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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 the certificate of incorporation dated November 26, 1990, issued by the Registrar of Companies, Karnataka at Bangalore ("RoC") and commenced operations pursuant to the 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, erstwhile Aadhar Housing Finance Limited ("Erstwhile Aadhar") was incorporated as 'Aadhar Housing Finance Private Limited' at Mumbai, Maharashtra as a private limited company under the Companies Act, 1956, pursuant to the certificate of incorporation dated May 3, 2010, issued by the Registrar of Companies, Maharashtra at Mumbai and commenced its operations in February 2011. Erstwhile Aadhar 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:** 201, 2nd Floor, Raheja Point-1, Near SVC Tower, Nehru Road, Vakola, Santacruz (E), Mumbai- 400 055, Maharashtra, India; **Telephone:** +91 22 3950 9900; **Contact Person:** Sreekanth V.N., Company Secretary and Compliance Officer; **E-mail:** complianceofficer@aadharhousing.com; **Website:** www.aadharhousing.com; **Corporate Identity Number:** U66010KA1990PLC011409

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

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF AADHAR HOUSING FINANCE LIMITED ("COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 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.

Notice to Investors

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.

Corrigendum: Notice to Investors

This is with reference to the DRHP filed with the Securities and Exchange Board of India on January 24, 2021 in relation to the proposed initial public offer of Aadhar Housing Finance Limited (the "Company"). Attention of investors is drawn to the following: In order to avoid any confusion arising from the usage of the term "affordable housing" in DRHP, the term "affordable housing" and "affordable housing company" wherever used in context of the Company or its peers, shall be changed to "HFC focused on the low income housing segment" throughout the DRHP.

"HFC focused on the low income housing segment" shall be defined as "Housing finance companies having focus on economic weaker section and low income group segment and high share of housing loans with ticket size (at the time of disbursement) less than ₹1.5 million in their portfolio as listed out in "Industry Overview" beginning on page 92 of the DRHP".

We will carry out resultant changes throughout the DRHP including the "Risk Factors" beginning on page 25 of the DRHP section, as illustrated in the examples provided below:

1. Page 27 of the DRHP (Risk Factor 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.

2. Page 34 of the DRHP (Risk Factor 17)

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.

3. Page 43 of the DRHP (Risk Factor 47)

We operate in a highly competitive industry in India and we compete with banks, other HFCs focused on the low income housing segment HFCs, small finance banks and NBFCs in each of the geographies in which we operate.

4. Page 101 of the DRHP

HOUSING FINANCE MARKET FOCUSING ON LOW INCOME HOUSING SEGMENT IN INDIA

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 ₹15 lakhs, and loans with ticket size of ₹15 lakhs 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.

CRISIL has defined housing loans with ticket size greater than ₹15 lakhs as normal housing loans, and loans with ticket size lower than ₹15 lakhs are referred to as housing loans focusing on low income housing segment.

The overall size of the housing finance market focusing on low income housing segment in India was around ₹4 trillion as of March 2020, constituting a tad under one-fifth of the housing finance industry.

5. Page 109 of the DRHP

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 ₹1.5 million in their portfolio. According to CIBIL data, the entities included in our analysis together account for ~97% of the outstanding retail home loans given by HFCs as on March 2020.

Category	HFCs Included	HFCs focused on low income housing segment (HFCs with higher share of housing loans with ticket size less than ₹1.5 million in their portfolio)
Large HFCs (AUM more than ₹ 300 billion, as of March 2020)	Dewan Housing Finance Corporation Ltd., Housing Development Finance Corporation Limited, Indiabulls Housing Finance Ltd., LIC Housing Finance Ltd., Piramal Capital and Housing Finance Limited, and PNB Housing Finance Limited	Nil
Medium HFCs (AUM between ₹150 billion and ₹ 300 billion, as of March 2020)	Bajaj Housing Finance Limited, Can Fin Homes Ltd., Gruh Finance 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	Gruh Finance Ltd.*
Small HFCs (AUM between ₹50 billion and ₹150 billion, as of March 2020)	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 ₹50 billion, as of March 2020)	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 Housing Finance Corporation Limited, Sewa GrihRin 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 Housing finance Corporation Limited, Sewa GrihRin Limited, Shriram Housing Finance Ltd., Shubham Housing Development Finance

