

# Board's Report for the Financial Year 2023-24

Dear Members,

The Board of Directors of Aadhar Housing Finance Limited ("**your Company**" or "**the Company**" or "**Aadhar Housing**" or **AHFL**) are pleased to present the 34<sup>th</sup> (Thirty- Fourth) Annual Report and the Audited Financial Statements (Standalone and Consolidated) of your Company for the financial year ended 31<sup>st</sup> March, 2024 ("**financial year under review**"). Your Company is a Housing Finance Company registered with National Housing Bank ("**NHB**") and regulated & controlled by Reserve Bank of India ("**RBI**") and supervised by NHB. Aadhar Housing is engaged in providing housing finance to the lower income segment of the society. Aadhar Housing is currently operating out of twenty states and union territories of India with a branch network of over 534 branches.

## 1. Financial Performance of AHFL (Standalone):

(₹ in crore)

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024
AUM	14,778	17,223	21,121
Income	1,692.66	1,994.27	2,523.59
PAT	444.65	544.58	748.51
Net Worth / Total Equity	3,145.39	3,695.57	4,446.01
CRAR	45.41%	42.73%	38.46%
CRAR – Tier I Capital	44.20%	41.66%	37.74%
CRAR – Tier II Capital	1.21%	1.07%	0.72%
Retail NPA (on retail AUM)	1.45%	1.16%	1.08%
ROE %	15.2%	15.9%	18.4%

About AHFL:

- The Company is focused on low income segment (ticket size less than ₹ 15 lakhs) with an AUM of ₹ 21,121 Cr.
- Strong growth tailwinds in affordable housing due to low penetration combined with low competition from banks and housing shortage in rural and urban areas.
- Low concentration risk due to wide geographical presence: Presence across 20 states and union territories with diversified exposure across locations; no single state contributes to more than 15% of AHFL's AUM.
- 100% secured retail advances with an average ticket size of ₹ 9.7 Lakhs, high share of low risk salaried customers viz. 57.0% of AUM and moderate LTV ratios of 58.5% and majority of the mortgage portfolios are satisfying the Priority Sector Lending criteria prescribed by RBI/NHB.
- 12,600+ Aadhar Mitra's (including 800+ Mahila Aadhar Mitras) help in building out a low cost and wide distribution network.

- High asset quality: The Gross NPA on AUM stood at 1.08% for the year ended 31<sup>st</sup> March, 2024. Provision Coverage Ratio on NPA Assets (Stage 3B carrying value) at 41%.
- Strong liquidity: High liquid assets/cash & bank balances of ₹ 1500 crores as at 31<sup>st</sup> March, 2024 in addition to unutilized Banks' sanction lines.

## 2. Major Developments during the year

The Company has filed a Draft Red Herring Prospectus ("**DRHP**") with Securities and Exchange Board of India ("**SEBI**") on 2<sup>nd</sup> February 2024 and approval from SEBI was received on 5<sup>th</sup> April, 2024. SEBI vide its letter of observation no. SEBI/CFD/DIL2/2024/13635/1 dated 5<sup>th</sup> April, 2024 communicated its observations and allowed the issue to open within 12 months from date of the letter subject to fulfilment of requirements specified in the letter. The Company has accordingly filed Red Herring Prospectus on 30<sup>th</sup> April, 2024 for the initial public offering of ₹ 10000 million and Offer for sale by the promoter selling shareholder of ₹ 20000 million at a price band of ₹ 300 - ₹ 315. The issue opened and closed for anchor investors on 7<sup>th</sup> May, 2024 and for all other investors opened on 8<sup>th</sup> May, 2024 and closed on 10<sup>th</sup> May, 2024. The issue was oversubscribed ~ 26 times. Accordingly, 95,255,598 Equity Shares offered under the Offer (fresh issue of 31,763,535 Equity Shares by the Company aggregating to ₹10,000 million and an offer for sale of 63,492,063 Equity Shares by the promoter of the Company, BCP Topco VII Pte. Ltd. ("Promoter Selling Shareholder") aggregating to ₹ 20,000 million), are allotted/transferred at an Offer price of ₹ 315 per Equity Share (including a share premium of ₹ 305 per equity share) and to Eligible Employees under the Employee Reservation Portion i.e. at a Discount of ₹ 23 per share on the Offer Price.

## 3. Initiatives towards funding of Green Housing Projects

Your Company and International Finance Corporation ("**IFC**"), a member of the World Bank Organization, are collectively engaging on the terms to provide the services in connection with Aadhar for developing a Green Affordable Housing value proposition in the self-construction segment and creating a roadmap for launching this proposition in full scale.

A green home is one that reduces expenditure on electricity and water so you can save at least 20% on your electricity and water bills and it provides a healthier indoor environment and does not harm the planet.

### The following green initiatives were taken during the FY 23-24 –

- Successful implementation of green home product across 12 regions apart from pilot region and defined objective, roles, and targets for the regions.
- Design and implementation of training module on managing unconscious bias and gender sales.

- Successful implementation of green home product marketing within the regions.
- Green Home awareness sessions with Suppliers, Developers, and internal participants across multiple regions with more than 500 participants.
- Successful empanelment of certification agency for green homes.
- Successfully completion of 1<sup>st</sup> Batch in Green Homes on Feb -24.
- Successful distribution of Green Home certificates and subsidy amount as a benefit to the certified homes as Green.
- Training on CAFI tool to report development - How CAFI interfaces and interacts with EDGE to measure and monitor impact of affordable green housing finance.

Through this project the Company and IFC aim to educate and help the underserved section of society benefit from environment friendly and cost-efficient housing.

#### 4. Management Discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India for Housing Finance Companies, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

#### 5. Changes in the Directors and Key Managerial Personnel

##### Board of Directors ("the Board")

- The Members at the Extra Ordinary General Meeting of the Company held on 13<sup>th</sup> December, 2023, considered and approved the re-appointment of Ms. Sharmila A Karve (DIN:05018751) as an Independent Director, before the expiry of her term, for a further period of five years w.e.f. 15<sup>th</sup> December, 2023 to 14<sup>th</sup> December, 2028.
- Pursuant to Section 152 of the Act, Mr. Amit Dixit (DIN: 01798942), Non-Executive (Nominee) Director retires from the Board by rotation and being eligible, offers himself for re-appointment at the ensuing 34<sup>th</sup> Annual General Meeting of the Company.
- The Nomination and Remuneration Committee of the Company and the Board of Directors have recommended the re-appointment of Mr. Amit Dixit. A detailed profile of the Director seeking re-appointment is provided in the Notice of the 34<sup>th</sup> Annual General Meeting of the Company.
- The term of Dr. Nivedita Haran, Independent Director (DIN: 06441500) would expire at the conclusion of the 34<sup>th</sup> Annual General Meeting.

##### Key Managerial Personnel

- Upon recommendation from Nomination & Remuneration Committee, the Board of Directors at their meeting dated 9<sup>th</sup> August, 2023 approved the appointment of Mr. Sreekanth V. N. as Chief Compliance

Officer for a period of 3 years w.e.f. 1<sup>st</sup> October, 2023 as per the Reserve Bank of India-Compliance Function and Role of Chief Compliance Officer (CCO) in NBFC (RBI Circular) issued on 16<sup>th</sup> March, 2023. Consequently, he ceased to be Company Secretary of the Company on 30<sup>th</sup> September, 2023.

- Upon recommendation from Nomination & Remuneration Committee, the Board of Directors at their meeting dated 9<sup>th</sup> August, 2023 also approved the appointment of Ms. Harshada Pathak (Membership No. A19534) as Company Secretary and Compliance Officer with effect from 1<sup>st</sup> October, 2023 pursuant to Section 203 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### 6. Share Capital Structure:

Your Company's capital structure as at 31<sup>st</sup> March, 2024 is given in the below table:

Share Capital	Amount in ₹ Crores
Authorized Share Capital (50,00,00,000 Equity Shares of ₹ 10 each)	500.00
Issued, Subscribed and Paid-up Share Capital (39,47,54,970 Equity Shares of ₹ 10 each)	394.76

##### Changes in Capital Structure and shareholding position:

There were no changes in the capital structure of your Company during the financial year under review.

