority of our portfolio. As our average LTV ratio as of December 31, 2021 and December 31, 2020 is 57.47% and 57.00% respectively, our assets have a low risk weightage, which helps us maintain a healthy capital adequacy ratio of 44.73% and 46.88%, respectively.

Our Ability to Maintain Operational Efficiencies and low Cost to Income Ratios

Our business has grown significantly in the past three fiscal years and the nine months ended December 31, 2020 and December 31, 2021. Our Retail AUM grew from ₹ 99,208.7 million as of March 31, 2019 to ₹ 126,278.5 million as of December 31, 2020 and ₹ 140,510.3 million as of December 31, 2021. Along with the growth in our AUM and revenues, we have been able to control our operating expenses. Compared to our peers, we have the highest efficiency in terms of operating expenditure ratios

(*Source: CRISIL*). Our cost to income ratio was 47.39%, 42.76%, 35.83%, 33.87% and 34.77%, for Fiscals 2019, 2020, 2021 and the nine months ended December 31, 2020 and December 31, 2021, respectively. We have also taken steps to improve the productivity of our employees and branches, which has led to the improvement in our Gross AUM per branch, which improved from ₹322.0 million, ₹ 388.8 million, ₹ 429.9 million and ₹ 430.8 million to ₹ 432.4 million as of March 31, 2019, March 31, 2020 and March 31, 2021 and December 31, 2020 and December 31, 2021, respectively.

We continue to identify and implement measures that we believe will enable us to sustain and further decrease our operating expense ratio. Further, as our operations expand, we also expect to derive benefits from economies of scale, which we believe will assist us in optimizing our operating expenses. In addition, we also continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies.

Increasing Competition

The Indian housing finance industry is highly competitive and the factors on which we compete include product range, ability to customize products, rate of approving loans, interest rates charged for loans, reputation and maintaining customer relationships. Our main target customer base are economically weaker and low-to-middle income customers, who require small ticket mortgage loans. The average ticket size of our loans was ₹ 0.86 million and ₹ 0.85 million, as of December 31, 2021 and December 31, 2020, respectively. Our primary competitors have been banks, HFCs and NBFCs as well as private unorganized lenders that provide housing loans in ticket sizes ranging from ₹0.5 million to ₹0.75 million. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, including moneylenders and local businessmen at higher rates of interest.

In the organized sector, many of our competitors may have better access to, and lower costs of, funding than we do. In certain geographies, they may also have better brand recognition and a larger customer base than ours. If we are unable to access funds at an effective cost that is comparable to, or lower than our competitors, or expand our reach and build our brand among our target customers, we may lose existing as well as potential customers to competition, resulting in a decline in our market share.

In addition, customers have increased accessibility to housing finance products and services due to technological advances and increased penetration of internet based lending platforms, which has facilitated an increase in demand for home loans and competition to meet that demand. With relatively lesser barriers to entry in the housing finance sector, competition is likely to intensify further as a result of regulatory changes and liberalization.

Basis of Preparation and Presentation of our Restated Consolidated Financial Statements

Our Restated Consolidated Financial Information comprise of the Restated Consolidated Statement of Assets and Liabilities as at December 31, 2021, December 31 2020, March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Statement of Cash Flows and the Restated Consolidated Statement of changes in equity for the nine month ended December 31, 2021 and December 31, 2020 and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, and the Summary of Significant Accounting Policies and other explanatory notes and notes to restated consolidated financial information (collectively, the "**Restated Consolidated Financial Information**").

These Restated Consolidated Financial Information have been prepared by our management for the purpose of inclusion in this Addendum to Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus (the "RHP" or the "Offering Documents") in terms of the requirements of:

(a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "**Act**");

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**"); and

(c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "**Guidance Note**").

These Restated Consolidated Financial Information have been compiled by our management from:

(a) audited special purpose interim consolidated financial statements as at and for the nine month ended December 31, 2021 and December 31, 2020 prepared in accordance with the recognition and measurement principles of Indian Accounting Standard 34 "Interim Financial Reporting" ("**Ind AS 34**") prescribed under Section 133 of the Companies Act, 2013 (the "**Act**"), read with relevant rules issued thereunder and other accounting principles generally accepted in India, requirements prescribed under the Schedule III - Division III of the Act, the circulars and guidelines issued by the Reserve Bank of India (the "**RBI**") and National Housing Bank (the "**NHB**") from time to time to the extent applicable (together, the "**Special Purpose interim Consolidated Financial Statements**"), which have been approved by the Board of directors of the Company at their meetings held on March 3, 2022 and March 9, 2021; and

(b) audited consolidated Ind AS financial statements as at and for the years ended March 31, 2021, 2020 and 2019 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors of the Company at their meetings held on May 6, 2021, May 29, 2020 and April 30, 2019 respectively.

We follow historical cost convention and accrual method of accounting in the preparation of the financial statements, except otherwise stated. We have consistently applied the accounting policies in preparation of the Restated Consolidated Financial Statements and the policies are consistent with those adopted in the preparation of financial statements for the nine month periods ended December 31, 2021. These Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of board meeting on the audited Special Purpose Interim Consolidated Financial Statements / audited consolidated financial statements mentioned above.

The Restated Consolidated Financial Information:

(a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2021, 2020 and 2019 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the nine month periods ended December 31, 2021.

(c) do not require any adjustment for modification as there is no modification in the underlying audit reports.

(i) The auditor's report dated March 3, 2022 on the Special Purpose Interim Consolidated Financial Statements as at and for the nine-month periods ended December 31, 2021 includes the following Emphasis of Matter paragraph:

"Emphasis of Matter – Covid 19:

We draw attention to note 6 (viii) of the Special Purpose Interim Consolidated Financial Statements, which describes the uncertainty relating to the effects of Covid-19 pandemic on the Group's operations and the impact on the expected credit losses recognized towards the loan assets outstanding as at 31 December 2021. Our opinion is not modified in respect of this matter."

(ii) The auditor's report dated March 9, 2021 on the Special Purpose Interim Consolidated Financial Statements as at and for the nine months ended December 31, 2020 includes the following Emphasis of Matter paragraph:

"Impact of COVID-19 pandemic:

We draw attention to Note 6(vi) to the Special Purpose Interim Consolidated Financial Statements, which describes the possible effects of uncertainties relating to COVID-19 on operations of the Group and results as assessed by the management.

Our opinion is not modified with respect to this matter."

(iii) The auditor's report dated May 6, 2021 on the Consolidated Financial Statements as at and for the year ended March 31, 2021 includes the following Emphasis of Matter paragraph:

"We draw attention to Note 6 (viii) to the Consolidated financial statements in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic.

Our opinion is not modified with respect to this matter."

(iv) The auditor's report dated May 29, 2020 on the Consolidated Financial Statements as at and for the year ended March 31, 2020 includes the following Emphasis of Matter paragraph:

"We draw attention to Note 6 to the consolidated financial statements which fully describes that the Group has recognized provision on loans to reflect the adverse business impact and uncertainties arising from the COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter."

The above emphasis of matters do not require any adjustment to the Restated Consolidated Financial Information.

Statement of Certain Significant Accounting Policies

Set forth below is a summary of our significant accounting policies:

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

Interest income

Our main source of revenue is income from housing and other property loans. Repayment of housing and property loan is by way of equated monthly instalments ("**EMIs**") comprising principal and interest. EMIs generally commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest basis in terms of the financing scheme opted by the borrower.

Interest income on housing and property loans and other financial instruments carried at amortized cost is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate ("**EIR**") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination.

The financial assets that are classified at Fair Value through Statement of Profit and Loss ("**FVTPL**"), transaction costs are recognized in Statement of Profit and Loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses ("**ECLs**")).

Fee and commission income

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

Dividend income

Dividend income is recognized when our right to receive dividend is established by the reporting date.

Investment income

The gains/losses on sale of investments are recognized in the statement of profit and loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

Other operating revenue

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognized on receipt basis.

Financial instruments

Recognition of financial instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognized in our balance sheet when we become a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

Initial measurement of financial instruments

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, we will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss); and

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets classification of financial assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding ("**SPPI**"), are subsequently measured at amortized cost; and
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, we may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- we may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- we may irrevocably designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investment in equity instruments at FVOCI

We subsequently measure all equity investments at fair value through profit or loss, unless our management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI.

The Group has not elected to classify any equity investment at FVOCI.

Debt instruments at amortized cost or at FVTOCI

We assess the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset individually and our business model for managing the asset.

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. We determine the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless we irrevocably elect on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in statement of profit or loss.

Subsequent measurement of financial assets

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Our business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

Reclassifications

If the business model under which we hold financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying our financial assets. During the current reporting period and previous financial year there was no change in the business model under which we hold financial assets and therefore no reclassifications were made.

Impairment

We measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, we measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

We measure ECL based on category of loans at a collective level. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

We have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, we categorize our loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.

Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 - Non-performing assets with overdue more than 90 DPD.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which we have no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Derecognition of financial assets

A financial asset is derecognized only when:

- we have transferred the rights to receive cash flows from the financial assets; or
- we retain the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, we evaluate whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

We transfer loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognized in Statement of Profit and Loss.

Write-off

Loans and debt securities are written off when we have no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. We may apply enforcement activities to financial assets written off. Recoveries resulting from our enforcement activities shall be recognized in Statement of Profit and Loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by us are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by us are recognized at the proceeds received, net of direct issue costs.

Repurchase of our own equity instruments is recognized and deducted directly in equity. No gain/loss is recognized in profit or loss on the purchase, sale, issue or cancellation of our own equity instruments.

Financial liabilities

A financial liability is

a) a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to us, or

b) a contract that will or may be settled in our own equity instruments and is a non-derivative contract for which we are or may be obliged to deliver a variable number of its own equity instruments, or

c) a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of our own equity instruments.

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by us, and commitments issued by us to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by us as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that we manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' in the statement of profit and loss.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

We derecognize financial liabilities when, and only when, our obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit and loss.

Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current Tax

The tax currently payable is based on the estimated taxable profit for the complete financial year for each entity of the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and each entity of the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

Provisions, contingent liabilities and contingent assets

- Provisions are recognized only when: an entity has a present obligation (legal or constructive) as a result of a past event; and
- 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.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognized and measured as a provision.

Revenue and Expenses

Set forth below is a description of the principal components of our income and expenditure:

Income

Income. Total income consists of revenue from operations and other income.

Revenue from operations. Revenue from operations comprises interest income, net gain on fair value changes, net gain on derecognition of financial instruments under amortized cost category and fees and commission income.

Net gain on fair value changes comprises realized / unrealized gain from mutual fund investments and change in fair value of minor equity investment held by the Company.

Interest income primarily comprises interest on our home and other property loans and also interest on fixed deposits, bonds and debentures and other interest.

Net gain on derecognition of financial instruments under amortized cost category comprises net gain on our portfolio that are assigned.

Fees and commission income comprises loan processing fee and other charges (net of business sourcing expenses) and fee from intermediary services that we provide (comprising insurance services and servicing fee in direct assignments).

Other Income. Other income comprises miscellaneous income.

Expenses

Expenses comprise finance costs, impairment on financial instruments, employees benefits expense, depreciation and amortization expense and other expenses.

Finance costs. Finance costs comprise interest on borrowings (other than debt securities), interest on deposits, interest on non-convertible debentures, interest on subordinated liabilities, interest on others, interest on lease liabilities and finance charges.

Impairment on financial instruments. Impairment on financial instruments comprises impairment allowance on loans, bad-debts written off and impairment on asset held for sale.

Employees benefits expense. Employees benefits expense comprises salaries, bonus and other allowances, contribution to provident and other funds, share based payments to employees and staff welfare expenses.

Depreciation and amortization expense. Depreciation and amortization expenses are incurred on account of depreciation of property, plant and equipment, amortization of intangible assets and depreciation on right to use assets.

Other expenses. Other expenses primarily comprise rent, travelling expenses, goods and service tax and general repairs and maintenance.