* Gruh Finance has been included in our aggregates despite its merger with Bandhan Bank with effect from October 2019 so that the data is comparable across time periods

6. Page 121 of the DRHP

Overview

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, 2020. We are approximately 1.5 times larger than the second largest peer set company based on AUM as on March 31, 2020. (Source: CRISIL) Compared to our peers, we have the largest customer base as on March 31, 2020 and have the highest disbursement for financial year ended March 31, 2020. (Source: CRISIL). Further, as at March 31, 2020, we have the most geographically diversified AUM as well as the highest efficiency in terms of operating expenditure ratios (Source: CRISIL). We are an entirely retail-focused housing finance company, 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, with an average loan-to-value of 56.73%, as of September 30, 2020. As of September 30, 2020, 64.83% and 35.17% of our Gross AUM comprised loans to salaried customers and to self-employed customers, respectively.

7. Page 123 of the DRHP

Largest HFC focused on 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, 2020. We are approximately 1.5 times larger than the second largest peer set company based on AUM as on March 31, 2020. (Source: CRISIL) Our Gross AUM grew at a CAGR of 20% from ₹79,659.2 million as of March 31, 2018 to ₹114,316.6 million as of March 31, 2020. Our branch network is widely dispersed with no state accounting for more than 16.2% in terms of Gross AUM and the top two states accounting for 30.8% of our Gross AUM as of September 30, 2020. As a result, we have the most geographically diversified AUM as compared to our competitors. (Source: CRISIL)

However, certain portions of the DRHP discuss the affordable housing scheme of the Government of India, which will remain as-is. For example, the below discussion in the Industry Overview section discusses the Government of India's initiatives in the affordable housing segment:

"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 the real estate sector, the government has extended the timelines of RERA projects by six months. Further, in affordable housing, it has extended the deadline to March 31, 2021, for first-time homebuyers to avail of an additional ₹150,000 interest deduction on home loans."

The DRHP shall be read in conjunction with this Corrigendum. The information in this Corrigendum supersedes the information in the DRHP to the extent inconsistent with the information in the DRHP.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the DRHP.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate Mumbai- 400 020, Maharashtra, India Tel: +91 22 2288 2460/70 E-mail: aadhar.ipo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Website: www.icicisecurities.com Contact person: Shekher Asnani/ Rishi Tiwari 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 9999 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: Abhijay Thacker 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: aadharhfiipo@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: Gaurav Mittal / Aditya Deshpande SEBI Registration No.: INM000003531	KFin Technologies Private Limited (formerly known as Kavya Fintech Private Limited) Selenium Tower-B, Plot 31& 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad- 500 032 Telangana, India Tel: +91 40 6716 2222 E-mail: ahfi.ipo@kfintech.com Investor Grievance E-mail: einward.ris@kfintech.com Website: https://www.kfintech.com/ Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221

For **Aadhar Housing Finance Limited**
On behalf of the Board of Directors
Sd/-
Company Secretary and Compliance Officer

Place: Mumbai
Date: February 18, 2021

Disclaimer clause of National Housing Bank: The Company is having a valid certificate of registration dated April 5, 2018 issued by the National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinion expressed by the Company and for repayment of deposits/discharge of liabilities by the Company.

Disclaimer: Aadhar Housing Finance Limited is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to undertake an initial public offering of its Equity Shares and has filed the DRHP with SEBI. The DRHP will be available on the website of SEBI at www.sebi.gov.in, website of stock exchanges i.e. NSE at www.nseindia.com, BSE at www.bseindia.com and the website of the BRLMs, i.e. ICICI Securities Limited, Citigroup Global Markets India Private Limited, Nomura Financial Advisory and Securities (India) Private Limited and SBI Capital Markets Limited at www.icicisecurities.com, www.online.citibank.co.in/rhtm/citigroupglobalscreen1.htm, www.nomuraholdings.com/company/group/asia/india/index.html and www.sbicaps.com, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" section of the Red Herring Prospectus, when available. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

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