However, pursuant to initial public offering of ₹ 10000 million and Offer for sale by the promoter selling shareholder of ₹ 20000 million, the IPO Committee of the Company had, at its meeting held on May 13, 2024, approved the allotment/transfer of 95,255,598 Equity Shares at the Offer price of ₹315 per Equity Share (including a premium of ₹305 per Equity Share), aggregating to ₹30,000 million, in accordance with provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. Further, a discount of ₹23 per Equity Share was offered to the Eligible Employee(s) Bidding in the Employee Reservation Portion, in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Pursuant to the allotment of Equity Shares in the Offer, the paid-up Equity Share capital of the Company stands increased from ₹3,947,549,700 to ₹4,265,185,050.

##### Strong Parentage of the BCP Topco VII Pte. Ltd. (A Blackstone Group entity)

The Company enjoys a strong parentage of our Promoter Company and benefits 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 USD 1 trillion as of December 31, 2023. Currently, the Board of Directors of the Company has 3 Nominee directors from the Promoter group.

The shareholding pattern of the Company as on the end of the financial year is as mentioned below :-

List of Shareholders & percentage of holding as on 31<sup>st</sup> March, 2024

Sr. No.	Name of Shareholders	No. of Equity Shares held	Percentage of shareholding
1	BCP Topco VII Pte. Ltd.	38,96,83,420	98.72%
2	ICICI Bank Ltd.	46,50,000	1.18%
3	IEPF Authority	1,13,150	0.03%
4	Other Resident Shareholders*	3,08,400	0.07%
	<b>Total</b>	<b>39,47,54,970</b>	<b>100.00%</b>

\*Includes 26,100 bonus shares kept in abeyance in the Unclaimed Suspense Account of the Company pertaining to shareholders who are holding shares in physical form and have not yet provided their demat account details.

Post listing of equity shares, the Company uploads the shareholding pattern as on the end of each quarter on the websites of BSE Ltd. and National Stock Exchange of India Limited ("the Stock Exchanges") as required under regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 7. Financial Performance

### 7.1 Financial summary and highlights of the Company:

Your Company takes pleasure in presenting the standalone and consolidated reports on the operational and business performance, along with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2024.

Financial summary and highlights of the Company are given as following :

(₹ in crores)

Particulars	Standalone		Consolidated	
	FY 2023-24	FY 2022-23	FY 2023-24	FY 2022-23
Total Income from Operations	2,523.59	1,994.27	2586.98	2043.52
<b>Less:</b>				
Total Expenditures	1,564.36	1,273.72	1627.39	1322.70
Profit before Taxes and Exceptional Item	959.23	720.55	959.59	720.82
Exceptional Item	-	25.00	-	25.00
Profit before Taxes	959.23	695.55	959.59	695.82
Provision for Taxes	210.72	150.97	209.95	151.06
Profit after Taxes	748.51	544.58	749.64	544.76
Other comprehensive income	(0.10)	(0.03)	0.42	0.58
Total comprehensive income	748.41	544.55	750.06	545.34
<b>Appropriations:</b>				
Transfer to Special Reserve under NHB Act	149.70	109.00	149.70	109.00
Transfer to General Reserve	74.85	54.50	74.85	54.50
Transfer to Debenture redemption reserve	0.00	0.00	0.00	0.00
Proposed equity dividend	0.00	0.00	0.00	0.00
Dividend distribution tax	0.00	0.00	0.00	0.00
Retained Profits	523.86	381.05	525.51	381.84
Balance at the beginning of the year	1124.51	743.46	1126.60	744.76
Balance at the end of the year	1648.37	1124.51	1652.11	1126.60
Earnings per share- Basic	18.96	13.80	18.99	13.80
Earnings per share- Diluted	18.32	13.38	18.35	13.39

Note: Consolidated financials include financials of wholly owned subsidiary Aadhar Sales and Services Private Limited.

## 7.2 GNPA and ECL Provision (including additional provision):

a) GNPA :

Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
GNPA on AUM (%)	1.08%	1.16%
GNPA on Retail AUM (%)	1.08%	1.16%
GNPA on Own Book (%)	1.10%	1.17%
GNPA on Retail Own Book (%)	1.10%	1.17%

- b) Your Company provides for Non-Performing Assets (NPAs) using the Expected Credit Loss Model prescribed under Ind AS 109.
- c) In November 2021, the RBI issued a Circular on asset recognition clarifying that once a loan is classified as a NPA since it is more than 90 dpd, the same will remain a NPA till all dues on the loan have been recovered.
- d) Your Company's gross loan assets are ₹ 17,111.15 crores as at 31<sup>st</sup> March, 2024 (₹ 14,037.55 crores as at 31<sup>st</sup> March, 2023). Your Company is carrying an impairment allowance of ₹ 208.21 crores as at 31<sup>st</sup> March, 2024 (₹ 186.10 crores as at 31<sup>st</sup> March, 2023). ECL provision coverage ratio on Stage 3B (NPA Assets) is 41% as at 31<sup>st</sup> March, 2024 (35% as at 31<sup>st</sup> March, 2023).
- e) The Company has based on current information available, estimated various scenario analysis and applied management overlays based on the policy approved by the Board while arriving at the provision for impairment of financial assets which the Management believes is adequate. As at 31<sup>st</sup> March, 2024, your Company is carrying a management overlay provision and one time restructuring additional provision of ₹ 69.93 crores.

The provision under Expected Credit Loss Model is higher than Income Recognition and Prudential Norms by ₹ 68.52 crores.

## 7.3 Financial Ratios:

The main financial ratios of the Company are-

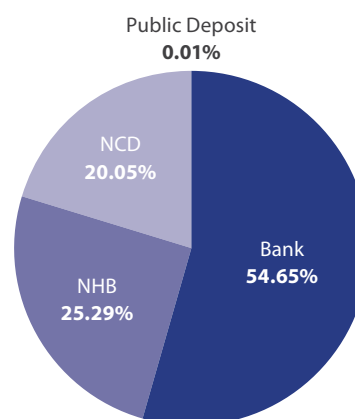
Particulars	FY 2023-24	FY 2022-23
Earning per share (EPS)	18.96	13.80
Capital to Risk Asset Ratio (CRAR)	38.46%	42.73%
Net Debt Equity Ratio (DE Ratio)	2.85	2.77
Net Owned Fund (NOF)	4,067.60 crore	3,474.17 crore

## 8. Resource Mobilisation:

Your Company's Resource Planning Policy has been approved by the Board. The Company has obtained approval for borrowings vide special resolution passed by shareholders at their Annual General Meeting held on 16<sup>th</sup> May, 2023 under Sections 42, 71, 180(1)(c) read with 180(1)(a) of the Act or other applicable provisions and has authorised the Board of Directors / Management Committee to raise or borrow any sum or sums of money (including non-fund based facilities) by way of loan(s) in rupee currency and/or foreign currency from various

borrowing sources up to an amount of ₹ 20,000 crores (Rupees twenty thousand crores) or up to 12 times of Net Owned Fund (NOF) of the Company whichever is lower, as per provisions of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions") and other applicable Directions/ Notification/ Circulars/Guidelines issued by RBI/ NHB.

### (a) Borrowing Composition:



31<sup>st</sup> March, 2024

The borrowings comprised of 54.65% from banks, 25.29% from National Housing Bank, 20.05% from Non-Convertible Debentures ("NCD") and 0.01% from Public deposits as at 31<sup>st</sup> March, 2024. There has been no deviation in the utilisation of issue proceeds of secured redeemable NCD from the objects as stated in the private placement memorandum.

Your Company endeavors to gradually reduce its reliance on the borrowings from banks and focus on capital market instruments and other funding avenues with lower funding costs depending upon opportunities available in the market.

Another strategy adopted by the Company to keep a balanced ALM was to enter into strategic partnership with banks that are keen on good-quality assets and assign long-tenor receivables to them at mutually beneficial terms.