Our Results of Operations

The following table sets forth select financial data from our restated consolidated statement of profit and loss for the nine months ended December 31, 2020 and 2019 and Fiscals 2020, 2019 and 2018, the components of which are also expressed as a percentage of total income for such periods:

	Fiscal						For the nine months ended December 31,		For the nine months ended December 31,	
	2019		2020		2021		2020		2021	
	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)
Income:										
Revenue from operations										
Interest income...........	10,949.5	86.5%	12,145.2	87.5%	14,269.4	90.6%	10,601.4	91.2%	11,468.0	89.8%
Net gain on fair value changes	248.5	2.0%	236.1	1.7%	87.8	0.6%	50.5	0.4%	166.5	1.3%
Net gain on derecognition of financial instruments under amortized cost category	918.5	7.3%	840.1	6.1%	638.1	4.1%	496.1	4.3%	654.1	5.1%
Fees and commission Income..................	539.6	4.3%	655.3	4.7%	758.0	4.8%	476.2	4.1%	472.7	3.7%
Total Revenue from operations	**12,656.1**	**100.0%**	**13,876.7**	**99.9%**	**15,753.3**	**100.0%**	**11,624.2**	**100.0%**	**12,761.3**	**100.0%**
Other income..............	0.2	0.0%	7.9	0.1%	2.2	0.0%	2.0	0.0%	2.8	0.0%
Total income	**12,656.3**	**100.0%**	**13,884.6**	**100.0%**	**15,755.5**	**100.0%**	**11,626.2**	**100.0%**	**12,764.1**	**100.0%**
Expenses:										
Finance costs............	7,319.4	57.8%	7,934.9	57.1%	8,159.7	51.8%	6,176.5	53.1%	5,727.0	44.9%
Impairment on financial instruments	320.0	2.5%	1,096.5	7.9%	549.4	3.5%	463.4	4.0%	391.8	3.1%
Employees benefits expenses	1,778.4	14.1%	1,675.6	12.1%	1,888.1	12.0%	1,324.0	11.4%	1,743.4	13.7%
Depreciation and amortization expense.................	85.5	0.7%	115.8	0.8%	111.9	0.7%	84.5	0.7%	98.1	0.8%
Other expenses...........	665.2	5.3%	752.7	5.4%	721.3	4.6%	437.5	3.8%	605.6	4.7%
Total expenses...........	**10,168.5**	**80.3%**	**11,575.5**	**83.4%**	**11,430.4**	**72.5%**	**8,485.9**	**73.0%**	**8,565.9**	**67.1%**
Profit before tax and exceptional items:	**2,487.8**	**19.7%**	**2,309.1**	**16.6%**	**4,325.1**	**27.5%**	**3,140.3**	**27.0%**	**4,198.2**	**32.9%**
Exceptional item:	138.6	1.1%	-	-	-	-	-	-	-	-
Profit before tax:	**2,349.2**	**18.6%**	**2,309.1**	**16.6%**	**4,325.1**	**27.5%**	**3,140.3**	**27.0%**	**4,198.2**	**32.9%**
Tax expenses:										
Current tax	603.2	4.8%	540.7	3.9%	934.6	5.9%	729.3	6.3%	876.8	6.9%
Deferred tax charge /(credit).................	127.2	1.0%	(125.4)	(0.9%)	(10.8)	(0.1%)	(59.4)	(0.5%)	25.4	0.2%
	730.4	**5.8%**	**415.3**	**3.0%**	**923.8**	**5.9%**	**669.9**	**5.8%**	**902.2**	**7.1%**
Profit for the period:	**1,618.8**	**12.8%**	**1,893.8**	**13.6%**	**3,401.3**	**21.6%**	**2,470.4**	**21.2%**	**3,296.0**	**25.8%**
Other comprehensive income:										
Items that will not be reclassified to profit or loss										
i Remeasurements of the defined employee benefit plans............	(5.3)	0.0%	(10.8)	(0.1%)	4.6	0.0%	0.4	0.0%	13.1	0.1%
ii Income tax relating to items that will not be reclassified to profit or loss............	1.9	0.0%	2.7	0.0%	(1.3)	0.0%	(0.1)	0.0%	(3.3)	0.0%
Total other comprehensive income for the year (i+ii)...........................	**(3.4)**	**0.0%**	**(8.1)**	**(0.1%)**	**3.3**	**0.0%**	**0.3**	**0.0%**	**9.8**	**0.1%**

	Fiscal						For the nine months ended December 31,		For the nine months ended December 31,	
	2019		2020		2021		2020		2021	
	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)	(₹ in million)	(% of Total Income)
Total comprehensive income........................	**1,615.4**	**12.8%**	**1,885.7**	**13.6%**	**3,404.6**	**21.6%**	**2,470.7**	**21.3%**	**3,305.8**	**25.9%**
Earnings per equity share:										
Basic earnings per equity share (₹)	6.44		5.86		8.62		6.26*		8.35*	
Diluted earnings per equity share (₹)	6.39		5.83		8.37		6.08*		8.1*	

* *Not annualized*

Nine months ended December 31, 2021 compared to the nine months ended December 31, 2020

Total Income

Our total income increased by 9.8% to ₹ 12,764.1 million for the nine months ended December 31, 2021 from ₹ 11,626.2 million for the nine months ended December 31, 2020.

Revenue from Operations. Our revenue from operations increased by 9.8% to ₹ 12,761.3 million for the nine months ended December 31, 2021 from ₹ 11,624.2 million for the nine months ended December 31, 2020, primarily due to an increase in interest income by 8.2%, to ₹ 11,468.0 million for the nine months ended December 31, 2021 from ₹ 10,601.4 million for the nine months ended December 31, 2020. The increase in interest income was primarily due to an increase in our interest on loans, which increased by 13.5% to ₹ 10,914.6 million for the nine months ended December 31, 2021 from ₹ 9,620.6 million for the nine months ended December 31, 2020. This increase was in line with the 11.3% growth in our Retail AUM, which increased to ₹ 140,510.3 million for the nine months ended December 31, 2021 from ₹ 126,278.5 million for the nine months ended December 31, 2020, primarily on account of disbursements of ₹ 23,773.5 million for the nine months ended December 31, 2021 and an increase in the number of customers to 194,447 as of December 31, 2021 from 173,571 as of December 31, 2020. This increase was partly offset by a reduction in interest on fixed deposits of 45.2% to ₹ 527.3 million for the nine months ended December 31, 2021 from ₹ 962.9 million for the nine months ended December 31, 2020, primarily due to a decrease in investment in fixed deposit with banks.

Further, net gain on derecognition of financial instruments under amortized cost category increased by 31.8% to ₹ 654.1 million for the nine months ended December 31, 2021 from ₹ 496.1 million for the nine months ended December 31, 2020. This was primarily due to an increase in the fresh assignment of our portfolio to ₹ 5,592.2 million for the nine months ended December 31, 2021 from ₹ 4,515.2 million for the nine months ended December 31, 2020. Additionally, net gain on investment in mutual fund measured at FVTPL increased by 229.7% to ₹ 166.5 million for the nine months ended December 31, 2021 from ₹ 50.5 million for the nine months ended December 31, 2020 primarily due to an increase in realized investments, as a result of increase in investment made in liquid and overnight mutual fund.

Other income. Our other income, comprising miscellaneous income, increased 40.0% to ₹ 2.8 million for the nine months ended December 31, 2021 from ₹ 2.0 million for the nine months ended December 31, 2020.

Expenses

Finance costs. Our finance costs decreased by 7.3% to ₹ 5,727.0 million for the nine months ended December 31, 2021 from ₹ 6,176.5 million for the nine months ended December 31, 2020, primarily due to a decrease in interest on borrowings (other than debt securities) by 9.5% from to ₹ 4,134.2 million for the nine months ended December 31, 2021 from ₹ 4,566.9 million for the nine months ended December 31, 2020. This was primarily due to a decrease in the cost of borrowing. Our average cost of borrowing decreased to 7.18% as of December 31, 2021, compared with 8.50% as of December 31, 2020. Our average total borrowing increased to ₹ 105,893.9 million as of December 31, 2021, compared with ₹ 96,479.1 million as of December 31, 2020. For the nine months ended December 31, 2021, our costs of borrowings decreased to 7.18%, as compared with 8.5% for the nine months ended December 31, 2020.

Impairment on financial instruments. Our impairment on financial instruments decreased by 15.5% to ₹ 391.8 million for the nine months ended December 31, 2021 from ₹ 463.4 million for the nine months ended December 31, 2020, primarily due to a decrease in impairment allowance on loans by 14.7% to ₹ 365.0 million for the nine months ended December 31, 2021 from ₹ 427.9 million for the nine months ended December 31, 2020. For the nine months ended December 31, 2021, provisions / write-offs in our portfolio of loans to developers for the nine months ended December 31, 2021, amounted to a gain of ₹ 74.8 million, compared to a loss of ₹ 125.8 million for the nine months ended December 31, 2020 due to the recovery from our loan to developer portfolio in nine months ended December 31, 2021. Additionally, for the nine months ended December 31, 2021, as a prudent measure, we made provisions amounting to ₹ 194.5 million towards the impact of COVID-19 and the one-time restructuring of loans impacted by COVID-19 under the RBI mandated moratorium.

Employees benefits expense. Employees benefits expense increased by 31.7% to ₹ 1,743.4 million for the nine months ended December 31, 2021 from ₹ 1,324.0 million for the nine months ended December 31, 2020, primarily due to an increase in salaries, bonus and other allowances by 34.0% to ₹ 1,534.8 million for the nine months ended December 31, 2021 from ₹ 1,145.1 million for the nine months ended December 31, 2020. The increase in salaries, bonus and other allowances was due to an increase in the number of our employees on subsidiary company's payroll for the nine months ended December 31, 2021 compared with the nine months ended December 31, 2020. Our on-roll employees increased to 2,632 as of December 31, 2021, as compared with 2,171 as of December 31, 2020 as we increased our headcount in our sales and collection department.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 16.1% to ₹ 98.1 million for the nine months ended December 31, 2021 from ₹ 84.5 million for the nine months ended December 31, 2020, primarily due to an increase in depreciation of right to use assets amounting to ₹ 56.3 million for the nine months ended December 31, 2021 from ₹ 42.4 million for the nine months ended December 31, 2020 primarily on account of an increase in right to use assets amounting to ₹ 68.7 million for the nine months ended December 31, 2021.

Other expenses. Our other expenses increased by 38.4% to ₹ 605.6 million for the nine months ended December 31, 2021 from ₹ 437.5 million for the nine months ended December 31, 2020, primarily due to an increase in travelling expenses by 120.7% to ₹ 94.0 million for the nine months ended December 31, 2021 from ₹ 42.6 million for the nine months ended December 31, 2020, as we resumed some of our travelling activities by our employees following the relaxation of lockdown restrictions due to the COVID-19 pandemic, and an increase in corporate social responsibility expenses ("**CSR**") to ₹ 45.0 million for the nine months ended December 31, 2021 from ₹ 10.0 million for the nine months ended December 31, 2020, primarily due to an increase in the amount spent towards CSR by ₹ 26.7 million and provision towards CSR by ₹ 12.2 million. Additionally, goods and services tax increased by 56.6% to ₹ 74.4 million for the nine months ended December 31, 2021 from ₹ 47.5 million for the nine months ended December 31, 2020.

Total tax expense. Our total tax expense increased by 34.7% to ₹ 902.2 million for the nine months ended December 31, 2021 from ₹ 669.9 million for the nine months ended December 31, 2020. For the nine months ended December 31, 2021, we had a current tax expense of ₹ 876.8 million and a deferred tax expense of ₹ 25.4 million. For the nine months ended December 31, 2020, we had a current tax expense of ₹ 729.3 million and a deferred tax credit of ₹ 59.4 million. Increase in total tax expenses was on account of increase in profit before tax by 33.7% to ₹ 4,198.2 million for the nine months ended December 31, 2021 from ₹ 3,140.3 million for the nine months ended December 31, 2020.

Profit for the period. Our profit for the period increased by 33.4% to ₹ 3,296.0 million for the nine months ended December 31, 2021 from ₹ 2,470.4 million for the nine months ended December 31, 2020.

Fiscal 2021 compared to Fiscal 2020

Total Income

Our total income increased by 13.5% to ₹ 15,755.5 million for Fiscal 2021 from ₹ 13,884.6 million for Fiscal 2020.

Revenue from Operations. Our revenue from operations increased by 13.5% to ₹ 15,753.3 million for Fiscal 2021 from ₹ 13,876.7 million for Fiscal 2020, primarily due to an increase in interest income by 17.5%, to ₹ 14,269.4 million for Fiscal 2021 from ₹ 12,145.2 million for Fiscal 2020. The increase in interest income was primarily due to an increase in our interest on loans, which increased by 14.7% to ₹ 13,033.6 million for Fiscal 2021 from ₹ 11,365.9 million for Fiscal 2020, which was partially offset by a reduction in our RPLR from 16.25% to 16.15% with effect from December 1, 2020. This increase was in line with the growth in our Retail AUM which increased to ₹ 133,252.2 million as of March 31, 2021 from ₹ 113,896.2 million as of March 31, 2020 primarily on account of housing and other property loans disbursement of ₹ 35,447.1 million for Fiscal 2021 and an increase in the number of customers to 182,471 as of March 31, 2021 from 161,371 as of March 31, 2020. In addition, interest on fixed deposits increased to ₹ 1,212.1 million in Fiscal 2021 from ₹ 756.8 million in Fiscal 2020, primarily due to increase in investment in fixed deposit with banks. The increase in investments in fixed deposits was in line with the additional liquidity that we started maintaining, post the equity infusion of ₹ 8,000 million by BCP Topco in June 2019.

Further, fee and commission income increased by 15.7% to ₹ 758.0 million in Fiscal 2021 from ₹ 655.3 million in Fiscal 2020, primarily due to an increase in loan processing fee and other charges (net of business sourcing expenses) to ₹ 579.1 million for Fiscal 2021 from ₹ 485.3 million in Fiscal 2020. This was primarily due to an increase in fee income on fresh sanctions/disbursements during Fiscal 2021.

