



Executive Summary

COMPANY WAS FOUNDED BY EXPERIENCED BANKERS WITH EXPERTISE IN MORTGAGE AND RETAIL LENDING; SHUBHAM'S KEY FOCUS IS TO CATER TO THE UNDERSERVED SEGMENT OF THE AFFORDABLE HOUSING SECTOR



Steady growth through test and learn

- Business strategy optimised for growth
- Expanded geographical reach / branch network
- Launched new products and widened portfolio
- Gained insights on specific profiles, geographies and products
- Strengthened bucket-wise collections model leveraging SARFAESI



Strategy revamp

- Business strategy optimised for profitability & quality
- Geography consolidation – developing depth in performing clusters
- Targeted policy & process actions aided by portfolio analytics
- Substantial investment in best-in-class technology platform



5th round of equity : New round to scale the company even further to become a leader in the affordable housing finance space

Shubham Key Indicators	As of year ending March 22
States	9
Branches	100
Cities	75
Disbursal	\$127 million
AUM	\$312 million
Net Worth (Pre-Investment)	\$71 million
Net Worth (Post-Investment, as of 28 th June 2022)	\$150 million
Rating (ICRA and CRISIL)	A – (Stable)
Rating (INDIA Rating)	A (Stable)
Employee Strength	2026

Shubham
Next

Shubham, now in its New phase of business, is on track to deliver excellent results across parameters of asset quality, profitability and growth.

WE ARE A SPECIALISED INSTITUTION FOCUSING ON THE AFFORDABLE HOUSING FINANCE SEGMENT.

VISION

To be the mortgage lender of choice for families with informal income.

MISSION

Provide housing loans and finance solutions to families with informal incomes through new age credit programmes which do not require individuals to provide any income proof on paper.

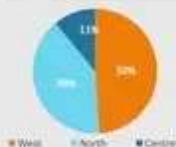
With our credit programme, we would want every family to own a home of their own, even though they may be outside the formal income circle. Our goal is to enable families to have better and secure future and drive financial inclusion within this segment.

AT A GLANCE

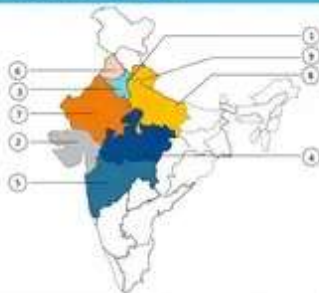
- Started in 2011 to bridge the massive gap in the availability of formal credit to low-income households wherein there is a lack of satisfactory income documentation; currently, half of the customers we serve are 'new to credit' and nearly 99% of our portfolio caters to retail segments (negligible wholesale in our book) with 80% catering to home loan.
- Headquartered in Gurugram, India, and served over 51,000 households through 100 branches in 75 cities, disbursing more than \$-662 million (as of March 2022) in the last 11 years.
- Exhibited sustainable, scalable and profitable growth, with an enhanced focus on asset quality;
- Increasing focus on Western and Northern states.

REGION-WISE SHARE OF AUM

FY22



GEOGRAPHICAL REACH



- | | |
|------------------|-----------------|
| 1 Delhi | 7 Rajasthan |
| 2 Gujarat | 8 Uttar Pradesh |
| 3 Haryana | 9 Uttarakhand |
| 4 Madhya Pradesh | |
| 5 Maharashtra | |
| 6 Punjab | |

OUR MOTTO IS TO PROVIDE HOUSING FINANCE SOLUTIONS AND HELP UNDERSERVED FAMILIES ACQUIRE THEIR DREAM HOMES.

1

Focused markets with in-house origination
100 branches spread across 9 states with increasing penetration in existing markets, going forward; predominantly in-house origination portfolio (70%)

2

Comprehensive portfolio
Offerings include home loans, home improvement loans, and loan against property; increasing proportion of low risk segments

3

Centralised underwriting
Among the first organisations in India to combine document based underwriting with interview based assessment, backed by independent risk units

4

Steadily decreasing credit losses/NPAs
Enhanced collection process and strategy backed by robust analytics and on-the-ground collections and legal teams

5

Building OPEX leverage
Centralised operations, cluster-based efficient branch footprint, and use of technology to drive scale, going forward

6

Lower cost of capital
Diversified mix of efficient funding sources leading to a steadily decreasing cost of borrowing

7

Best-in-class and scalable technology
First cloud-based and mobility-enabled Nucleus loan management system installation supported by accounting on Microsoft AX

8

Dynamic leadership and stakeholders
Seasoned and cohesive management team backed by marquee investors (Premji Invest) and a strong and diverse board (chaired by Mr. Vinod Rai)

WE ARE AN INDUSTRY LEADER IN PROVIDING HOME LOANS WITH CUSTOMISABLE EMI OPTIONS. PRICING IS DEPENDENT ON RISK GRADING AND CAN BE LOWER THAN THE BELOW-MENTIONED RATES.