### (b) Loans from Banks:

As at 31<sup>st</sup> March, 2024, your Company had relationships with 22 banks. Your Company continued to leverage on its long term relationships with these banks and raised additional term loans from banks to the extent of ₹ 2,835 crores during the year at competitive rates. Total outstanding borrowing from banks as at 31<sup>st</sup> March, 2024 aggregated to ₹ 7,629 crores.

### (c) Refinance from National Housing Bank:

The NHB Refinance department has sanctioned Refinance facility to the Company under various schemes for a term ranging from 5 years to 15 years repayment tenure.

During the year, your Company has availed refinance facility of ₹ 1,405 crores from NHB. As on 31<sup>st</sup> March, 2024 the outstanding balance on NHB Refinance amounts to ₹ 3,531 crores.

## 9. Borrowings through other Debt Instruments and Resource Mobilisation:-

### (i) Secured Redeemable Non-Convertible Debentures (NCDs)

As at 31<sup>st</sup> March, 2024, your Company's outstanding Secured NCDs issued under Initial Public Offer stood at 2,12,353 NCDs aggregating to ₹ 21.23 Crore, held by 1147 NCD holders. Your Company has duly paid the principal/ interest amounts on due dates for the NCDs public issue and has timely intimated the stock exchange/ debenture trustees.

During the financial year under review, your Company raised ₹ 1,320 Crore by way of issue of 28,520 Senior, Secured, Rated, Redeemable, Non-Convertible Debenture on private placement basis, as per the applicable provisions of relevant circulars issued by Securities and Exchange Board of India. The Company has completed the allotment process within the prescribed time-limit.

As at 31<sup>st</sup> March, 2024, your Company's outstanding secured NCDs under private placement were ₹ 2,727 Crores at face value. The necessary disclosures for the listed NCDs as per SEBI Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated 10<sup>th</sup> August, 2021 ("SEBI Circular") has been disclosed to BSE Ltd. and are available at the website of the Company. The Company has met the shortfall of the previous financial year as per the SEBI Regulations, however, could not raise the required percentage of current year's borrowings through issuance of NCDs, due to unfavorable pricing for debt market as compared to bank borrowings.

The SEBI vide its circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/172 dated October 19, 2023 has revised the framework for fund raising by issuance of debt securities by large corporates (LCs) by revising the criteria for identification as Large Corporate and the requirement of mandatory qualified borrowing by an LC in a FY shall be met over a contiguous block of three years from FY 2025 onwards. It also provided certain dispensation to Companies recognized as Large Corporates under erstwhile criteria. Accordingly, the Company endeavored to comply with the requirement of raising 25% of its incremental borrowings done during FY 2022, FY 2023 and FY 2024 respectively by way of issuance of debt securities till March 31, 2024 but met with a shortfall of ₹ 584 cr for compliance of FY24. due to market conditions and complied with the requirements for FY22 & FY23.

Further, as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("SEBI LODR Regulations") and RBI Master Directions on NCDs issued

on private placement basis, your Company has made timely payment of NCDs interest and principal amount on the respective due dates and there is no delay/ default in payment/ repayment.

Details of unclaimed non-convertible debentures as on 31<sup>st</sup> March, 2024:

- The total number of non- convertible debentures which have not been claimed by the investors after the date on which the non-convertible debentures became due for redemption – 114 NCDs
- The total amount in respect of such debentures remaining unclaimed beyond the date mentioned at point a above – ₹ 1,14,000

### (ii) Unsecured Subordinated Non-Convertible Debentures:

As at 31<sup>st</sup> March, 2024, your Company's outstanding unsecured subordinated debts were ₹ 60 crores at face value. The debt is subordinated to present and future senior debt of your Company. Your Company has duly paid the interest amount due on the aforesaid NCDs on time and reported the same to BSE Ltd. and Debenture Trustees without any delay/default.

### (iii) Commercial Paper:

During the financial year under review, the Company has not raised funds through commercial papers and there were no outstanding commercial papers as on 31<sup>st</sup> March, 2024.

### (iv) Direct Assignment of Mortgage Pool Receivables:

Majority of the Company's loan book portfolio qualifies under the Priority Sector Lending (PSL) mortgage loan portfolio, as per the notification issued by RBI from time to time. During the financial year under review, the Company has assigned/co-lent receivables of its mortgage loan assets aggregating to ₹ 1,631 crores, being investors' share. Total assigned pool outstanding as at 31<sup>st</sup> March, 2024 was ₹ 4,140 crores.

### (v) Security Coverage for the Borrowings:

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No. 14 and 15 in the Notes to accounts forming part of the Audited Financial statements for the year ended 31<sup>st</sup> March, 2024.

The Company has not provided any gold loans or do not provide loans against the security of gold or other precious metals or ornaments during the FY 2023-24.



**(vi) Credit Ratings:**

The Credit ratings for various Borrowings/FD of the Company are given herein below :

Name of the Rating Agency	Rated Facility	Rating as on 31 <sup>st</sup> March, 2023	Rating as on 31 <sup>st</sup> March, 2024
CARE	Long Term Bank Facilities	CARE AA (stable)	CARE AA (stable)
CARE	Non-Convertible Debentures	CARE AA (stable)	CARE AA (stable)
CARE	Subordinated Debt	CARE AA (stable)	CARE AA (stable)
CARE	Fixed Deposits	CARE AA (stable)	CARE AA (stable)
BRICKWORKS	Non-Convertible Debentures	BWR AA (stable)	BWR AA (stable)
BRICKWORKS	Subordinated Debt	BWR AA (stable)	-
CRISIL	Commercial Paper	CRISIL A1+	-
ICRA	Long Term Bank Facilities	ICRA AA (stable)	ICRA AA (stable)
ICRA	Non-Convertible Debentures	ICRA AA (stable)	ICRA AA (stable)
ICRA	Subordinated Debt	ICRA AA (stable)	ICRA AA (stable)
ICRA	Short Term Borrowings	ICRA A1+	ICRA A1+
INDIA RATINGS	Non-Convertible Debentures	IND AA (stable)	IND AA (stable)
INDIA RATINGS	Long Term Bank Facilities	-	IND AA (stable)

**10. Investments:**

As per Investment Policy of the Company, the Executive Committee is responsible for approving investments in line with the policy and limits as set out by the Board. The Investment Policy is reviewed and revised in line with the market conditions and business requirements from time to time. The decision to buy and sell up to the approved limit is delegated by the Board to the Investment Executive Committee consisting of Company's senior executives. The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity.

Your Company maintains sufficient liquidity for its business needs, repayment obligations and also to meet any contingency funding requirements. As at 31<sup>st</sup> March, 2024, your Company had unencumbered liquidity buffers of ₹ 1,500 crores in highly liquid assets. Further, surplus funds are also generated considering the time lag between raising of resources and its deployment. Such surplus funds are generally parked with highly liquid mutual funds and short-term deposits with banks. During the FY 2023-24, your Company earned ₹ 22.14 crores by way of income from mutual funds & other operations and ₹ 121.26 crores by way of interest on deposits placed with banks and from bonds.

**11. Asset Liability Management Committee ("ALCO"):**

The Asset Liability Management Committee lays down policies and quantitative limits that involve assessment of various types of risks and shifts in assets and liabilities to manage such risks. The Company has duly implemented the NHB's Asset Liability Management ("ALM") Guidelines applicable to Housing Finance Companies.

The Board of Directors of the Company has approved the ALM Policy & Framework and reviewed the same from time to time. The ALCO Committee ensures that the liquidity and interest-rate risks are contained within the limits laid down by the NHB. As at 31<sup>st</sup> March, 2024, your Company had a strong asset-liability position with positive gaps across all the buckets.

**12. Risk Management Framework and Monitoring:**

Existence of every financial institution depends on how effectively it manages the risks. Aadhar Housing recognizes that risk management is integral to sound business practices and hence implemented enterprise-wide risk management

framework. Effective risk management leads to informed decision-making within the organization's risk appetite. In this regard, risk management forms part of the continuous improvement process to mitigate risks and maximize opportunities.