These increases were offset by a decrease in net gain on derecognition of financial instruments under amortized cost category and investment in mutual fund measured at FVTPL. Our net gain on derecognition of financial instruments under amortized cost category decreased by 24.0% to ₹ 638.1 million for Fiscal 2021 from ₹ 840.1 million for Fiscal 2020, primarily due to a decrease in the fresh assignment of our portfolio to ₹ 5,778.7 million during Fiscal 2021 from ₹ 9,546.7 million during Fiscal 2020, partially offset by an increase in spreads on assignment of portfolio executed during Fiscal 2021. Our gain on investment in mutual fund measured at FVTPL decreased by 62.8% to ₹ 87.8 million for Fiscal 2021 from ₹ 236.1 million for Fiscal 2020, primarily due to a decrease in realized investments. The decrease in our realized investments is because of our placing higher liquidity in fixed deposits and lower amount in liquid or overnight mutual fund in Fiscal 2021 compared to Fiscal 2020, resulting in the drop of realized yield on mutual fund in Fiscal 2021 compared to Fiscal 2020.

Other income. Our other income, comprising miscellaneous income, decreased to ₹ 2.2 million for Fiscal 2021 from ₹ 7.9 million for Fiscal 2020.

Expenses

Finance costs. Our finance costs increased by 2.8% to ₹ 8,159.7 million for Fiscal 2021 from ₹ 7,934.9 million for Fiscal 2020, primarily due to an increase in interest on secured non-convertible debentures by 28.4% to ₹ 1,800.2 million for Fiscal 2021 from ₹ 1,401.6 million for Fiscal 2020. This was primarily due to an increase in secured non-convertible debentures issued to ₹ 21,403.1 million as at March 31, 2021 from ₹ 17,081.4 million as at March 31, 2020. This increase was partially offset by a reduction in interest on others by 69.8% to ₹ 13.4 million for Fiscal 2021 from ₹ 44.3 million for Fiscal 2020, a reduction in interest on deposits by 43.8% to ₹ 48.6 million for Fiscal 2021 from ₹ 86.4 million for Fiscal 2020 and a decrease in finance charges of 13.9% to ₹ 219.0 million for Fiscal 2021 from ₹ 254.5 million for Fiscal 2020. Our average total borrowings increased to ₹ 100,089.1 million as of March 31, 2021, compared with ₹ 89,191.6 million as of March 31, 2020. In Fiscal 2021, our average cost of borrowings decreased to 8.15%, as compared with 8.90% for Fiscal 2020.

Impairment on financial instruments. Our impairment on financial instruments decreased by 49.9% to ₹ 549.4 million for Fiscal 2021 from ₹ 1,096.5 million for Fiscal 2020, primarily due to decrease in impairment allowance on loans by 51.0% to ₹ 493.5 million for Fiscal 2021 from ₹ 1,006.5 million for Fiscal 2020. For Fiscal 2021, impairment allowance on loans including write off in our portfolio of loans to developers amounted to ₹ 50.3 million, compared to ₹ 399.9 million for Fiscal 2020. These provisions/write-offs were accelerated since loans to developers is no longer a focus area for us. Additionally, in Fiscal 2021, as a prudent measure, we made additional provisions amounting to ₹ 107.1 million towards the impact of COVID-19 and one-time restructuring of loans impacted by COVID-19 under the RBI mandated moratorium.

Employees benefits expense. Employees benefits expense increased by 12.7% to ₹ 1,888.1 million for Fiscal 2021 from ₹ 1,675.6 million for Fiscal 2020, primarily due to an increase in salaries, bonus and other allowances by 8.7% to ₹ 1,642.0 million for Fiscal 2021 from ₹ 1,510.0 million for Fiscal 2020 and an increase in share based payments to employees by 1,874.2% to ₹ 61.2 million for Fiscal 2021 from ₹ 3.1 million for Fiscal 2020. The increase in salaries, bonus and other allowances was due to an increase in the number of our employees on subsidiary company's payroll for Fiscal 2021 compared with Fiscal 2020. Our on-roll employees increased to 2,310 as of March 31, 2021, as compared with 2,097 as of March 31, 2020 as we increased our headcount in our sales and collection department.

Depreciation and amortization expense. Our depreciation and amortization expense decreased by 3.4% to ₹ 111.9 million for Fiscal 2021 from ₹ 115.8 million for Fiscal 2020, primarily due to a decrease in depreciation from furniture and fixtures and computers.

Other expenses. Our other expenses decreased by 4.2% to ₹ 721.3 million for Fiscal 2021 from ₹ 752.7 million for Fiscal 2020, primarily due to a decrease in travelling expenses by 59.7% to ₹ 46.6 million for Fiscal 2021 from ₹ 115.6 million for Fiscal 2020, relating to a decrease in travel by employees as a result of the COVID-19 pandemic, partially offset by an increase in general repairs and maintenance expenses by 42.4% to ₹ 149.5 million for Fiscal 2021 from ₹ 105.0 million for Fiscal 2020 relating to an increase in information technology expenses.

Total tax expense. Our total tax expense increased by 122.4% to ₹ 923.8 million for Fiscal 2021 from ₹ 415.3 million for Fiscal 2020. For Fiscal 2021, we had a current tax expense of ₹ 934.6 million and a deferred tax credit of ₹ 10.8 million. For Fiscal 2020, we had a current tax expense of ₹ 540.7 million and a deferred tax credit of ₹ 125.4 million. Increase in total tax expenses was on account of an increase in profit before tax by 87.3% to ₹ 4,325.1 million for Fiscal 2021 from ₹ 2,309.1 million for Fiscal 2020.

Profit for the period. Our profit for the period increased by 79.6% to ₹ 3,401.3 million for Fiscal 2021 from ₹ 1,893.8 million for Fiscal 2020.

Fiscal 2020 compared to Fiscal 2019

Total Income

Our total income increased by 9.7% to ₹ 13,884.6 million for Fiscal 2020 from ₹12,656.3 million for Fiscal 2019.

Revenue from Operations. Our revenue from operations increased by 9.6% to ₹ 13,876.7 million for Fiscal 2020 from ₹ 12,656.1 million for Fiscal 2019, primarily due to an increase in interest income by 10.9%, to ₹ 12,145.2 million for Fiscal 2020 from ₹ 10,949.5 million for Fiscal 2019. The increase in interest income was primarily due to an increase in our interest on loans, which increased by 6.4% to ₹ 11,365.9 million from ₹ 10,681.0 million. This increase was in line with the growth in our Retail AUM which increased to ₹ 113,896.2 million as of March 31, 2020 from ₹ 99,208.7 million as of March 31, 2019 primarily on account of housing and other property loan disbursements of ₹ 31,901.4 million for Fiscal 2020 and an increase in the number of customers to 161,371 as of March 31, 2020 from 139,249 as of March 31, 2019. Further, we also increased our RPLR by 25 basis points from July 1, 2018, a further 25 basis points from November 1, 2018 and a further 25 basis points from August 1, 2019, which also contributed to the increase in our interest income. In addition, interest on fixed deposits increased to ₹ 756.8 million in Fiscal 2020 from ₹ 123.8 million in Fiscal 2019, primarily due to increase in investment in fixed deposit with banks.

The increase in investments in fixed deposits was in line with the additional liquidity that we started maintaining, post the equity infusion of ₹ 8,000 million by BCP Topco in June 2019.

Further, fee and commission income increased by 21.4% to ₹ 655.3 million in Fiscal 2020 from ₹ 539.6 million in Fiscal 2019, primarily due to an increase in loan processing fee and other charges (net of business sourcing expenses) to ₹ 485.3 million for Fiscal 2020 from ₹ 365.8 million in Fiscal 2019. This was primarily due to an increase in fee income on fresh sanctions/disbursements during Fiscal 2020.

These increases were offset by a decrease in net gain on derecognition of financial instruments under amortized cost category by 8.5% to ₹ 840.1 million for Fiscal 2020 from ₹ 918.5 million for Fiscal 2019. This was primarily due to a decrease in the fresh assignment of our portfolio to ₹ 9,546.7 million during Fiscal 2020 from ₹ 14,831.1 million during Fiscal 2019, partially offset by an increase in spreads on assignment of portfolio executed during Fiscal 2020. We undertook lower portfolio assignments in Fiscal 2020 since we were able to avail additional bank lines during the year, aided by the change of control of our Company.

Other income. Our other income, comprising miscellaneous income, increased to ₹ 7.9 million for Fiscal 2020 from ₹ 0.2 million for Fiscal 2019.

Expenses

Finance costs. Our finance costs increased by 8.4% to ₹ 7,934.9 million for Fiscal 2020 from ₹ 7,319.4 million for Fiscal 2019, primarily due to an increase in interest on borrowings (other than debt securities) by 16.3% to ₹ 6,044.8 million for Fiscal 2020 from ₹ 5,198.7 million for Fiscal 2019. This was primarily due to increase in borrowing (other than debt securities) to meet the growth in our Retail AUM. In addition, interest on non-convertible debentures increased by 16.0% to ₹ 1,401.6 million for Fiscal 2020 from ₹ 1,208.1 million for Fiscal 2019. The increases were partially offset by a reduction in interest on others to ₹ 44.3 million for Fiscal 2020 from ₹ 470.3 million for Fiscal 2019. Our average total borrowing increased to ₹ 89,191.6 million as of March 31, 2020, compared with ₹ 72,564.2 million as of March 31, 2019. In Fiscal 2020, our average cost of borrowings decreased to 8.90%, as compared with 10.09% for Fiscal 2019.

Impairment on financial instruments. Our impairment on financial instruments increased by 242.7% to ₹ 1,096.5 million for Fiscal 2020 from ₹ 320.0 million for Fiscal 2019, primarily due to an increase in impairment allowance on loans to ₹ 1,006.5 million for Fiscal 2020 from ₹ 245.2 million for Fiscal 2019. In Fiscal 2020, as a prudent measure, we made additional provisions amounting to ₹ 495.1 million towards the impact of COVID-19 and the one-time restructuring of loans impacted by COVID-19 under the RBI mandated moratorium. Further, we also have increase in provisions / write-offs in our portfolio of loans to developers during Fiscal 2020, amounting to ₹ 399.9 million in Fiscal 2020. These provisions/write-offs were accelerated since loans to developers is no longer a focus area for us.

Employees benefits expense. Employees benefits expense decreased by 5.8% to ₹ 1,675.6 million for Fiscal 2020 from ₹ 1,778.4 million for Fiscal 2019, primarily due to a decrease in salaries, bonus and other allowances to ₹ 1,510.0 million for Fiscal 2020 from ₹ 1,608.5 million for Fiscal 2019. The decrease in salaries, bonus and other allowances was due to decrease in the number of our employees during Fiscal 2020 compared with Fiscal 2019, partially offset by performance increases given to employees. Our on-roll employees decreased to 2,097 as of March 31, 2020, as compared with 2,217 as of March 31, 2019.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 35.4% to ₹ 115.8 million for Fiscal 2020 from ₹ 85.5 million for Fiscal 2019, primarily due to an increase in depreciation of right to use assets amounting to ₹ 54.2 million for Fiscal 2020 from ₹ 32.6 million for Fiscal 2019.

Other expenses. Our other expenses increased by 13.2% to ₹ 752.7 million for Fiscal 2020 from ₹ 665.2 million for Fiscal 2019, primarily due to an increase in general repairs and maintenance to ₹ 105.0 million for Fiscal 2020 from ₹ 44.5 million for Fiscal 2019 relating to an increase in information technology expenses and an increase in CSR expenses ("**CSR**") to ₹ 65.9 million for Fiscal 2020 from ₹ 7.9 million for Fiscal 2019 primarily due to increase in amount spent towards CSR by ₹ 23.1 million and provision towards CSR by ₹34.9 million. However, such increases were partially offset by a reduction in rent to ₹ 55.1 million for Fiscal 2020 from ₹ 74.8 million for Fiscal 2019.

Total tax expense. Our total tax expense decreased by 43.1% to ₹ 415.3 million for Fiscal 2020 from ₹ 730.4 million for Fiscal 2019. For Fiscal 2020, we had a current tax expense of ₹ 540.7 million and a deferred tax credit of ₹ 125.4 million. For Fiscal 2019, we had a current tax expense of ₹ 603.2 million and a deferred tax expense of ₹ 127.2 million. The Taxation Laws (Amendment) Ordinance 2019 inserted section 115BAA in the Income Tax Act, 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22%, plus applicable surcharge and cess. This resulted in the lowering of the enacted tax rate in India (including surcharge and cess) applicable to us to 25.168% in Fiscal 2020 from 34.944% in Fiscal 2019. The effective tax rate applicable to us was 17.99% for the Fiscal 2020, as compared with 31.09% for the Fiscal 2019, primarily on account of the benefit of income tax available against special reserve created under section 36(1)(viii) of Income Tax Act, 1961 and one-time credit to deferred tax due to change in tax rates in Fiscal 2020 amounting to ₹ 87.8 million.

