

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 FY ended March 31, 2021, 2022 and 2023, and the nine months ended December 31, 2022 and December 31, 2023, 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 FY ends on March 31 of each year. Accordingly, all references to a particular FY 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" and "Risk Factors" on pages 23 and 24, respectively.

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 November 20, 2023 entered into with CRISIL Limited (available at <https://aadharhousing.com/investor-relations/offer-documents>), and CRISIL Market Intelligence & Analytics ("CRISIL MI&A"), a division of CRISIL Limited (together with CRISIL MI&A, "CRISIL") 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 20 of this Red Herring Prospectus and "Risk Factors – Statistical and industry data in this Red Herring Prospectus is derived from the CRISIL Report commissioned and paid for by us exclusively for the purpose of the Offer" on page 40.

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

According to CRISIL, we are a HFC focused on the low income housing segment (ticket size less than ₹1.5 million) in India and we had the highest AUM and net worth among our analyzed peers in FY2021, FY2022, FY2023 and nine months ended December 31, 2022 and December 31, 2023. In addition, according to the peer set analyzed by CRISIL, we had the highest number of live accounts in FY2023 (Source: CRISIL Report). In addition, we have a presence in 20 states and union territories, which is the highest among the peers analyzed by CRISIL as of March 31, 2023 (Source: CRISIL Report).

We are a 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 ₹0.9 million and ₹1.0 million with an average loan-to-value of 57.7% and 58.3%, as of December 31, 2022 and December 31, 2023, respectively. The following table sets forth the breakdown of our Gross AUM by occupation as of the periods indicated:

(₹ in million, except percentages)

Occupation	As of									
	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2022		December 31, 2023	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
Salaried	85,093.3	63.8%	90,891.1	61.5%	100,933.2	58.6%	98,490.7	59.5%	113,686.1	57.2%
Self Employed	48,177.7	36.2%	56,886.8	38.5%	71,295.1	41.4%	67,173.9	40.5%	84,965.5	42.8%
Total	133,271.0	100.0%	147,777.9	100.0%	172,228.3	100.0%	165,664.6	100.0%	198,651.6	100.0%

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. The following table sets forth our Gross AUM for the periods indicated:

(₹ in million)

	For the				
	FY 2021	FY 2022	FY 2023	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Gross AUM	133,271.0	147,777.9	172,228.3	165,664.6	198,651.6

We have made social objectives one of the core objectives of our business model. We operate a financially inclusive, customer