Risk Management is the culture, processes and structure that are directed towards realizing potential opportunities whilst managing adverse effects. Aadhar Housing is committed to manage its risk in a proactive manner and adopts a structured and disciplined approach to risk management by developing and implementing risk management program.

Aadhar Housing's risk management was deepened across all management levels and functional areas. Risk management roles were distributed across the Board of Directors, Audit Committee and Risk Management Committee. Chief Risk Officer is responsible for enterprise risk and review, analyse, monitor and report to Risk Management Committee and Board of all significant risk areas.

Aadhar Housing has the Risk appetite framework approved by the Board of Directors which covers various types of risk the organization is exposed to and also clearly defines the boundaries for risk acceptance. There is a clear understanding of our desired risk appetite. As a part of the process, the framework undergoes a change depending on the changing external/internal environment. This ensures understanding and measuring the risk the organization is/would be facing. Further, Aadhar Housing has well defined reporting mechanism to report the stressed Risk Appetite Parameters and escalation & reporting mechanism to tackle it.

The Company recognises identification of risk as a very critical function in managing and mitigating risk. The key pillars behind risk mitigation include:

- Regular Executive Risk Management Committee
- Robust policies & standards
- Use of fraud databases, screening documents and field visits to contain potential frauds.
- Regular monitoring of key risk indicators
- Regular monitoring & testing of risk control matrix
- Risk Containment Unit (RCU) carried out real time screening of files, keeping track of adverse trend in various locations and guidance to field team.

## Key Risk & Its Mitigation Strategies

Type of Risk	Mitigations	Strategies
<p><b>Credit Risk</b></p> <p>Credit risk is the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms.</p>	<p>There are robust policies and processes for managing credit risk, mainly through our:</p> <ul style="list-style-type: none"> <li>• Appropriate risk diversification;</li> <li>• Thorough risk assessment at the credit appraisal stage;</li> <li>• Risk-based pricing and risk mitigation;</li> <li>• Continuous risk monitoring at the individual counterparty level as well as portfolio level;</li> <li>• Avoidance of undesirable risks to the extent possible</li> </ul>	<p>Maintaining healthy asset quality with optimal risk reward considerations.</p>
<p><b>Operational Risk</b></p> <p>Operational risk arises from inadequate or failed internal processes, people and systems or from external events. It includes risk of loss due to legal risk.</p>	<p>Detailed Operational Risk Management framework and processes, internal controls, information technology, key risk indicators and fraud monitoring mechanisms are in place to manage operational risk</p>	<p>Minimising operational losses through monitoring risk continuously, quick actions and mitigation.</p>
<p><b>Interest &amp; Liquidity Risk</b></p> <p>Company defines market risk as the risk of valuation loss or reduction in expected earnings stemming from adverse fluctuations in interest rates and credit spreads. Liquidity risk as the risk of incurring losses due to an inability to meet payment obligations in a timely manner when they become due.</p>	<p>Aadhar Housing's framework for liquidity and interest rate risk management is spelled out in our Asset Liability-Management policy. Further, a robust mechanism to comprehensively track cash flow mismatches under normal as well as stressed conditions and critical ratios has been implemented.</p> <p>Further, Company has Board Approved Investment and Resource Planning Policy to limit exposure and plan funding accordingly.</p>	<p>To maintain healthy liquidity in comparison to balance sheet size of the Company to tide over any unforeseen stress scenario. Maintaining competitive cost of funds</p>
<p><b>Information Security Risk</b></p> <p>Information technology/ security risk is the risk arising on account of inadequacies or failure of technical infrastructure or IT systems which can have an adverse impact on the availability, integrity, accessibility and security of the data and the IT infrastructure.</p>	<p>The Company has Board approved Information Security Policy &amp; Cyber Security Policy to manage the information security risk.</p>	<p>Facilitating growth via secure digital initiatives.</p> <ul style="list-style-type: none"> <li>- Sustaining operational effectiveness and efficiency.</li> <li>- Adapting and updating Cyber Defence framework to counter new-age threats</li> <li>- Continuous information to raise security awareness for employees and customers</li> </ul>

### 13. Internal Audit Control & Reporting:

The Company's Internal Audit department, is led by the Head – Internal Audit and supported by team of qualified chartered accountants, experienced internal auditors and functional experts. The Risk Based Internal Audit Policy and Risk Based Internal Audit Plan are approved annually by Audit Committee. All the significant findings of internal audit and action taken thereon are discussed in the Audit Committee of the Board.

Periodic branch audits, continuous concurrent audits and risk based process audits, information systems and information security audits are part of internal audit annual plan. Company's internal financial controls are reviewed for effectiveness and efficiency by the internal audit.

### 14. Insurance Cover facilities:

Your Company also has in place a Mediclaim policy for its employees and their dependent family members to cover against hospitalization including for COVID – 19 treatment, group term life and group personal accident policies, which provides compensation in case of accidents and hospitalization due to illness.

Moreover, your Company has obtained the Fire & other Perils Policy for its assets, the Protection against money in safe/ transit policy to cover 'money in safe and till counter and money in transit' for the Company's branches and various offices.

Your Company also has in place a Mediclaim policy for its employees and their dependent family members to cover

against hospitalization including for COVID – 19 treatment, group term life and group personal accident policies, which provides compensation in case of accidents and hospitalization due to illness.

Your Company also has taken an insurance policy covering various cyber risks including data protection.

### 15. Fixed Deposits (“FD”) program:

Pursuant to the instructions issued by NHB as a condition for approval of the change in control & management of the Company, the Company has stopped accepting any fresh or renewal of deposits from public from May 2019. Your Company's FD programme is rated, CARE AA (stable) by CARE Ratings Ltd. As on 31<sup>st</sup> March, 2024, your Company's outstanding FDs including accrued interest (excluding unclaimed matured deposit) ₹ 1.22 Cr. The Company is regular in payment of interest and maturity amount dues to depositors without any delay or default. The Company has maintained SLR security deposits with Government Bonds/Fixed Deposits more than the stipulated requirements by the Regulators for repayment of these deposits as and when required by the depositors.

As per para 44 of RBI Master Directions, the details of Company's unclaimed matured public deposit accounts of depositors, after the date on which the deposit became due for repayment and the total amount due under such unclaimed/unpaid accounts as on 31<sup>st</sup> March, 2024 are mentioned below :

- a. Total 355 nos. of accounts of fixed deposits of the Company which have not been claimed by the depositors after the date on which the deposit became due for repayment.
- b. Total amount of ₹ 69,21,341 is due, under such accounts remaining unclaimed or unpaid beyond the date referred to in clause (a) as aforesaid.

For the unclaimed deposits as mentioned above, the Company has taken the following actions:-

- i) Postal letters dispatched to FD holders, to intimate that, deposits are matured and asking them to submit the FD certificate for repayment of the same through NEFT/ RTGS mode.
- ii) The Company also contacted the depositors or nominee or sourcing agent through our local branches, requesting them to submit the FD certificates, duly discharged and get the maturity payment.

The Company also sends SMS communications to depositors, prior to 14 days of maturity and post maturity till the deposits are claimed for payment by the FD holder.

### 16. Unclaimed/ Unpaid Dividend & Deposits:

During the financial year under review, your Company has transferred unclaimed Interim dividend of ₹ 55,575/- for the FY 2015-16 on 19<sup>th</sup> April 2023 and Final Dividend for the FY 2015-16 of ₹ 10,517/- on 15<sup>th</sup> September, 2023 to the Investor Education and Protection Fund (“IEPF”), established by the Central Government. During the financial year under review, no shares were transferred by the Company to IEPF. Your Company has duly complied with all applicable provisions of Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”) regarding Unclaimed/ Unpaid Dividend & Deposits.