Profit for the period. Our profit for the period increased by 17.0% to ₹ 1,893.8 million for Fiscal 2020 from ₹ 1,618.8 million for Fiscal 2019.

Financial Position

Our net worth (as restated) was ₹ 30,277.8 million, ₹ 25,986.2 million, ₹ 26,927.6 million, ₹ 23,472.7 million and ₹ 8,588.7 million as of December 31, 2021 and December 31, 2020, March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

Assets

The following table sets forth the principal components of our assets as of December 31, 2021 and December 31, 2020 and March 31, 2021, March 31, 2020 and March 31, 2019:

		As of			
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
		(₹ in millions)			
Assets					
Financial assets					
Cash and cash equivalents.........	9,433.5	13,648.8	3,835.0	2,707.1	9,881.5
Other bank balances.................	1,105.8	17,766.4	17,877.8	21,123.9	11,846.9
Receivables..............................	38.6	40.8	27.2	40.9	53.1
Housing and other loans(1).........	80,255.9	89,090.3	106,132.6	99,191.8	112,572.9
Investments..............................	1,496.6	239.6	4,970.9	3,873.2	4,061.7
Other financial assets................	1,778.2	1,902.2	2,153.2	2,145.0	2,387.5
	94,108.6	**122,688.1**	**134,996.7**	**129,081.9**	**140,803.6**
Non-financial assets					
Current tax assets (Net)............	136.1	278.7	342.8	263.7	289.4
Property, plant and equipment ..	236.2	175.1	163.9	161.8	195.1
Right to use assets.....................	176.1	258.1	354.7	224.0	361.7
Other intangible assets	4.4	9.5	12.7	14.6	9.2
Deferred tax assets (Net)...........	0.9	1.7	2.8	2.3	1.9
Other non-financial assets.........	137.9	253.1	429.7	367.7	450.2
	691.6	**976.2**	**1,306.6**	**1,034.1**	**1,307.5**
Total assets.................................	**94,800.2**	**123,664.3**	**136,303.3**	**130,116.0**	**142,111.1**

(1) Housing and other loans includes loans to developers amounting to ₹ 11.7 million, ₹ 385.7 million, ₹18.8 million, ₹420.5 million and ₹948.8 million as of December 31, 2021 and December 31, 2020 and March 31, 2021, March 31, 2020 and March 31, 2019, respectively. We have discontinued loans to developers and no fresh loan sanctions were made in this category for Fiscals 2019, 2020 and 2021 and the nine months ended December 31, 2020 and December 31, 2021.

As of December 31, 2021, we had total assets of ₹ 142,111.1 million, compared to total assets of ₹ 130,116.0 million as of December 31, 2020. As of March 31, 2021, we had total assets of ₹ 136,303.3 million, compared to ₹ 123,644.3 million as of March 31, 2020 and ₹ 94,800.2 million as of March 31, 2019.

Financial Assets

Cash and cash equivalents

As of December 31, 2021, we had cash and cash equivalents of ₹ 9,881.5 million, compared to ₹ 3,835.0 million as of March 31, 2021. This increase was primarily due to an increase in balances with banks in current accounts and balances with banks in deposits accounts with original maturity of less than 3 months. As of March 31, 2021, we had cash and cash equivalents of ₹ 3,835.0 million, compared to ₹ 13,648.8 million as of March 31, 2020 and ₹ 9,433.5 million as of March 31, 2019. The increase in cash and cash equivalents from March 31, 2019 to March 31, 2020 was primarily due to higher liquidity conserved (as a prudent measure) through money received from the proceeds of issue of equity shares and direct assignment. As a prudent measure, we decided to maintain higher liquidity in March 2020 to counter the uncertainty around COVID 19 and its impact on the financial markets. The decrease in cash and cash equivalents from March 31, 2020 to March 31, 2021 was primarily due a decrease in balances with banks in current accounts and balances with banks in deposits accounts with original maturity of less than 3 months, partially offset by an increase in cash on hand. We utilized our liquidity to prepay some of our high cost loans in the Fiscal 2021, which helped in reducing our costs of borrowing for the Fiscal 2021 and nine months ended December 31, 2021.

Other bank balances

As of December 31, 2021, we had other bank balances of ₹ 11,846.9 million, compared to ₹ 17,877.8 million as of March 31, 2021, ₹ 17,766.4 million as of March 31, 2020 and ₹ 1,105.8 million as of March 31, 2019. Other bank balances primarily consist of investments in fixed deposits with an original maturity of more than three months. The increase in investment from

March 31, 2019 to March 31, 2021 was on account of higher liquidity conserved as prudent measure. The decrease in investment from March 31, 2021 to December 31, 2021 was due to an increase in balances with banks in deposits accounts with original maturity of less than 3 months.

Receivables

As of December 31, 2021, we had receivables of ₹ 53.1 million, compared to ₹ 27.2 million as of March 31, 2021, ₹ 40.8 million as of March 31, 2020 and ₹ 38.6 million as of March 31, 2019.The decrease in receivables from March 31, 2020 compared to March 31, 2021 was due to a decrease in the unsecured, considered good receivables.

Housing and other loans

As of December 31, 2021, we had housing and other loans of ₹ 112,572.9 million, compared to ₹ 106,132.6 million as of March 31, 2021, ₹ 89,090.3 million as of March 31, 2020 and ₹ 80,255.9 million as of March 31, 2019. The increase in housing and other loans was primarily due to fresh disbursements, partially offset by principal repayments and direct assignment of loans.

Investments

As of December 31, 2021, we had investments of ₹ 4,061.7 million, compared to ₹ 4,970.9 million as of March 31, 2021, ₹ 239.6 million as of March 31, 2020 and ₹ 1,496.6 million as of March 31, 2019. Our investments primarily consist of investments in liquid and overnight debt mutual funds. As per our investment policy, liquidity is managed by investments in the form of fixed deposits with banks and / or investment in debt mutual funds. The increase in our investments was primarily due higher liquidity conserved as prudent measure.

Other financial assets

As of December 31, 2021, we had other financial assets of ₹ 2,387.5 million, compared to ₹ 2,153.2 million as of March 31, 2021, ₹ 1,902.2 million as of March 31, 2020 and ₹ 1,778.2 million as of March 31, 2019. These increases were primarily due to increases in receivables from our assigned portfolio.

Non-financial Assets

Current tax assets (Net)

As of December 31, 2021, we had current tax assets (net) of ₹ 289.4 million, compared to ₹ 342.8 million as of March 31, 2021, ₹ 278.7 million as of March 31, 2020 and ₹ 136.1 million as of March 31, 2019.

Property, plant and equipment

As of December 31, 2021, we had property, plant and equipment of ₹ 195.1 million, ₹ 163.9 million as of March 31, 2021, ₹ 175.1 million as of March 31, 2020 and ₹ 236.2 million as of March 31, 2019.

Right to Use Assets

As of December 31, 2021, we had right to use assets of ₹ 361.7 million, compared to ₹ 354.7 million as of March 31, 2021, ₹ 258.1 million as of March 31, 2020 and ₹ 176.1 million as of March 31, 2019.

Other Intangible Assets

As of December 31, 2021, we had other intangible assets of ₹ 9.2 million, compared to ₹ 12.7 million as of March 31, 2021, ₹ 9.5 million as of March 31, 2020 and ₹ 4.4 million as of March 31, 2019.

Deferred Tax Assets (net)

As of December 31, 2021, we had deferred tax assets (net) of ₹ 1.9 million, compared to ₹ 2.8 million as of March 31, 2021, ₹ 1.7 million as of March 31, 2020 and ₹ 0.9 million as of March 31, 2019.

Other non-financial assets

As of December 31, 2021, we had other non-financial assets of ₹ 450.2 million, compared to ₹ 429.7 million as of March 31, 2021, ₹ 253.1 million as of March 31, 2020 and ₹ 137.9 million as of March 31, 2019. Other non-financial assets include ₹ 53.8 million of receivables from the government towards ex-gratia payments as of December 31, 2021. In October 2020, in order to mitigate the adverse impact of COVID-19 on borrowers, the Government of India announced a scheme for the grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by respective lending institutions by November 5, 2020. Under this scheme, we have disclosed the ex-gratia amount as a receivable under other non-financial assets. Additionally, other non-financial assets include ₹ 184.2 million of unamortized share issue expenses in connection with the Offer as of December 31, 2021.

Liabilities and Provisions

The following table sets forth the principal components of our liabilities as of December 31, 2021 and March 31, 2021, 2020 and 2019:

Liabilities	**As of**				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
	(₹ in million)				
Financial Liabilities:					
Trade Payables..............................	157.6	288.1	386.8	297.0	534.9
Debt Securities..............................	16,822.4	17,081.4	21,403.1	22,361.0	17,841.2
Borrowings (other than debt securities)......................................	62,894.7	77,841.3	81,104.1	72,862.4	89,205.4
Deposits	1,399.2	680.3	405.6	469.2	162.8
Subordinated Liabilities.................	833.4	830.4	831.9	832.1	833.7
Other Financial Liabilities	3,612.2	3,018.1	4,774.9	6,895.4	2,694.6
	85,719.5	**99,739.6**	**108,906.4**	**103,717.1**	**111,272.6**
Non-Financial Liabilities:					
Current tax liabilities (net)............	-	-	-	2.2	-
Provisions......................................	71.5	96.8	125.0	127.0	138.0
Deferred tax liabilities (net)...........	308.5	186.5	178.1	127.8	206.0
Other non-financial liabilities	111.4	168.1	165.6	155.1	216.1
	491.4	**451.4**	**468.7**	**412.1**	**560.1**

Financial Liabilities

Trade Payables

As of December 31, 2021, we had trade payables of ₹ 534.9 million, compared to ₹ 386.8 million as of March 31, 2021, ₹ 288.1 million as of March 31, 2020 and ₹ 157.6 million as of March 31, 2019.

Debt Securities

As of December 31, 2021, we had debt securities of ₹ 17,841.2 million, compared to ₹ 21,403.1 million as of March 31, 2021, ₹ 17,081.4 million as of March 31, 2020 and ₹ 16,822.4 million as of March 31, 2019. The increase in debt securities from March 31, 2019 to March 31, 2020 was primarily due to increase in issuance of secured redeemable non-convertible debentures to ₹ 17,081.4 million in March 31, 2020, partially offset by a decrease in issuance of commercial paper to nil in March 31, 2020; and from March 31, 2020 to March 31, 2021 was primarily due to an increase in issuance of secured redeemable non-convertible debentures to ₹ 21,403.1 million in March 31, 2021. The decrease in debt securities from March 31, 2021 to December 31, 2021 was primarily due to a decrease in issuance of secured redeemable non-convertible debentures to ₹ 17,841.2 million in December 31, 2021.

Borrowings (other than debt securities)

As of December 31, 2021, we had borrowings (other than debt securities) of ₹ 89,205.4 million, compared to ₹ 81,104.1 million as of March 31, 2021, ₹ 77,841.3 million as of March 31, 2020 and ₹ 62,894.7 million as of March 31, 2019. The increase in borrowings (other than debt securities) from March 31, 2019 to March 31, 2020 was primarily due to increase in term loan from banks, partially offset by a decrease in loans from the NHB; and from March 31, 2020 to March 31, 2021, was primarily due to increase in loans from NHB, partially offset by a decrease in term loans from banks and from March 31, 2021 to December 31, 2021, was primarily due to an increase in loans from NHB and term loan from banks.

Deposits

As of December 31, 2021, we had deposits of ₹ 162.8 million, compared to ₹ 405.6 million as of March 31, 2021, ₹ 680.3 million as of March 31, 2020 and ₹ 1,399.2 million as of March 31, 2019. We were allowed to accept fresh deposit from the public until May 2019. Subsequent to May 2019, as part of the change in our ownership in June 2019, we are not permitted by the NHB to accept fresh fixed deposits. Hence, since May 2019, we are making payment on existing fixed deposits as per their contractual terms, while not accepting any new deposits.

Subordinated Liabilities

As of December 31, 2021, we had subordinated liabilities of ₹ 833.7 million, compared to ₹ 831.9 million as of March 31, 2021, ₹ 830.4 million as of March 31, 2020 and ₹ 833.4 million as of March 31, 2019.

Other Financial Liabilities

As of December 31, 2021, we had other financial liabilities of ₹ 2,694.6 million, compared to ₹ 4,774.9 million as of March 31, 2021, ₹ 3,018.1 million as of March 31, 2020 and ₹ 3,612.2 million as of March 31, 2019. Other financial liabilities include book overdraft of nil as of December 31, 2021, compared to ₹ 2,262.5 million as of March 31, 2021, ₹ 1,030.3 million as of March 31, 2020 and ₹ 1,766.3 million as of March 31, 2019.

Non-financials Liabilities

Current tax liabilities (net)

As of December 31, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, we had nil current tax liabilities (net).

Provisions

As of December 31, 2021, we had provisions of ₹ 138.0 million, compared to ₹ 125.0 million as of March 31, 2021, ₹ 96.8 million as of March 31, 2020 and ₹ 71.5 million as of March 31, 2019.