### 17. Reserve Bank of India (“RBI”) Regulations/ Directions:

As per RBI circular No.- RBI/2022-23/24 Ref.No.DoS.CO.PPG./ SEC.01/11.01.005/2022-23 dated 11<sup>th</sup> April, 2022, NBFCs shall put in place a Board approved policy on compliance function on or before 1<sup>st</sup> April, 2023 clearly spelling out its compliance philosophy, expectations on compliance culture, structure and role of the compliance function, the role of Chief Compliance Officer (“CCO”), processes for identifying, assessing, monitoring, managing, and reporting on compliance risk and the appointment of CCO should be made by 1<sup>st</sup> October, 2023. Accordingly, the compliance policy of the Company has been approved by the Board on 16<sup>th</sup> March, 2023 and shall be reviewed periodically. The Company has appointed the Chief Compliance Officer w.e.f. 1<sup>st</sup> October, 2023.

Your Company has also adopted a Co- Lending Policy as per the Reserve Bank of India circular no. RBI/2020-21/63 FIDD. CO.Plan.BC.No.8/04.09.01/2020-21 dated 05<sup>th</sup> November, 2020 to define framework for entering into Co-Lending Model arrangements with banks/financial institutions as partners to improve the reach to customers. The policy has been reviewed by the Board at its Meeting held on 16<sup>th</sup> May, 2023.

All the Directors meet the fit and proper criteria stipulated under the RBI Master Direction, as amended from time to time.

There have been no delays in filing the necessary disclosures, returns and necessary forms with respect to Foreign Direct Investment for the financial year under review. No fines/ penalties have been levied by the RBI during the year 2023-24.

### 18. National Housing Bank Regulations:

Your Company is having a valid NHB License for carrying on business of Housing Finance Company, bearing revised registration certificate No. 04.0168.18, dated 5<sup>th</sup> April, 2018 (being latest registration post change in name after merger was completed) and further the Company has complied with the provisions of NHB Directions/ circulars, as applicable. The circulars and the notifications issued by NHB are also placed before the Audit Committee/ Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same. Various inspection observations of NHB were satisfactorily complied and resolved and reported to the Board.

As per the Master Circular- Returns to be submitted by Housing Finance Companies (HFCs) and various Circulars/ Guidelines/ Notifications issued by NHB, the Company has duly complied and submitted all the required monthly/ quarterly/ half yearly NHB reports/ returns, intimation of opening/ closing (shifting/ relocation) of branches within prescribed time-limit during the FY 2023-24.

The Company is regular in filing the online returns on the Centralised Reporting and Management Information Systems (CRaMIS) portal of NHB.

The Company being a financial institution is also registered for taking SARFAESI Action under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”) and the same has been notified by NHB.



## 19. Capital Adequacy and Transfer to Special Reserve

As required under National Housing Bank/RBI Master Directions issued, the Company is required to maintain a minimum capital adequacy of 15% on a stand-alone basis. The following table sets out Company's Capital Adequacy Ratios as at 31<sup>st</sup> March, 2024, 2023 and 2022:

Particulars	As on March 31		
	2024	2023	2022
Capital Adequacy Ratio	38.46%	42.73%	45.41%

The Capital Adequacy Ratio (CAR) of your Company was at 38.46% as on 31<sup>st</sup> March, 2024, as compared to the regulatory requirement of 15%. In addition, the National Housing Bank Act, 1987 also requires that your Company transfers minimum 20% of its annual profits to a Special Reserve fund, which the Company has duly complied.

## 20. Principal Business Criteria for HFC's

"Housing Finance Company" shall mean a Company incorporated under the Companies Act, 2013 that fulfils the following conditions:-

- It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).
- Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals.

RBI vide its circular number RBI/2020-21/73/DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated February 17, 2021 defined the principal business criteria for HFC's. The Company has complied and is meeting the aforesaid principal business criteria for HFC.

Particulars	As on 31 <sup>st</sup> March, 2024 (₹ In Lakhs)
Total Assets	19,08,571
Less : Intangible assets	35,582
Net total assets	1,872,989
Housing Finance	12,57,917
Housing Finance for Individuals	12,57,917
Percentage of housing finance to total assets (netted off intangible assets)	67.16%
Percentage of individual housing finance to total assets (netted off intangible assets)	67.16%
Percentage of individual housing finance to housing finance	100%

## 21. Insurance Regulatory and Development Authority of India (IRDAI):

The Company is registered with IRDAI as Corporate Agent – Composite bearing registration number CA0012 with renewed validity period – 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2025. The Company has Corporate Agency agreement executed with the insurer : Pramerica Life Insurance Limited, Navi General Insurance Limited, Cholamandalam MS General Insurance Company Limited and Bajaj Allianz General Insurance Company Limited.

During the FY 2023-2024, the Company has complied with Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 and has duly filed/ submitted various returns, reports and intimations within the prescribed time-limit. No penalties/fine was levied by the regulator during the FY 2023-2024.

## 22. Trade Marks Registration for the Company:-

Aadhar Housing owns a combination of trademarks to establish and protect our brands, logos, and marketing designs. The Company has 12 trademarks registered with the Registrar of Trademarks under the Trademarks Act. The Company is in the process of registering the new Logo of the Company for Green Housing.

## 23. Fair Practice Code, KYC norms, Anti Money Laundering standards and Policy for prevention, prohibition and Redressal of Sexual Harassment:

The Company continued to ensure that Fair Practice Code, KYC Norms and Anti Money Laundering (AML) Standards as per the guidelines issued by the NHB/RBI from time to time are invariably adhered to and duly complied by the Company. The Company has put in place Board approved robust Know Your Customer (KYC) & Anti Money Laundering (AML) Measures Policy ("KYC & AML Policy") for compliance by the branches and the same is reviewed by the Board periodically. The Internal Auditors conducted audit of the branches to ensure adherence of these AML standards during the financial year under review. The quarterly reporting under KYC & AML policy has been submitted to NHB within the due dates for intimation.

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder ("the POSH Act") for prevention, prohibition and redressal of complaints of sexual harassment at workplace. The Company has also constituted an Internal Committee (IC) in compliance with Section 4 of the POSH Act.

During FY 2023-24, the Company did not receive any complaint on sexual harassment which has been investigated and addressed with appropriate action as per the Policy.

## 24. Internal Financial Control Measures/System:

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an Internal Audit Department which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems and processes and is manned by appropriately qualified personnel. The Internal Audit Department during the course of audit also ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective action. Internal Audit reports are discussed with the management and all significant internal audit findings and action taken thereon are discussed in the Audit Committee of the Board. Audit Committee of the

Board reviews the performance of the internal audit and the adequacy and effectiveness of the internal control systems and compliance with regulatory guidelines.

## 25. Auditors

### Statutory Auditors, their Report and Notes to Financial Statements

The Statutory Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

M/s. Kirtane & Pandit LLP, Chartered Accountants continues to be the joint auditor and tenure of M/s. Walker Chandiook & Co LLP, as joint auditor is completing at upcoming Annual General Meeting.

### Secretarial Audit and Secretarial Compliance Report :

The Board of Directors of the Company, had appointed M/s Roy Jacob & Co., Company Secretaries, Mumbai, (Membership Number – FCS 9017 and Certificate of Practice Number 8220) as Secretarial Auditor, pursuant to section 204(1) of Act. The Secretarial audit report in Form MR- 3 for financial year 2023-24 forms part of this Board's report.

There are no qualifications or adverse remarks in the Secretarial Audit Report for the FY 2023-24 except for one day delay in giving prior intimation of Board Meeting to Stock exchange. The delay was due to technical issues encountered on the date of filing and the Company has duly paid fine of ₹ 5000 to BSE Ltd. for the said non-compliance. Pursuant to Regulation 24A (2) of the SEBI LODR Regulations, the Company had approached M/s Aashish K Bhatt Associates, Company Secretaries, Mumbai (Membership number- ACS 19639 and Certificate of Practice number -7023) for providing the Annual Secretarial Compliance Report for the financial year under review and which has been submitted to the Stock Exchanges and uploaded on the website of the Company at <https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/annual-secretarial-compliance-report>.

### Cost records and Auditors

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Act are not applicable to the Company.

### Corporate Governance report and Compliance Certificate

The Corporate Governance report as stipulated under Schedule V Part C of the SEBI LODR Regulations, forms part of this Annual Report.

The requisite certificate as required under Schedule V Part E of the SEBI LODR Regulations, confirming compliance with the requirements of Corporate Governance received from M/s Aashish K Bhatt Associates, Company Secretaries, Mumbai is attached as **Annexure 1** to the Board's report.

In accordance with Part D of Schedule V of the SEBI LODR Regulations, declaration from Managing Director & CEO of the Company has been received confirming that all the Directors, Key Managerial Personnel and the Senior Managerial Personnel

of the Company have complied to the Code of Conduct for the financial year ended 31<sup>st</sup> March, 2024 and is attached as **Annexure 2** to this Report. The said code is hosted on the website of the Company and can be accessed at web link: <https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/code-of-conduct-of-the-board-of-directors-and-senior-management-personnel>.

## 26. Reporting on various Corporate Governance Regulations & Compliances under the Act:

### i) Annual Return as per section 134(3)(a):

During the year 2023-24, Annual General Meeting for the FY 2022-23 was duly held on 9<sup>th</sup> August, 2023 and Annual Return was filed within prescribed time limit.

As provided under section 92(3) and 134(3)(a) of the Act, Annual Returns of the Company are placed on the website of the Company at <https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/annual-return>.

### ii) Number of meetings of the Board & Committees under section 134(3)(b):

During the year under review, the Board of Directors met periodically/as and when required, to deliberate various issues, policy matters and take suitable decisions etc. The details of Board of Directors and their Meetings and also various other Board level Committee Meetings are furnished separately under the Corporate Governance Report, which forms part of this Annual report.

### iii) Directors' Responsibility Statement under section 134(3)(c):

As required by section 134(3)(c) read along with section 134(5) of the Act, the Board of Directors state that:

- a. in the preparation of the Annual Financial Statements for the financial year ended 31<sup>st</sup> March, 2024, the applicable Accounting Standards had been followed and there were no material departures from the same;
- b. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2024 and of the profit of the Company for that period;
- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the Annual Financial Statements on a going concern basis;
- e. the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable

laws and that such systems were adequate and operating effectively.

**iv) Details of Fraud Reporting to NHB & as per provisions of section 134 (3) (ca) read with section 143 (12) of the Act:**

- a) There were no material fraud cases amounting to ₹ 1 crore or above, detected and required to be reported during the FY 2023-24, as per the provisions of section 134 (3) (ca) read with section 143 (12) of the Companies Act, 2013 to the regulatory authorities.
- b) Frauds of value involved for ₹ 1 Lakh & above and frauds committed by unscrupulous borrowers, detected, during the FY 2023-24 the Company has duly reported 17 fraud cases as per Circular(s)/ Guidelines, issued by National Housing Bank/ Reserve Bank of India.

**v)** In terms of section 134(3)(d) of the Act, your Board states that, the Independent Directors, have given a declaration under section 149(7) of the Act and Regulation 25(8) of the SEBI LODR Regulations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR Regulations.

**vi)** With regard to section 134(3)(e) of the Act, the Company has duly followed the Nomination Remuneration & Evaluation Policy (NRE Policy), which, inter alia, lays down the approach to diversity of the Board, criteria for identifying the persons who are qualified to be appointed as Directors, Key Managerial Personnel (KMP) & Top Managerial Personnel of the Company, along with the criteria for determination of remuneration thereof and evaluation of Board of Directors/Committees (including Independent Directors) and KMPs/Top managerial personnel of the Company and includes other matters, as prescribed under the provisions of Section 178 of the Act. Further pursuant to provisions of RBI Master Directions, the Company has obtained Fit & Proper declarations and Deed of Covenants and various other declarations duly signed by all the Directors of the Company.

The aforesaid policy is available on the website of the Company, i.e. <https://aadharhousing.com/>

**vii)** In terms of section 134(3)(g) of the Act, Company has not made any Investment through two or more layers of Investment Companies, pursuant to provisions of section 186(1) of the Act. Further, the Company being Housing Finance Company, all loans are in the ordinary course of business and details of the same along with the investment made by the Company are disclosed in Financial Statements and Notes of Accounts, thereto, which forms part of this Annual Report.

**viii) Particulars of transactions with related parties under section 134(3)(h) and section 188:**

The Transactions with related parties are entered as per the Related Party Transaction Policy of the Company, pursuant to provisions of section 188 of the Act, read

with the rules made thereunder, after taking necessary approval of Shareholders & Board of Directors.

A quarterly update is also given to the Audit committee and the Board of Directors on the Related Party Transactions (“RPTs”) undertaken by the Company for their review and consideration and disclosures of RPTs is also submitted to BSE Ltd. on a half-yearly basis and published on the Company’s website at <https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/financial-results>.

Apart from payment of sitting fees and commission to Independent Directors, there is no pecuniary relationship or transactions of the Independent/Non-Executive Directors vis a vis the Company. The details with respect to the related party transactions are mentioned in the notes to the audited financial statements for the financial year ended 31<sup>st</sup> March, 2024.

There are no transactions to be reported as per Section 188 of the Act read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and hence the disclosure of material related party transaction as required in the prescribed Form AOC – 2 is not applicable.

During the financial year under review, the Company has not given any loans and advances in the nature of loans to its subsidiaries or associate(s) or to firms/companies in which Directors are interested. Accordingly, the disclosure of particulars of loans/advances, etc., as required to be furnished in the Annual Accounts of the Company pursuant to Regulations 53 (f) read with paragraph A of Schedule V of the SEBI LODR Regulations is not applicable to the Company. The Audit Committee on 3<sup>rd</sup> May, 2023 has approved the omnibus transaction limits for RPTs with related parties and Directors for the FY 2023-2024 as per the note/limits circulated to the Committee with clarifications.

Pursuant to provisions of RBI Master Directions, a copy of Related Party Transaction Policy of the Company, duly approved by the Board, is enclosed as **Annexure 3** to this report. It is also available on the website of the Company at link provided below: -<https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/policy-on-dealing-with-related-party-transactions>

**ix) Meetings of the Board and its Committees:  
Board**

The Board of Directors of your Company meet at regular intervals to discuss and decide on the Company’s performance and strategies. During the financial year under review, the Board met 8 (eight) times on 16<sup>th</sup> May, 2023, 13<sup>th</sup> July, 2023, 9<sup>th</sup> August, 2023, 7<sup>th</sup> November, 2023, 8<sup>th</sup> December, 2023, 21<sup>st</sup> January, 2024, 30<sup>th</sup> January, 2024 and on 8<sup>th</sup> February, 2024.

Further details on the Board, its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

Your Company has the following 10 (ten) Board-level Committees, which have been established in compliance

with the requirements of the business and relevant provisions of applicable laws and statutes:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Risk Management Committee
- IT Strategy Committee
- Asset Liability Management Committee
- Investment Committee
- Management Committee
- IPO committee

More information on all of the above Committees including details of its Meetings, composition and attendance are provided in the Corporate Governance Report, which forms part of this Annual Report.

**x) Transfer of profits to Reserves:-**

In terms of section 134(3)(j) of the Act, Company has transferred ₹ 74.85 crores to General Reserve and a sum of ₹ 149.70 crores to the Special Reserves under Section 29C of National Housing Bank Act, 1987 and Section 36(1) (viii) of the Income Tax Act, 1961, in addition to other provisions created during the financial year under review as per the audited financials submitted to the Board.

**xi)** In order to conserve the resources for better growth opportunity, there was no dividend recommended or declared during the financial year under review, which is in line with the Dividend Distribution Policy of the Company. The policy is available on your Company's website at <https://aadharhousing.com/investor-relations/sebi-regulations-disclosures>

**xii) Material changes and commitments, if any, affecting the financial position of the Company which has occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report, in terms of Section 134(3) (l) of the Act: -**

The IPO Committee of the Company on 13<sup>th</sup> May 2024 has allotted/transferred 95,255,598 Equity Shares offered under the Offer (fresh issue of 31,763,535 Equity Shares by the Company aggregating to ₹10,000 million and an offer for sale of 63,492,063 Equity Shares by the promoter of the Company, BCP Topco VII Pte. Ltd. ("Promoter Selling Shareholder") aggregating to ₹ 20,000 million), at an Offer price of ₹ 315 per Equity Share (including a share premium of ₹ 305 per equity share) Further, a discount of ₹23 per Equity Share was offered to the Eligible Employee(s) Bidding in the Employee Reservation Portion, in accordance with SEBI ICDR Regulations. The equity shares of the Company are listed on the Stock Exchanges w.e.f. 15<sup>th</sup> May 2024. Other than the IPO by the Company as mentioned aforesaid, there were no

other material changes and commitments affecting the financial position of the Company.