Deferred tax liabilities (net)

As of December 31, 2021, we had deferred tax liabilities (net) of ₹ 206.0 million, compared to ₹ 178.1 million as of March 31, 2021, ₹ 186.5 million as of March 31, 2020 and ₹ 308.5 million as of March 31, 2019. The recently promulgated Taxation Laws (Amendment) Ordinance 2019 inserted section 115BAA in the Income Tax Act. 1961 providing existing domestic companies with an option to pay tax at a concessional rate of 22%, plus applicable surcharge and cess. Consequently, our deferred tax liabilities (net) as of March 31, 2019 has been measured at the lower rate with a one-time corresponding credit of ₹ 87.8 million to the statement of profit and loss for the year ended March 31, 2020.

Other non-financial liabilities

As of December 31, 2021, we had other non-financial liabilities of ₹ 216.1 million, compared to ₹ 165.6 million as of March 31, 2021, compared to ₹ 168.1 million as of March 31, 2020 and compared to ₹ 111.4 million as of March 31, 2019.

Equity

As of December 31, 2021 and March 31, 2021, 2020 and 2019 our Equity Share Capital was ₹ 3,947.6 million, ₹ 3,947.6 million, ₹ 394.6 million and ₹ 251.5 million, respectively. As of December 31, 2021 and March 31, 2021, 2020 and 2019 our Other Equity was ₹ 26,330.8 million, ₹ 22,980.6 million, ₹ 23,078.7 million and ₹ 8,337.8 million, respectively. Increase in equity share capital and other equity includes ₹ 3,552.8 million of bonus shares in the month of January 2021, ₹ 55.0 million of rights issue allotment (including share premium) in the month of March 2020, ₹ 88.1 million of preferential allotment (including share premium) in the month of June 2019.

Liquidity and Capital Resources

In the past, we have funded our liquidity and capital requirements primarily through shareholder capital and funds generated from operations, and indebtedness, including term loans from banks, non-convertible debentures, commercial paper, cash credit, subordinated debt, refinancing from NHB and short-term loans from banks and financial institutions. We also undertake the direct assignment of loan receivables to generate additional funds. In addition to funds required for the disbursement of loans to our customers in the ordinary course of business, our material cash requirements include our financial indebtedness, contractual commitments, contingent liabilities and capital expenditures. See "*—Financial Indebtedness*","*—Contractual Commitments*", "*—Contingent Liabilities*" and "*—Capital Expenditure*" for further details. We intend to continue to fund our liquidity and capital requirements through shareholder capital and funds generated from operations, and indebtedness, including term loans from banks, non-convertible debentures, commercial paper, cash credit, subordinated debt, refinancing from NHB and short-term loans from banks and financial institutions, as well as the direct assignment of loan receivables. We believe that our working capital is sufficient for our present requirements.

We actively manage our liquidity and capital position by raising funds periodically. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. All our loan agreements and debentures contain a number of covenants including financial covenants. For details, see "*Financial Indebtedness*" on page 282 of the Draft Red Herring Prospectus and "*Risk Factors – Our indebtedness and conditions and restrictions imposed by our financing arrangements could adversely affect our ability to conduct our business and operations*" on page 14 of this Addendum.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Fiscal			For the nine months ended December 31,	
	2019	2020	2021	2020	2021
	(₹ in million)				
Net cash used in Operating Activities...	(25,535.2)	(17,847.9)	(17,801.6)	(8,413.1)	(10,659.5)
Net cash generated from / (used in) investing activities................................	(485.9)	(14,951.3)	(4,804.8)	(6,975.3)	7,038.2
Net cash generated from Financing Activities...	33,563.7	37,014.5	12,792.6	4,446.7	9,667.8
Net (decrease)/ increase in Cash and Cash Equivalents...............................	7,542.6	4,215.3	(9,813.8)	(10,941.7)	6,046.5

Operating Activities

Net cash used in operating activities was ₹ 10,659.5 million for the nine months ended December 31, 2021. While our net profit before tax was ₹ 4,198.2 million for the nine months ended December 31, 2021, we had an operating profit before working capital changes of ₹ 4,589.8 million, primarily due to provision for contingencies and write-offs of ₹ 391.8 million, profit on sale of investment in mutual fund and other investments amounting to ₹ 166.5 million and depreciation and amortization of ₹ 98.1 million. Our changes in working capital for the nine months ended December 31, 2021 primarily consisted of a decrease in other financial and non-financial liabilities and provisions of ₹ 1,743.2 million, and an increase in other financial and non-financial assets of ₹ 1,325.1 million. In addition, we paid tax amounting to ₹ 823.3 million. Our net cash flow generated from operations before movement in housing and other loans amounted to ₹ 672.3 million. Housing and other property loans disbursed amounted to ₹ 23,773.5 million and housing and other property loan repayments amounted to ₹ 12,441.7 million.Net cash used in operating activities was ₹ 8,413.1 million for the nine months ended December 31, 2020. While our net profit before tax was ₹ 3,140.3 million for the nine months ended December 31, 2020, we had an operating profit before working capital changes of ₹ 3,698.5 million, primarily due to provision for contingencies and write-offs of ₹ 464.6 million and depreciation and amortization of ₹ 84.5 million. Our changes in working capital for the nine months ended December 31, 2020 primarily consisted of an increase in other financial and non-financial liabilities and provisions of ₹ 4,040.5 million, and an increase in other financial and non-financial assets of ₹ 479.4 million. In addition, we paid tax amounting to ₹ 712.1 million. Our net cash flow generated from operations before movement in housing and other loans amounted to ₹ 6,547.4 million. Housing and other property loans disbursed amounted to ₹ 22,329.5 million and housing and other property loan repayments amounted to ₹ 7,369.0 million.

Net cash used in operating activities was ₹ 17,801.6 million for Fiscal 2021. While our net profit before tax was ₹ 4,325.1 million for Fiscal 2021, we had an operating profit before working capital changes of ₹ 4,984.5 million, primarily due to provision for contingencies and write-offs of ₹ 550.6 million, depreciation and amortization expense of ₹ 111.9 million and profit on sale of investment in mutual fund and other investments amounting to ₹ 87.8 million. Our changes in working capital for Fiscal 2021 primarily consisted of an increase in other financial and non- financial liabilities and provisions of ₹ 1,838.4 million, and an increase in other financial and non-financial assets of ₹ 318.7 million. In addition, we paid tax amounting to ₹ 998.7 million. Our net cash flow generated from operations before movement in housing and other loans amounted to ₹ 5,519.1 million. Housing and other property loans disbursed amounted to ₹ 35,447.1 million and housing and other property loan repayments amounted to ₹ 12,126.4 million. As a result, our net cash used in operating activities amounted to ₹ 17,801.6 million.

Net cash used in operating activities was ₹ 17,847.9 million for Fiscal 2020. While our net profit before tax was ₹ 2,309.1 million for Fiscal 2020, we had an operating profit before working capital changes of ₹ 3,336.9 million, primarily due to provision for contingencies and write-offs of ₹ 1,099.1 million, profit on sale of investment in mutual fund and other investments amounting to ₹ 236.1 million and depreciation and amortization of ₹ 115.8 million. Our changes in working capital for Fiscal 2020 primarily consisted of a decrease in other financial and non- financial liabilities and provisions of ₹ 530.9 million, and an increase in other financial and non-financial assets of ₹ 435.2 million. In addition, we paid tax amounting to ₹ 683.3 million. Our net cash flow generated from operations before movement in housing and other loans amounted to ₹ 1,685.3 million. Housing and other property loans disbursed amounted to ₹ 31,901.4 million and housing and other property loan repayments amounted to ₹ 12,368.2 million. As a result, our net cash used in operating activities amounted to ₹ 17,847.9 million.

Net cash used in operating activities was ₹ 25,535.2 million for Fiscal 2019. While our net profit before tax was ₹ 2,349.2 million for Fiscal 2019, we had an operating profit before working capital changes of ₹ 2,533.6 million, primarily due to provision for contingencies and write-offs of ₹ 324.2 million, profit on sale of investment in mutual fund and other investments amounting to ₹ 248.5 million and depreciation and amortization of ₹ 85.5 million. Our changes in working capital for Fiscal 2019 primarily consisted of a decrease in other financial and non-financial liabilities and provisions of ₹ 3,747.6 million, and an increase in other financial and non-financial assets of ₹ 833.3 million. In addition, we paid tax amounting to ₹ 750.9 million. Our net cash flow used in operations before movement in housing and other loans amounted to ₹ 2,811.5 million. Housing and other property loans disbursed amounted to ₹ 35,707.9 million and housing and other property loan repayments amounted to ₹ 12,984.2 million. As a result, our net cash used in operating activities amounted to ₹ 25,535.2 million.

Investing Activities

Net cash from investing activities was ₹ 7,038.2 million for the nine months ended December 31, 2021, primarily comprising proceeds received on sale/redemption of investments amounting to ₹ 46,423.9 million and investment in fixed deposits (net of maturities) amounting to ₹ 6,030.9 million, partially offset by payment towards purchase of investments amounting to ₹ 45,348.2 million.

Net cash used in investing activities was ₹ 6,975.3 million for the nine months ended December 31, 2020, primarily comprising payment towards purchase of investments amounting to ₹ 10,986.0 million, investment in fixed deposits (net of maturities) amounting to ₹ 3,357.5 million, partially offset by proceeds received on sale/redemption of investments amounting to ₹ 7,402.9 million.

Net cash used in investing activities was ₹ 4,804.8 million for Fiscal 2021, primarily comprising payment towards purchase of investments amounting to ₹ 25,180.0 million, partially offset by proceeds received on sale/redemption of investments amounting to ₹ 20,537.4 million.

Net cash used in investing activities was ₹ 14,951.3 million for Fiscal 2020, primarily comprising payment towards purchase of investments amounting to ₹ 127,502.7 million, investment in fixed deposits (net of maturities) amounting to ₹ 16,660.6 million, partially offset by proceeds received on sale/redemption of investments amounting to ₹ 129,246.0 million.

Net cash used in investing activities was ₹ 485.9 million for Fiscal 2019, primarily comprising payment towards purchase of investments amounting to ₹ 144,744.8 million, investment in fixed deposits (net of maturities) amounting to ₹ 1,004.3 million, partially offset by proceeds received on sale/redemption of investments amounting to ₹ 145,349.1 million.

Financing Activities

Net cash generated from financing activities was ₹ 9,697.8 million for the nine months ended December 31, 2021, primarily comprising proceeds from loans from banks/institutions amounting to ₹ 22,550.0 million, proceeds from NCDs amounting to ₹ 3,190.0 million and proceeds from the assignment of portfolio amounting to ₹ 5,592.2 million, partially offset by repayment of loans to banks/institutions amounting to ₹ 14,476.5 million and repayment of NCDs amounting ₹ 6,801.9 million.

Net cash generated from financing activities was ₹ 4,446.7 million for the nine months ended December 31, 2020, primarily comprising proceeds from loans from banks/institutions amounting to ₹ 15,259.7 million, proceeds from NCDs amounting to ₹ 8,150.0 million and proceeds from the assignment of portfolio amounting to ₹ 4,515.2 million, partially offset by repayment of loans to banks/institutions amounting to ₹ 20,306.7 million and repayment of NCDs amounting ₹ 3,388.3 million.

Net cash generated from financing activities was ₹ 12,792.6 million for Fiscal 2021, primarily comprising proceeds from loans from banks/institutions amounting to ₹ 27,859.7 million, proceeds from NCDs amounting to ₹ 8,150.0 million and proceeds from the assignment of portfolio amounting to ₹ 5,778.7 million, partially offset by repayment of loans to banks/institutions amounting to ₹ 24,621.1 million and repayment of NCDs amounting ₹ 3,858.3 million.

Net cash generated from financing activities was ₹ 37,014.5 million for Fiscal 2020, primarily comprising proceeds on issue of equity shares amounting to ₹ 13,000.0 million, proceeds from loans from banks/institutions amounting to ₹ 35,000.4 million, proceeds from NCDs amounting to ₹ 3,000.0 million and proceeds from the assignment of portfolio amounting to ₹ 9,546.7 million, partially offset by repayment of loans to banks/institutions amounting to ₹ 19,976.4 million and repayment of NCDs amounting ₹ 1,820.0 million.

Net cash generated from financing activities was ₹ 33,563.7 million for Fiscal 2019, primarily comprising proceeds from loans from banks/institutions amounting to ₹ 24,750.0 million, proceeds from NCDs amounting to ₹ 6,764.0 million and proceeds from the assignment of portfolio amounting to ₹ 14,831.1 million, partially offset by repayment of loans to banks/institutions amounting to ₹ 9,631.6 million, repayment of NCDs amounting ₹ 1,000.0 million and repayment of short term loans amounting to ₹ 2,245.7 million.