**xiii) Statement containing salient features of the financial statements of subsidiaries :-**

A report on the performance and financial position of the Company's Subsidiary as per Section 129(3) of the Act read with the Companies (Accounts) Rules, 2014, in the prescribed form AOC-1 is attached as **Annexure 4** to the Board's Report. The Company does not have any associate companies or Joint ventures as on 31<sup>st</sup> March, 2024.

**xiv) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo in terms of Section 134(3)(m) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014:**

➤ **Conservation of Energy**

Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, the Company always takes adequate measures to ensure optimum utilization and maximum possible saving of energy. The Company has also implemented process to install energy efficient devices in the branches such as ACs, LED Light, VRF etc. which runs on very nominal energy with high impact. The initiatives taken by the Company for green housing projects are mentioned at point 3 in this Board's report.

➤ **Technology Upgradation**

The Company is continuously committed to investing in enhancing current digital capabilities for its stakeholders. Over the past three years, Company has transformed its technology landscape by establishing a cloud-based data centre and launching a comprehensive digital lending platform developed by M/s Tata Consultancy Services Ltd. This platform, with its end-to-end workflow and automation capabilities, has paved the way for further advancements. Company has initiated a mobile experience technology upgrade, enabling both customers and employees to access offline mobile functionalities, ensuring seamless operations anytime, anywhere. During the year, key mobility features developed and launched include Digital Customer Onboarding, Field Collections Mobility, Field Technical Scrutiny, Customer Self-Service, and an All-in-One App for Employees. This mobile initiative has significantly improved the Company's effectiveness, efficiency, and customer satisfaction across various areas such as Turnaround Time Improvement, Cost Savings, Productivity Enhancement, Compliance, and Customer Delight.

The foreign exchange earnings and outgo etc. and other provisions of reporting as per the Act are given below as applicable to the Company during the year under review.



Particulars	As at 31 <sup>st</sup> March, 2024	As at 31 <sup>st</sup> March, 2023
	Amount (₹ in lakhs)	Amount (₹ in lakhs)
Foreign Exchange earnings	Nil	Nil
Foreign Exchange outgo	37	263
<b>Total</b>	<b>37</b>	<b>263</b>

**xv) Corporate Social Responsibility under Section - 134(3)(o):**

The Corporate Social Responsibility (“CSR”), under section 135(1) of the Act is applicable to the Company during the financial year under review. Your Company has in place, Corporate Social Responsibility Policy, as per the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“CSR Rules”), which lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. According to the provisions of the Act, the Corporate Social Responsibility Committee was formed by the Company. The annual report on CSR activities is annexed separately to this report. The total amount of CSR contribution and payment details are given in **Annexure 5** to this Board’s Report. The Company has duly transferred the unspent amount relating to ongoing projects to a special account called the Unspent Corporate Social Responsibility Account 2024, in accordance with sub-section (6) of the CSR Rules within 30 days from end of the financial year 2023-24. The amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer.

The CSR Policy is available on the website of the Company, i.e. <https://aadharhousing.com/customer-relations/ahfl-policies-codes>.

**xvi) Formal Annual Evaluation of the Board, its Committees and of individual directors under section 134(3)(p) and rule 8(4) of the Companies (Accounts) Rules, 2014:**

Pursuant to the provisions of the Act and its Rules, an annual evaluation of the performance of the Board, its Committees and of individual Directors, were carried out during the year. The details of evaluation process as carried out and the evaluation criteria have been explained in the Corporate Governance Section, forming part of this Annual Report. Also, the Nomination and Remuneration Committee has evaluated the Directors/ KMPs at the time of their appointment.

**xvii) Statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year, in terms of rule 8 (5) (iii a) of Companies (Accounts) Rules, 2014 as amended :-**

The Independent Directors are selected as per the applicable provisions of Act, read with RBI Master

Directions based upon the qualification, expertise, track record, integrity and other “fit and proper” criteria and the Company obtains the necessary information and declaration from the Directors. All the Independent Directors of the Company have strong academic background and having long stint experience with renowned Government and private organizations/ corporates. The integrity/ expertise of the Directors have been evaluated at the time of appointment and every year by the Board and NRC at their respective meetings.

Further, all Independent Directors have confirmed that they have registered with the data bank of Independent Directors maintained by; and are either exempt or have completed the online proficiency self -assessment test conducted by the Indian Institute of Corporate Affairs in accordance with the provisions of Section 150 of the Act.

**xviii) Secretarial Standards of Institute of Company Secretaries of India**

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India (“ICSI”) on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

**xix) Vigil Mechanism / Whistle Blower Policy:**

In terms of section 177(9) of the Act and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors has put in place a Vigil Mechanism and adopted a Whistle Blower Policy to provide for adequate safeguards against victimization of employees and directors who may avail of the vigil mechanism/ whistle blower policy, by directly sending mail to the Chairperson of the Audit Committee. The Company affirms that no person was denied access to the Audit Committee.

These provisions are already circulated to the employees through the intra-net and the same is also available at the website of the Company. Hence, the Company has complied with the provisions of the Act and RBI/NHB Directions.

During the financial year under review, the Whistle Blower Policy has been reviewed by the Board of Directors at their meeting held on 30<sup>th</sup> January, 2024.

**xx) Investments, loans and guarantees given by the Company:**

Your Board further states that during the financial year under review, your Company did not make any major investment in other companies, bodies corporate, provided loans and given guarantees, etc. above the limits prescribed under sections 185, 186 and 187 of the Act, read with Companies (Meetings of Board and its Powers) Rules, 2014, as applicable to the Company. Details of Investments made, loans and guarantees given by the Company are disclosed in the Financial Statements for FY 2023-24.



**xxi) Name of the Companies, which have become or ceased to become Subsidiary, Joint Venture or Associate Company, during the year under review : NIL**

**xxii) Details of significant and material order, passed by the Regulators or Court or Tribunals, impacting the going concern status and Company's operations in future : NIL**

**xxiii) Training & Development :**

At Aadhar Housing, we recognize our employees as our most valuable asset, instrumental in providing us with a competitive edge in the markets we operate in. Through a comprehensive array of initiatives and programs, our unwavering focus has always been to nurture a culture of encouragement, motivation, and inclusivity, making each employee an integral part of our company's vision and mission.

In addition to maintaining cordial relationships with the employees, continuous efforts are being made to impart the relevant knowledge, quality skills and most importantly an attitude to grow and maintain sustainable business.

Key Highlights of FY 2023-24:

1. **Comprehensive Training Programs:** Throughout the year, we conducted targeted training sessions covering essential aspects such as functional skills, behavioral skills, health & well-being, and compliance-related trainings. Our commitment to employee development resulted in a total of 13208 training man-days, with an impressive 95% coverage of our entire employee base. These programs, conducted via both virtual and classroom modes, facilitated knowledge dissemination and skill enhancement of total 10,738 participants, including employees of subsidiaries and those on contract basis.
2. **Induct Right:** We have implemented an innovative Induct Right training aimed at providing our employees with a comprehensive foundation for success. Through this program, we meticulously track their progress across three critical stages: M0 (Joining Month), M1, M2, and M3. At each stage, employees receive tailored training and support to ensure a smooth transition and development within the company. Moreover, we prioritize equipping them with practical functional knowledge, enabling them to confidently execute daily sales calls, marketing activities, and effectively handhold them with the help their authority by their Joint-Calls.
3. **Restart:** The restart training program is designed to identify and address performance gaps among employees. It begins with the product team providing region-wise performance data, highlighting employees with zero logins or zero disbursements. Based on this data, non-performing

employees are identified and assessed for skill and will. They are then categorized into cohorts based on their training or non-training needs, or a combination of both. Following this, training and non-training interventions are executed, including training or mentoring sessions, and assessments with feedback. Performance is continuously measured using a performance matrix, monitored by both the business and HR teams, and reviewed at regular intervals. Finally, recommendations for further action are made based on performance criteria, ensuring continuous improvement and alignment with organizational goals.

Additionally, employees also completed Self-paced e-learning courses and functional modules on our Aadhar Gurukul platform. 6500 employees invested more than 10000 hours to enhance their Knowledge, Skill & behavior.

**xxiv) Human Resources:**

Human Resources are cornerstone of Company's growth and progress. The team of Aadhar Housing has grown steadily from 3663 employees last year to 3931 employees during the financial year under review.

Your Board would like to make a special mention that the Company has been certified as a 'Great Place to Work' for the Fifth time in a row. Further, the Company was awarded as one of the India's Top 40 best companies for Health and Wellness in the survey by Great Places to Work.

Aadhar Housing also undertook a lot of initiatives to reach out to the needy segment. Your Board would like to bring to your notice that the Company has pledged to contribute to the socio-economic development of the society through its philanthropic approach.

All the initiatives that were steered were a combination of corporate social responsibility and employee volunteering. With employees extending support to the elders and the orphans, the Company undertook activities towards promoting preventive healthcare and sanitation facilities, providing employment through enhancing vocational skills and prevention of hunger by providing food.

**xxv) Details of ESAR Scheme & ESOP Scheme implemented by the Company:**

**a) Employees Stock Appreciation Rights (ESAR) Scheme:**

The ESAR scheme was approved in March, 2018 by the previous promoter group and at the Meeting held on 24<sup>th</sup> January, 2024, the shareholders approved the amendments and changes to the ESAR scheme and rechristened it's name as Aadhar Housing Finance Limited – Employee Stock Options Plan, 2018 ("**ESOP Plan 2018**") to make the Company an eligible employer to undertake the IPO and align the ESOP Plan 2018 with the requirements of the SEBI (Share Based Employee Benefit & Sweat Equity) Regulations, 2021.

**b) Employee Stock Option Plan - 2020 ("ESOP Plan 2020"):**

In order to reward performance and elicit long term commitment of the employees towards the growth of the Company, the new ESOP Plan 2020 was introduced with the approval of Board & Shareholders. Under the ESOP Plan 2020 duly approved by the Board, as on 31<sup>st</sup> March, 2024, total 1,75,84,658 number of ESOP's were granted and outstanding to the identified & eligible existing employees including the Whole Time/ Executive/ Managing Director(s) of the Company.

Based on the recommendations and approval of the Nomination and Remuneration Committee and approval of the Board of Directors, Shareholders at their Extra-ordinary General Meeting held on 23<sup>rd</sup> March, 2022 approved the amendments to ESOP Plan 2020 pertaining to various clauses regarding the vesting period and alignment with Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021. At their Extra-Ordinary General Meeting held on 26<sup>th</sup> May, 2022, Shareholders approved further amendments to ESOP Plan 2020 aimed at relaxation of vesting conditions to eligible employees as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

Details required as per Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014:

Details of ESOP 2020 & ESOP 2018	FY23-24	
	ESOP 2020	ESOP 2018
(a) options granted;	82,89,716	-
(b) options vested;	-	-
(c) options exercised;	-	-
(d) the total number of shares arising as a result of exercise of options;	-	-
(e) options lapsed;	9,03,905	1,03,741.13
(f) the exercise price;	90.805-147.50	-
(g) variation in terms of options;	-	-
(h) money realised by exercise of options;	-	-
(i) total number of options in force;	1,75,84,658	18,65,545
(j) employee wise details of options granted to:	-	-
(i) Key Managerial Personnel;	-	-
Rishi Anand	4,78,267	-
Deo Shankar Tripathi	2,86,960	-
Rajesh Viswanathan	4,33,777	-
Harshada Pathak	55,668	-
(ii) any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year;	-	-
(iii) identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the Company at the time of grant.	-	-

Further the Disclosures in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, are uploaded on the website of the Company at <https://aadharhousing.com/>

**xxvi) Buy-back of the Company's own shares**

During the financial year under review, the Company did not make any buy back of any of its shares or share equivalent/stock options during the year under review, hence the provisions of section 68 of the Act, are not applicable.

**xxvii) Particulars of employees in receipt of remuneration above the limits and other applicable provisions of the Act**

Disclosures about remuneration required pursuant to the section 197(12) of the Act and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below-

(i) Name of Director	the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year
Mr. O. P. Bhatt	20.07
Ms. Sharmila A Karve	5.00
Dr. Nivedita Haran	3.55
Mr. Amit Dixit	N.A.
Mr. Mukesh Mehta	N.A.
Mr. Prateek Roongta	N.A.
Mr. Deo Shankar Tripathi	66.23
Mr. Rishi Anand	60.87

**(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year -**

Managing Director & CEO - 8%,

Chief Financial Officer - 8%,

Head Secretarial - 14%

Chief Compliance Officer - 14%

**(iii) the percentage increase in the median remuneration of employees in the financial year - 8.2%**

**(iv) the number of permanent employees on the rolls of company - 3931**

**(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

Key Managerial Persons - 16.9%

Other - 12.5% (Other than CXOs & HODs)

**(vi) It is further confirmed that the remuneration paid to employees is as per the remuneration policy of the Company.**

**(vii) The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Companies Act, 2013 ('Act') read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Key Managerial Personnel) Rules, 2014, is available on the website of the Company at the link <https://aadharhousing.com/disclosures-under-regulation-62-of-the-sebi-lodr-regulation-2015-pdf/annual-report>.**

**(viii) None of the employees listed in the said list is a relative of any Director in the Company.**

**(ix) There was no employee either throughout the financial year or part thereof who was in receipt of remuneration which, in the aggregate, was in excess of that drawn by the managing director or whole-time director and who held by himself or along with his spouse or dependent children, not less than two percent of the equity shares of the Company.**

**(x) None of the Directors receive any commission or remuneration from holding or subsidiary of the Company.**

**xxviii) Other Statutory disclosures**

**(i)** During the year, the Company has not made any application under the Insolvency and Bankruptcy Code, 2016 ('IBC Code'). Further, there is no Corporate Insolvency Resolution Process initiated under the IBC Code

**(ii)** During the year, there was no one-time settlement done with the Banks or Financial Institutions. Therefore, the requirement to disclose details of difference between amounts of valuation done at the time of one-time settlement and the valuation done, while taking loan from Banks or Financial Institutions along with reasons thereof, is not applicable.

**(iii)** The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**(iv)** The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**(v)** During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

**(xxix) Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32(4) of the Listing Regulations:**

During the financial year under review, the Company has not done any preferential allotment or qualified institutional placement of equity shares.

**27. Acknowledgement by the Management:**

Your Board of Directors would like to place on record their sincere gratitude to the Regulators, Reserve Bank of India, National Housing Bank, Registrar of Companies, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, all Bankers to the Company, Central & State government departments, Tax Authorities, Debenture Trustees, Debenture holders, Registrars, other stake-holders, customers and all other business associates for their continued support during the year under review. The Directors would also like to thank the BSE Limited, National Securities Depository Limited and Central Depository Services (India) Limited and the Credit Rating Agencies for their support & co-operation.

Your Company and Management team also express their sincere gratitude to the Promoter, Holding Company BCP Topco VII Pte. Ltd. and other entities of Blackstone Inc. for their unstinted support & co-operation.

Your Directors wish to acclaim the hard work and commitment of the employees at all levels who had contributed with all their might for improving the performance of the Company year by year.

By the Order of & For and on behalf of the Board of Directors of

**Aadhar Housing Finance Limited**

**Mr. O.P. Bhatt**  
**DIN:- 00548091**  
**Independent Director &**  
**Non-Executive Chairman**

**Mr. Rishi Anand**  
**DIN:- 02303503**  
**Managing Director &**  
**Chief Executive Officer**

Date : 29<sup>th</sup> May, 2024

Place: Mumbai