Financial Indebtedness

As of December 31, 2021 and December 31, 2020, our total borrowings amounted to ₹ 108,043.1 million and ₹ 96,524.7 million, respectively, comprising debt securities amounting to ₹ 17,841.2 million and ₹ 22,361.0 million, borrowings (other than debt securities) amounting to ₹ 89,205.4 million and ₹ 72,862.4 million, subordinated liabilities (redeemable non-convertible debentures) amounting to ₹ 833.7 million and ₹ 832.1 million and deposits amounting to ₹ 162.8 million and ₹ 469.2 million, respectively. For details, see "*Financial Indebtedness*" on page 282 of the Draft Red Herring Prospectus.

The following table sets forth certain information relating to our financial liabilities as of December 31, 2021, and our repayment obligations in the periods indicated:

Particulars	Carrying value	Payments due by period			
		Within 1 year	Within 1 to 3 years	Within 3 to 5 years	More than 5 years
	(₹ in million)				
Financial Liabilities					
Trade payables	534.9	534.9	-	-	-
Debt securities................................	17,841.2	2,065.1	13,327.8	2,236.0	212.3
Borrowings (other than debt securities)	89,205.4	17,038.7	30,945.7	22,388.8	18,832.2
Deposits..	162.8	129.0	28.3	3.9	1.6
Subordinated liabilities...................	833.7	173.7	60.0	600.0	-
Other financial liabilities...............	2,694.6	2,450.0	134.5	77.9	32.2
Total	**111,272.6**	**22,391.4**	**44,496.3**	**25,306.6**	**19,078.3**

Contractual Commitments

Our commitments are future liabilities for contractual expenditure. As of December 31, 2021 and December 31, 2020, our total commitments amounted to ₹ 4,671.9 million and ₹ 3,552.2 million, respectively, comprising estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for amounting to ₹ 21.5 million and ₹ 88.5 million and undisbursed amount of loans sanctioned and partly disbursed amounting to ₹ 4,650.4 million and ₹ 3,463.7 million, respectively.

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(₹ in million)					
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	21.5	88.5	82.8	106.3	11.4
Undisbursed amount of loans sanctioned and partly disbursed ..	4,650.4	3,463.7	3,922.7	3,567.3	4,043.1
Total	**4,671.9**	**3,552.2**	**4,005.5**	**3,673.6**	**4,054.5**

Direct Assignment Arrangements

We assign loans through direct assignment to banks and financial institutions, which enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. During the nine months ended December 31, 2021 and December 31, 2020 and Fiscals 2021, 2020 and 2019, we had assigned assets worth ₹ 5,592.2 million, ₹ 4,515.2 million, ₹ 5,778.7 million, ₹ 9,546.7 million and ₹ 14,831.1 million, respectively.

Contingent Liabilities

As of December 31, 2021 and March 31, 2021, 2020 and 2019, our contingent liabilities that have not been provided for, as per Ind AS-37 issued by ICAI, are as set out in the table below:

	As of				
	March 31, 2019	March 31, 2020	March 31, 2021	December 31, 2020	December 31, 2021
	(₹ in million)				
Particulars					
Income tax matters of earlier years(1)	13.6	11.3	2.1	2.1	12.5
Indirect tax matters of earlier years..........	-	-	-	-	19.6
Total(1)	**13.6**	**11.3**	**2.1**	**2.1**	**32.1**

(1) The aforementioned contingent liabilities towards income tax have been paid under protest.

Off-Balance Sheet Commitments and Arrangements

Except as disclosed above in "—*Direct Assignment Arrangements*", we do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Capital Expenditure

For the nine months ended December 31, 2021 and December 31, 2020, our capital expenditure amounted to ₹ 71.3 million and ₹ 36 million, primarily consisting of property plant and equipment and intangible assets, respectively. For Fiscal 2021, our capital expenditure amounted to ₹ 49.9 million, primarily consisting of property plant and equipment and intangible assets. For Fiscal 2020, our capital expenditure amounted to ₹ 33.0 million, primarily consisting of property plant and equipment and intangible assets. For Fiscal 2019, our capital expenditure amounted to ₹ 103.8 million, primarily consisting of property plant and equipment and intangible assets. We have budgeted capital expenditures of approximately ₹ 224.3 million in Fiscal 2022, which we intend to use towards property plant and equipments and intangible assets.

Capital to Risk-Weighted Assets Ratios

The following table sets forth our capital to risk-weighted assets ratios for the periods indicated:

	As of				
	March 31, 2019	**March 31, 2020**	**March 31, 2021**	**December 31, 2020**	**December 31, 2021**
CRAR (%)..	18.28%	51.42%	44.08%	46.88%	44.73%
CRAR - Tier I capital (%)...........................	15.57%	49.08%	42.62%	45.32%	43.61%
CRAR - Tier II capital (%)..........................	2.71%	2.35%	1.46%	1.56%	1.12%
Amount of subordinated debt qualified as Tier – II capital (₹ in million)......................	756.0	708.0	660.0	660.0	492.0

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as liquidity risk, credit risk and interest rate risk.

Liquidity risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

We manage liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, we maintain flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. We regularly monitor the position of cash and cash equivalents vis-à-vis projections. We also consider the maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of balance sheet liquidity ratios while reviewing the liquidity position.

We manage our liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. We periodically review the asset liability management policy to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. Our Asset Liability Committee formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Interest risk

Our core business is providing housing and other mortgage loans. We borrow through various financial instruments to finance its core lending activity. These activities expose us to interest rate risk.

We measure interest rate risk through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, we also measure exposure to fluctuations in interest rates by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of balance sheet positions. We prepare an interest rate sensitivity gap report by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioral maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. We monitor the interest rate risk through these measures on a quarterly basis. The following table shows the split of our assets and borrowings in terms of interest basis (i.e., fixed or floating rate) as of December 31, 2021:

Type	Gross AUM	Borrowings
Fixed	12.68%	27.08%
Floating	87.32%	72.92%

Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to us. In our lending operations, we are principally exposed to credit risk. The credit risk is governed by the Credit Policy approved by the Board of Directors. The Credit Policy outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits.

We measure, monitor and manage credit risk at an individual borrower level and at the group exposure level for corporate borrowers. The credit risk for retail borrowers at the portfolio level for both home loans and other property loans. We have a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. Our Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the credit risk.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Significant Factors Affecting our Results of Operations*" above and the uncertainties described in "*Risk Factors*" on page 3 of this Addendum. To our knowledge, except as disclosed in this Red Herring Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 3, 89 and 227 of this Addendum, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 89 of this Addendum, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Dependence on a Few Customers

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

Seasonality of Business

While our business is not subject to seasonality, we typically see some higher borrowings by our Customers during the fourth quarter of each financial year. We also typically have higher drawdowns under our facilities in the third and fourth quarter of each financial year.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 89, 48 and 3 of this Addendum, respectively for further information on our industry and competition.

Significant developments subsequent to December 31, 2021

Except as disclosed in this section, and elsewhere in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct and indirect taxes, in a consolidated manner or (iv) material civil litigation, in each case involving our Company, Subsidiary, Promoter or our Directors (collectively, the "**Relevant Parties**"). Further, there are no disciplinary actions including penalty imposed by the SEBI or stock exchanges against our Promoter in the last five Financial Years including any outstanding action.*

*In relation to (iv) above, our Board in its meeting held on January 16, 2021 and March 3, 2022 has considered and adopted a policy of materiality for identification of material civil litigation ("**Materiality Policy**"). In terms of the Materiality Policy, any outstanding litigation involving the Relevant Parties which exceed the amount which is lesser of 1% of the profit after tax as per the Restated Consolidated Financial Information for the Financial Year 2021 would be considered material for our Company. Our profit after tax as per the Restated Consolidated Financial Information for the Financial Year 2021 is ₹ 3,401.3 million. Accordingly, the following types of litigation involving the Relevant Parties have been considered material, and accordingly disclosed, as applicable, (a) where the aggregate amount involved in such individual litigation exceeds ₹ 34.0 million individually; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed ₹ 34.0 million; (c) all outstanding litigation filed against the Company which are winding up petitions under the Companies Act, or are corporate insolvency resolutions processes under the Insolvency and Bankruptcy Code, 2016; (d) where the monetary liability is not quantifiable, but where the outcome of such legal proceedings could have a material adverse effect on the business, operations, financial position, prospects or reputation of our Company.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has considered and adopted a policy of materiality for identification of material outstanding dues to creditors ("**Creditors' Materiality Policy**"). In terms of the Creditors' Materiality Policy, outstanding dues to any creditor of our Company having monetary value exceeding ₹ 26.7 million, which is 5% of the total trade payables of our Company as on December 31, 2021, as per the Restated Consolidated Financial Information included in this Addendum, shall be considered as 'material'. Accordingly, as on December 31, 2021, any outstanding dues exceeding ₹ 26.7 million have been considered as material outstanding dues for the purpose of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or medium enterprise ("**MSME**"), the disclosure is based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Act, 2006, as amended, as has been relied upon by Statutory Auditors.*

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities) shall, unless otherwise decided by our Board, not be considered as material until such time that the Relevant Parties, as applicable, is impleaded as defendant in litigation proceedings before any judicial forum.

We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.

Litigation involving our Company

Litigation against our Company

A. *Criminal proceedings*

Criminal proceedings filed by certain customers of our Company

1. Dhirendra Pratap Singh, a customer of our Company (the "**Complainant**"), has filed a first information report before Kotwali Nagar Police Station, Ayodhya district, in September 2020 ("**FIR**"), against the branch manager and accountant of one of our branches in Faizabad, the zonal manager, Lucknow, and the Managing Director and Chief Executive Officer of our Company (the "**Accused Persons**"). The Complainant had availed a loan of approximately ₹ 1.0 million from the Faizabad branch of our Company. In the FIR, the Complainant has alleged that offences under sections 406, 420, 504 and 506 of the Indian Penal Code, 1860 ("**IPC**") have been committed by the Accused Persons in relation to continuous withdrawal of loan instalments from the Complainant's savings account during the moratorium period announced by the RBI on repayment of term loans on account of the Covid-19 pandemic. The matter is currently pending.

2. Vijay Kumar Mishra, a customer of our Company (the "**Complainant**") filed a criminal complaint before the Chief Judicial Magistrate, Jamshedpur, against the branch manager of one of our branches in Jamshedpur, the general manager, our Company and others (the "**Accused Persons**") in January 2020 (the "**Complaint**"), on the basis of which a first information report was registered with the Govindpur Police Station, Jamshedpur, in February 2020 (the "**FIR**"). The Complainant had availed a loan from the Jamshedpur branch of our Company in respect of which our Company had initiated recovery proceedings against the Complainant to recover an amount of ₹ 1.1 million towards such loan. In his Complaint, the Complainant alleged that he never applied for any loan from our Company nor has he mortgaged any property as a collateral for such loan. Consequently, the Complainant filed the Complaint alleging that offences under sections 406, 420, 467, 468, 471, 384, 385, 386, 387, 379, 193, 120B and 34 of the IPC have been committed by the Accused Persons in relation to forgery of loan documentation in his name to obtain the loan amount for the benefit of a third person. The matter is currently pending.

3. Rashmi Kanwar, a customer of our Company (the "**Complainant**"), has filed a criminal complaint under Section 190 of the Code of Criminal Procedure, 1973 ("**CrPC**") before the Chief Metropolitan Magistrate, Jaipur, against certain ex-officers

and employees of our Company (the "**Accused Persons**") in February 2018. The Complainant had availed a housing loan from the one of our Company's branches in Jaipur and submitted the original title deeds of her property as collateral for such loan. The Complainant had requested our Company to transfer the outstanding balance of ₹ 1.5 million of the loan availed by her to another housing finance company and release the original title deeds of the property mortgaged as collateral. Our Company dispatched the original title deeds through a third-party courier company, however these documents were lost in transit. Consequently, the Complainant filed the criminal complaint alleging that offences under sections 406 and 420 of the IPC have been committed by the Accused Persons. The matter is currently pending.

4. Jitendra Kumar Rai (the "**Complainant**") has filed a criminal complaint before the Chief Judicial Magistrate, Dhanbad, against the branch manager of one of our branches in Dhanbad and our Company (the "**Accused Persons**") in September 2019 (the "**Complaint**"). The Complainant has alleged, among others, that as per his loan documentation for loan allegedly availed from our Company, he was sanctioned a loan of ₹ 0.4 million, however, a lesser amount was credited to his bank account. Consequently, the Complainant filed the Complaint alleging that offences under sections 323, 341, 384, 406, 420, 504 and 506 of the IPC have been committed by the Accused Persons. The matter is currently pending.

5. Devraj Nagar (the "**Complainant**") has filed a criminal complaint before the Chief Judicial Magistrate, Gautam Budh Nagar, Noida, against the sales manager, branch manager, and three other employees of one of our branches in Noida (the "**Accused Person**s") sometime in 2017 (the "**Complaint**"). The Complainant alleged that even though he had completed the requisite formalities including payment of processing fees in respect of his loan application, the loan was not disbursed by the Accused Persons. Consequently, the Complainant filed a complaint alleging that offences under sections 406 and 504 of the IPC have been committed by the Accused Persons. Subsequently, the matter was referred to mediation and the Complainant and Accused Persons reached a settlement in September 2019. The Complainant agreed to withdraw the Complaint and the Accused Persons agreed not to initiate any legal action against the Complainant in future, among other terms of the settlement. The matter is currently pending.

6. Deepak Kumar Kanaujia (the "**Complainant**") has filed a criminal complaint under section 190 of the CrPC before the Additional Chief Judicial Magistrate, Allahabad, against the branch manager of one of our branches in Allahabad (the "**Accused Person**") in August 2017 (the "**Complaint**"). The Complainant has alleged that a third party obtained a loan from our Company in the name of the Complainant and coerced him to enter into a fraudulent property transaction worth ₹ 0.6 million, amongst others. The matter is currently pending.

7. Pradip Shivram Savant (the "**Complainant**") filed a complaint against a private builder before the Economic Offences Department, Mumbai (the "**EOD**") (the "**Complaint**"). The Complaint is in relation to an alleged illegal sale of a property by a private builder to a person named Swaroop Phople, who had allegedly taken a loan of ₹ 9.2 million from our Company and the collateral given for such loan was the property alleged to be illegally sold by the builder. The EOD issued a summons to our Company in December 2020 directing our Company to provide the relevant information pertaining to the said loan. The matter is currently pending.

8. Vijay Kushwaha has a filed a criminal complaint before the Chief Metropolitan Magistrate, Kanpur (the "**Court**") alleging that the accused persons have demanded ₹ 0.1 million to settle his loan account, which loan account was allegedly existing with our Company. The Court has directed the concerned police in-charge to present a pre-inquiry report on the next hearing.

9. Anil Kumar (the "**Complainant**") has filed a criminal complaint before the Yelahanka Newtown Police Station, Bengaluru against the manager, branch manager, accountants of one of our branches in Bengaluru and others, (the "**Accused Persons**") in January 2021, alleging that the original property documents pertaining to the loan account of one Anwar Hussain have not been submitted to the concerned bank. The said loan account was transferred to another bank in August 2020. The matter is currently pending.

10. Purnima Goswami Chakraborty, a customer of our Company (the "**Complainant**") has filed a criminal complaint under section 107 of the CrPC before the Sub-Divisional Magistrate at Ranaghat, Nadia, against the branch managers of two of our branches in Kolkata and loan recovery agents of our Ranaghat, Nadia branch (the "**Accused Person**s") in 2020 (the "**Complaint**"). The Complainant has alleged that even though she has been repaying the principal amount on the loan availed by her regularly, the Accused Persons are harassing her for payment of additional interest, penalty and other charges. The matter is currently pending.

11. Dharambir Singh (the **"Complainant"**), a customer of our Company at our Chandigarh Branch, has filed an FIR against our Company through the branch managers and certain employees of our Company's branch office at Chandigarh and others (the "**Accused Persons**"), before the Sector 39 Police Station, in September, 2021 (the "**FIR**"). The Complainant has alleged that the Accused Persons collected EMI payments for a loan availed by the Complainant from our Company and refused to provide receipts for such payments. The Complainant has further alleged that the money deposited by him by way of EMI was not deposited with our Company. The FIR has been filed alleging that offences under sections 406, 420, 467, 468, 471, 201, 120-B of the IPC have been committed by the Accused Persons and seeking issuance of a direction to the Senior Superintendent of Police, Chandigarh and the station house of Sector 39 Police Station to take action against the Accused Persons. The matter is currently pending.

12. Lekh Raj (the **"Complainant"**) has filed an FIR with the Byawar City Police Station, Ajmer, in December 2021, against certain of the employees of our Company (the "**Accused Persons**"). The Complainant has alleged that he had applied for a loan from our Company and that certain employees of our Company sanctioned his loan and provided him with a photocopy of a cheque for the loan amount, without giving him the original cheque. The Complainant has alleged that without giving him the original cheque or depositing the loan amount in the Complainant's account, interest on the loan was charged for the

first month along with advance for the first four installments. It has been alleged that offences under sections 420, 406, 384 and 120B of the IPC have been committed by the Accused Persons. The matter is currently pending.

13. Raj Bai (the **"Complainant"**) has filed an FIR with the Kotwali Alwar Police Station against our Company, through the manager and certain of its employees (the "**Accused Persons**"), in October, 2021, for allegedly wrongfully mortgaging the property owned by the Complainant and her husband and alleging that offences under sections 420, 467, 468, 471, 120B of the IPC have been committed by the Accused Persons. The Complainant has alleged that the employees of our Company fraudulently forged her husband's signature on a loan agreement even though no loan has been availed by the Complainant or her husband from our Company. The matter is currently pending.

14. P V Sridharan (the **"Complainant"**) had filed an FIR before the II MM Metropolitan Court at LB Nagar, Hyderabad, against a customer of our Company, Baji Padmaja Thaduri ("**Accused 1**") and others, in February, 2016. Subsequently, the Complainant filed another complaint before the National Housing Bank in April, 2021 against our Company and others seeking intervention in the matter and alleging that Accused 1 forged certain property documents owned by the Complainant and obtained a loan from our Company using such documents. The Complainant further alleges that no enquiry was made by our Company before sanctioning such loan and registration of the property in the name of Accused 1 and our Company thereafter proceeded to initiate action against such property due to default committed by Accused 1. While the loan account of the Accused 1 with our Company has been closed, the complaint is currently pending.

15. Bholanath Rana ("the **Complainant**") has filed a criminal complaint before the Court of SDJM, Balasore, Odisha, against an employee of our Company and our Company through the branch manager, in February, 2022, for allegedly increasing the interest rate on the loan taken by the Complainant. The Complainant has also alleged that the employee of our Company has cashed one of the twelve blank cheques deposited as security with our Company. The Complainant has prayed for the petition to be sent to the IIC Sahadevkhunta Police Station for further investigation. The complaint is currently pending.

16. Our Company has received summons for appearance from Chanditala Police Station, Hooghly, in November, 2021 informing us that the Judicial Magistrate First Class (Third Court), Serampore, Hooghly (the "**Judicial Magistrate**"), has passed an order in August 2021 directing the officer-in-charge of the Chanditala Police Station, Hooghly, to investigate a criminal complaint filed by one Samapti Chakraborty against our Company and certain other accused persons. The matter is currently pending.

17. Beant Kaur (the **"Complainant"**), has filed a criminal complaint against our Company regarding a loan taken by one Amarjeet Singh from our Company. Our Company has only received a copy of the summons for appearance before the Judicial Magistrate First Class, Ludhiana, in July 2021 and we have not been served with a copy of the complaint as on date.

B. Tax proceedings

A summary table of the claims relating to direct and indirect taxes involving our Company is set forth below:

Nature of case	Number of cases	Amount (in ₹ million)*
Direct Tax	3	35.7
Indirect Tax	5	21.6**
Total	**8**	**57.3**

**To the extent quantifiable.*
***This does not include outstanding demand of ₹1.1 million in respect of tax deducted at source.*

C. Material civil litigation

1. Keshava Gupta and others ("**Financial Creditors**") have instituted insolvency proceedings, in October, 2020, under section 7 of the IBC before the NCLT, Bengaluru, against Shri Diya Projects Private Limited (the "**Corporate Debtor**"), a customer of our Company, for committing default in respect of certain units of a project being developed by the Corporate Debtor ("**Project**") which were purchased by the Financial Creditors. The Financial Creditors have claimed that the Project has been abandoned by the Corporate Debtor. Further, it has been claimed that the Corporate Debtor has mortgaged the Project against a loan borrowed from our Company. The total outstanding amount of this loan as on date is ₹ 208.0 million. On account of default in respect of repayment of the loan committed by the Corporate Debtor, our Company had filed a petition with the Additional Chief Judicial Magistrate, Bengaluru and taken possession of the Project under the SARFESI Act. Our Company has been impleaded as a respondent in these proceedings since the Financial Creditors had mortgaged the Project against the loan disbursed by our Company and our Company has a security interest over the Project. The Financial Creditors have alleged, that the Corporate Debtor owes financial debt to the Financial Creditors and thus, filed the petition seeking initiation of insolvency proceedings against the Corporate Debtor. The matter is currently pending.

2. An interlocutory application (the "**Original Application**") was filed by the Administrator (the "**Applicant**") of DHFL (the "**Corporate Debtor**") before the National Company Law Tribunal, Mumbai Bench ("**NCLT**"), in September 2020, against the Erstwhile Promoters, West End Investment & Finance Consultancy ("**West End**"), our Company, and four other entities (collectively the "**Respondents**"), in the insolvency petition filed with respect to the CIRP of the Corporate Debtor (the "**Insolvency Petition**"). Under the Original Application, the Applicant has claimed an amount of ₹ 2,276.6 million from our Company in terms of sections 45, 46, 49, 60(5) and section 66 of the IBC and there is no other averment/prayer against our Company.

Subsequent to implementation of the resolution plan in the CIRP of the Corporate Debtor (the "**Resolution Plan**"), an application has been filed by Piramal Capital & Housing Finance Limited ("**Piramal**") in December 2021, before the NCLT, seeking an amendment of the Original Application to substitute the original Applicant with Piramal in the Original Application (the "**Second Application**"). While the Original Application was allegedly filed in September 2020, our Company became aware of the Original Application only in January 2022 when the notice of the Second Application was served on our Company by Piramal. Further, no order was passed against our Company in respect of the Original Application since September 2020.

Our Company had advanced a certain amount of money to West End as part of its lending business in September 2018 and West End had repaid and returned such amount as per the agreed terms. However, in the Original Application, the Applicant has alleged that West End had received a certain amount of money from our Company in September 2018, and that this amount was ultimately utilised for acquisition of shares of another entity affiliated to the Corporate Debtor and the said amount was repaid by West End from an ICD advanced by the Corporate Debtor to West End allegedly in violation of applicable law. The Original Application and the Second Application are currently pending before the NCLT.

In a separate matter pertaining to the Insolvency Petition, certain financial creditors had filed an appeal before the NCLAT against certain orders passed by the NCLT relating to the Resolution Plan ("**Appeal**"). The NCLAT vide its order dated January 27, 2022 ("**NCLAT Order**") allowed this Appeal and has also set aside the terms of the approved Resolution Plan which permitted Piramal to appropriate recoveries from the avoidance applications filed under section 66 of the IBC. The NCLAT has also held, inter alia, that upon completion of the CIRP and approval of the resolution plan by the NCLT, avoidance applications do not remain for the benefit of the resolution applicant. The Original Application and the Second Application may not be maintainable pursuant to the NCLAT Order since the avoidance applications referred to in the NCLAT Order would also include the Original Application and the Second Application. However, an appeal against the NCLAT Order is pending before the Supreme Court of India.

Litigation by our Company

A. Criminal proceedings

I. Certain criminal complaints filed by our Company

1. Our Company has filed a criminal complaint with the Commissioner of Police, Bengaluru, in March 2022, in relation to alleged criminal trespass onto a property (the "**Property**") that was sealed by our Company in terms of the provisions of the SARFAESI Act. Our Company has alleged that M/s Yashswini Builders Private Limited, represented by its managing director, Mahesh (the "**Accused**") had defaulted on payment of a loan taken by them from our Company. Accordingly, in terms of the SARFAESI Act, our Company took symbolic possession of the Property which was provided as a security to our Company in respect of the loan availed from our Company by the Accused. Further, as per court order issued by the XI Additional Chief Metropolitan Magistrate, at Mayohall, Bengaluru, our Company also took physical possession of the Property. Our Company has alleged that offences of criminal trespass, criminal intimidation, prevention of public servant from discharging their duty and criminal contempt of court have been committed by the Accused. Our Company has prayed for a direction to be issued to the Amruthahalli Police Station to register an FIR and to investigate the matter. The complaint is currently pending.

2. Our Company has filed an FIR in 2020 before the 1st Additional Chief Metropolitan Magistrate, Bengaluru, in relation to issuance of a false sanction letter demanding deposits of certain amount to a particular bank account that does not belong to our Company. Our Company has alleged that offences under sections 419 and 420 of the IPC and under sections 66C and 66D of the Information Technology Act, 2002 have been committed by the accused. The matter is currently pending investigation.

3. Our Company has filed a criminal complaint at Hosapete Town Police Station, Vijayanagara District, Bengaluru in December 2021, in relation to the fraudulent misuse of the photocopies of three cheques of our Company's account and manipulation the date, amount and the name of the payee by certain unknown persons falsely indicating that cheques were issued by Veritas Finance Private Limited instead, for disbursement of loans. The matter is currently pending.

4. Our Company has filed a criminal complaint at the Shivpuri Police Station (Madhya Pradesh) in June 2021, in relation to alleged calls received from anonymous numbers by existing customers and employees of our Company, to deposit their EMIs through digital payment applications into an account which does not belong to our Company, by posing as employees of our Company. The matter is currently pending investigation.

II. Certain cyber complaints filed by our Company

1. Our Company has filed an online cyber complaint at the National Cyber Crime Reporting Portal in 2020, in relation to unauthorised and illegal use of the Company's logo and name by the accused on a counterfeit and fraudulent website that does not belong to the Company to defraud the public at large. The matter is currently pending investigation.

2. Our Company has filed an online cyber complaint at the National Cyber Crime Reporting Portal (Mumbai) in March 2021, for online financial fraud via UPI wherein there were six fraudulent transactions undertaken by anonymous numbers. The matter is currently pending.

3. Our Company has filed an online cyber complaint at the National Cyber Crime Reporting Portal (Rajasthan) in June 2021, alleging the opening of a bank account fraudulently in the name of our Company. Our Company has alleged that the fake

account is being fraudulently used for extracting money under EMI/PEMI against loans disbursed by our Company and extorting money under the brand name of our Company. The matter is currently pending.

Recovery proceedings initiated by our Company under S.138 of the Negotiable Instrument Act, 1881

1. Our Company, in the ordinary course of its business, has initiated 3,803 recovery proceedings against various parties, including several of its customers, for the dishonour of cheques under Section 138 of the Negotiable Instrument Act, 1881. These proceedings are pending at various stages of adjudication before various courts. The aggregate amount involved in such proceedings is approximately ₹ 3,165.4 million.

Criminal proceedings initiated by our Company in relation to allegations of fraud

2. Our Company, in the ordinary course of business, has initiated 69 criminal proceedings (either through a first information report or criminal complaint) against various parties, including several of our customers alleging fraud committed by such customers against us. These proceedings are pending at various stages of adjudication before various courts. Further, these proceedings have been reported by our Company to the NHB since the amount involved in each of these proceedings exceeds ₹ 100,000 as provided for under chapter IV of the NHB guidelines No NHB (ND)/DRS/Policy Circular No.92/2018-19 dated February 5, 2019. The aggregate amount involved in such proceedings is approximately ₹ 96.9 million.

3. Our Company, in the ordinary course of business, has initiated 35 criminal proceedings (either through a first information report or criminal complaint) against various parties, including several of our customers alleging fraud committed by such customers against us. These criminal proceedings are under investigation by the relevant police departments where such complaints have been filed by our Company. The aggregate amount involved in such proceedings is approximately ₹ 31.9 million.

B. Material Civil Litigation

Recovery proceedings initiated by our Company in relation to project finance cases

1. M/s Vandana Infra Realty, a customer of our Company, along with certain co-borrowers (the "**Customer**"), availed a project loan of ₹ 126.0 million for construction of residential apartments. The Customer committed default and despite repeated requests and demands, failed to pay the overdue amount and additional interest, as applicable. Consequently, our Company issued a demand notice dated December 15, 2018 under section 13(2) of the SARFAESI Act directing the Customer to pay the total outstanding amount of ₹ 133.5 million failing which the Company would initiate appropriate recovery proceedings against the Customer. Upon the Customer's failure to pay the outstanding amount demanded by our Company, a possession notice dated February 18, 2020 was issued by our Company under section 13(4) of the SARFAESI Act read with Rule 8 of the Security Interest (Enforcement) Rules, 2002, for taking symbolic possession of the property mortgaged by the Customer in respect of the loan ("**Possession Notice**"). The Customer filed an application in December 2019 under section 17(1) of the SARFAESI Act before the Debt Recovery Tribunal, Bengaluru ("**DRT Bengaluru**") against our Company, praying to set aside the measures taken by us through the Possession Notice and praying for an interim order to stay the operation and execution of the Possession Notice. While the project loan has been closed by the Company, the matter is currently pending.

2. Sanya Property Private Limited, a customer of our Company, along with certain guarantors/mortgagor (the "**Customer**"), availed a project finance loan for ₹ 200.0 million from DHFL and Pre-merger AHFPL, of which ₹ 60.0 million was disbursed by DHFL and ₹ 40.0 million was disbursed by Pre-merger AHFPL. The Customer committed default and despite repeated requests and demands, it failed to pay the overdue amount and additional interest, as applicable. Consequently, DHFL issued a demand notice dated March 16, 2016 under section 13(2) of the SARFAESI Act directing the Customer to pay the total outstanding amount of ₹ 71.1 million failing which it would initiate appropriate recovery proceedings against the Customer. A similar demand notice dated April 21, 2016 was issued by Pre-merger AHFPL directing the Customer to pay the total outstanding amount of ₹ 46.5 million. Upon the Customer's failure to pay the outstanding amount, an application dated November 19, 2016 was filed by DHFL under section 14 of the SARFAESI Act before the District Magistrate, Bhuj (the "**DM**"), for the purpose of taking physical possession of the property mortgaged by the Customer in respect of the loan (the "**Application**"). Pre-merger AHFPL was made a party to this Application in the capacity of a joint secured creditor. The DM allowed the Application for taking the possession of the said property vide order dated April 13, 2017. Subsequently, the Customer filed an application in August 2017 under section 17(1) of the SARFAESI Act before the Debt Recovery Tribunal-II, Ahmedabad, against DHFL and Pre-merger AHFPL, praying to set aside and quash the order dated April 13, 2017 passed by the DM, the possession notice and in the interim to stay the same, and to declare all actions taken under the SARFAESI Act in this regard illegal and unjustified. The matter is currently pending for hearing.

3. Jain Heights & Structures Private Limited, a customer of our Company, along with another borrower and co-borrower (the "**Customer**"), availed a loan for ₹ 85.0 million from our Company. The Customer committed default and despite repeated requests and demands, failed to pay the overdue amount and additional interest, as applicable. Consequently, our Company issued a demand notice dated March 16, 2017 under section 13(2) of the SARFAESI Act directing the Customer to pay the total outstanding amount of ₹ 60.1 million failing which the Company would initiate appropriate recovery proceedings against the Customer. Upon the Customer's failure to pay the outstanding amount demanded, a possession notice dated August 12, 2020 was issued by our Company under section 13(4) of the SARFAESI Act read with Rule 8 of the Security Interest (Enforcement) Rules, 2002, for taking symbolic possession of the property mortgaged by the Customer in respect of the loan. The Customer filed an application in September 2020 under section 17(1) of the SARFAESI Act before the Debt Recovery Tribunal, Bengaluru against our Company, challenging the said possession notice and praying for it to be quashed and set aside. The matter is currently pending.

Litigation involving our Directors

Litigation against our Directors

Deo Shankar Tripathi

Criminal Proceedings

1. Dhirendra Pratap Singh, a customer of our Company, has filed a first information report before the Kotwali Nagar Police Station, Ayodhya District, in September 2020. In his official capacity as the Managing Director and Chief Executive Officer of our Company, Deo Shankar Tripathi has also been arrayed as an accused in such first information report. For details, see "*-Litigation involving our Company – Litigation against our Company – Criminal Proceedings - Criminal proceedings filed by certain customers of our Company*" on page 256 of this Addendum.

Sharmila A. Karve Directors

Actions taken by statutory or regulatory authorities

1. Sharmila A. Karve has received summons dated July 31, 2020 from the Enforcement Directorate (Eastern Region) under the Foreign Exchange Management Act, 1999 asking her to appear before the Enforcement Directorate to give evidence and produce certain records in relation to a FEMA enquiry in relation to certain partnership firms where Sharmila A. Karve was a partner at the relevant time. Because of COVID-19 related travel restrictions, Sharmila A. Karve was allowed to submit her written response without any physical appearance in the Enforcement Directorate office in Kolkata. She has accordingly submitted her written response to the Enforcement Directorate under legal advice.

Material civil litigation

2. Satyam Computers Services Limited filed a civil suit on June 12, 2012 against Sharmila A. Karve for damages, along with 127 others, before the City Civil Court, Hyderabad. Further, Sharmila A. Karve has filed applications for discharge and dismissal of suit, which are currently pending for adjudication by the City Civil Court, Hyderabad.

Outstanding dues to creditors

In terms of the Creditors' Materiality Policy adopted by our Board in its meeting held on January 16, 2021 and March 3, 2022, creditors of our Company to whom an amount exceeding 5% of our total trade payables as on December 31, 2021 was outstanding, were considered 'material' creditors. As per the Restated Consolidated Financial Information, our total trade payables as on December 31, 2021, were ₹ 534.9 million and accordingly, creditors to whom outstanding dues exceed ₹ 26.7 million have been considered as material creditors for the purposes of disclosure in this Addendum.

Based on this criteria, details of outstanding dues owed as on December 31, 2021 by our Company are set out below:

Type of creditors	Number of creditors	Amount (in ₹ million)
Micro, Small and Medium Enterprises	-	-
Material creditors	1	43.2
Other creditors*	177	7.7
Total	**178**	**50.9**

**Excluding unbilled dues of ₹ 484.0 million*

The details pertaining to outstanding dues to the material creditors along with names and amounts involved for each such material creditor are available on the website of our Company at https://aadharhousing.com/pdf/List-of-Creditors.pdf.

Material Developments

Other than as stated in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 227 of this Addendum, there have not arisen, since the date of the last financial information disclosed in this Addendum, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

OTHER MATERIAL UPDATES

Included below are certain other material updates to the DRHP:

A. Updates to the "*General Information"* section of the DRHP

1. Pursuant to a resolution of our Shareholders passed on January 21, 2022, upon cessation of the term of the erstwhile Joint Statutory Auditors of our Company on account of RBI circular bearing reference number Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued on April 27, 2021, Walker Chandiok & Co LLP, Chartered Accountants, were appointed as the Statutory Auditors of our Company for a period of three consecutive financial years with effect from January 21, 2022 till the conclusion of the Annual General Meeting to be held for the Financial Year 2023-24.

B. Updates to the "*Our Management*" section of the DRHP

1. One of our erstwhile Directors, Neeraj Mohan resigned from our Board with effect from July 13, 2021 on account of personal reasons. As a result, our Board comprises six Directors as on the date of this Addendum. Further, since he was a member of the Stakeholders' Relationship Committee, the Corporate Social Responsibility Committee and the Risk Management Committee of our Board, as disclosed in the DRHP, the same have been re-constituted post his resignation pursuant to a Board resolution dated September 8, 2021.

2. Pursuant to a resolution of our Shareholders passed on June 26, 2021, the term of appointment of one of our Independent Directors, Nivedita Haran, which was till the 31^{st} Annual General Meeting of our Company held in 2021, has been extended by one year till the 32^{nd} Annual General Meeting of our Company to be held in 2022.

3. Haryyaksha Ghosh was appointed as the CDO with effect from February 1, 2021. His profile along with other updates in relation to him being a KMP of our Company, will be duly included in the Red Herring Prospectus and Prospectus to be filed by the Company with the RoC, the SEBI, and the Stock Exchanges.

4. With effect from September 30, 2021, Ravinder Singh Beniwal resigned as the Chief Operating Officer of our Company and Rishi Anand was re-designated as the Chief Operating Officer– Business Development with effect from September 23, 2021. Rishi Anand's updated profile along with other updates in relation to him being a KMP of our Company, will be duly included in the Red Herring Prospectus and Prospectus to be filed by the Company with the RoC, the SEBI, and the Stock Exchanges.

C. Updates to the "*Our Promoter and Promoter Group*" section of the DRHP

The composition of the board of directors of our Promoter, BCP Topco, underwent changes post filing of the DRHP and its composition as on the date of this Addendum is as follows:

1) Kimmo Benjam Tammela;
2) Chan Pey Yuan;
3) See Kwang Yew; and
4) Melanie Mei Lan Ng (Alternate Director).

D. Updates to the "*Our Group Companies*" section of the DRHP

1. With effect from August 4, 2021 and September 30, 2021, respectively, our Company has vacated the properties owned by DHFL on which our Corporate Office and branch office in Surat were located.

Please note that the disclosures included in the DRHP in relation to the above information will be suitably updated, as may be applicable, in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY OM PRAKASH BHATT

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Om Prakash Bhatt
(*Non-Executive Chairman and Independent Director*)

Date: April 5, 2022

Place: Fairfax, Virginia, U.S.A.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY NIVEDITA HARAN

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Nivedita Haran
(*Independent Director*)

Date: April 5, 2022

Place: Greater Noida, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY SHARMILA A. KARVE

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Sharmila A. Karve
(Independent Director)

Date: April 5, 2022

Place: Pune, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY AMIT DIXIT

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Amit Dixit
(*Non – Executive (Nominee) Director*)

Date: April 5, 2022

Place: Mumbai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY MUKESH MEHTA

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Mukesh Mehta
(*Non – Executive (Nominee) Director*)

Date: April 5, 2022

Place: Mumbai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY DEO SHANKAR TRIPATHI

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Deo Shankar Tripathi
(*Managing Director and Chief Executive Officer*)

Date: April 5, 2022

Place: Mumbai, India

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY RAJESH VISWANATHAN

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Rajesh Viswanathan
(Chief Financial Officer)

Date: April 5, 2022

Place: Mumbai, India

DECLARATION

We, BCP Topco VII Pte. Ltd., hereby confirm that all statements, disclosures and undertakings specifically made by us in this Addendum in relation to ourselves, as a Promoter Selling Shareholder and our Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Company or any other person(s) in this Addendum.

FOR AND ON BEHALF OF BCP TOPCO VII PTE. LTD.

Authorised Signatory

Name: Kimmo Tammela
Designation: Director

Date: April 5, 2022