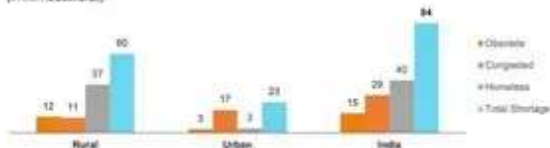
	Home loan	Home Improvement loan	Loan against property										
AUM (As of March 22) Loan Book	74%	• 4%	• 22%										
Purpose	• Purchase of new/old property; • Plot purchase and self-construction; • Self-construction on already owned plot; • Re-finance; and • Transfer of loans from other institutions	• Upgradation, extension, repairs and/or renovation of the house where the customer is staying	• Business expansion, acquisition of business assets; higher education of children; marriage; or any other personal requirement • Caters to small-scale business owners who predominantly earn in cash										
Loan amount	Up-to ₹ 40,00,000	Up-to ₹ 15,00,000	Up-to ₹ 20,00,000										
Tenure	Up-to 20 years	Up-to 10 years	Up-to 10 years										
Loan to Value (LTV)	Up-to 70%	Up-to 50%	Up-to 50%										
Interest Rate	<table><tr><td>Formal salaried</td><td>10.9 - 13.50%</td></tr><tr><td>Salaried in cash</td><td>14- 16%</td></tr><tr><td>Self-employed with ITR/banking surrogate</td><td>13.5 - 15%</td></tr><tr><td>Self-employed with assessed income</td><td>14-16%</td></tr><tr><td>Plot purchase and self-construction (demolish/rebuild)</td><td>18%</td></tr></table>	Formal salaried	10.9 - 13.50%	Salaried in cash	14- 16%	Self-employed with ITR/banking surrogate	13.5 - 15%	Self-employed with assessed income	14-16%	Plot purchase and self-construction (demolish/rebuild)	18%	14-18%	15-19%
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AFFORDABLE HOUSING – FASTEST GROWING SEGMENT

Addresses the housing needs of those sections of the society whose income is below the median level. It is particularly relevant in a fast-developing nation like India, where a large portion of the population is unable to purchase houses at market rates.

HOUSING SHORTFALL

(in mn households)



DEMAND-SUPPLY MISMATCH FOR DIFFERENT PRICES OF HOUSING UNITS

(in %)



Source: CENCO's data and industry reports (2018)

84 mn households in India do not have formal access to housing finance. Of this, **60 mn** households belong to economically weaker sections (EWS) of the society.

95% of housing demand is towards houses that are less than ₹ 1 mn in value.

OPPORTUNITY

- Lower income segments and customers in the informal sector are driving growth in the affordable housing segment
- HFCs are emerging as ideal candidates to cater to the lower ticket loans

GOVERNMENTS PLAY A SIGNIFICANT ROLE IN THE CATERING THE RISING DEMAND FOR AFFORDABLE HOUSING.

- State governments, through constitution of land banks and faster approval processes, facilitate allocation of loans for affordable housing projects
- National Housing Bank (NHB) allows a 9.5% interest subsidy on loans to protect lenders from interest rate volatility and a reduced risk weight for lower ticket loans. It has also granted priority sector lending status to housing loans below ₹ 3.5 mn in metros and below ₹ 2.5 mn in other cities.

₹ **34** tn

Mortgage disbursement opportunity in the next five years is present in states, particularly those in the northern and central regions

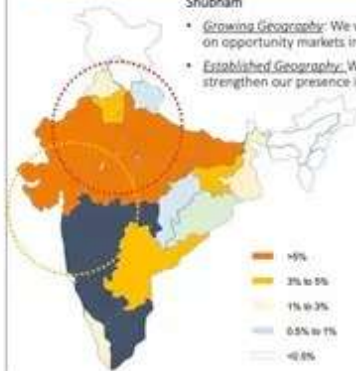
OPPORTUNITY

- Adequate external financial and regulatory support to grow the affordable housing segment.
- ₹ 16 tn disbursement opportunity for our Company

HOUSING SHORTAGE

Shubham

- Growing Geography: We will focus on opportunity markets in the West
- Established Geography: We will strengthen our presence in the North

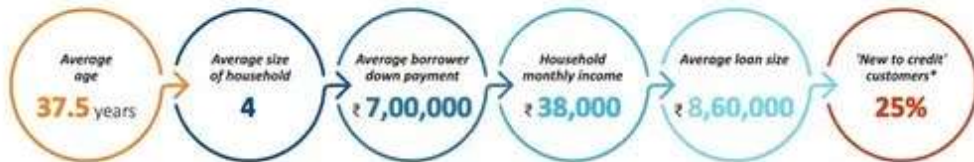


WE OPERATE IN THE AFFORDABLE SEGMENT WITH A DIFFERENTIATED APPROACH TO SELECTING TARGET CUSTOMERS, PRODUCT AND GEOGRAPHY FOCUS, ORIGINATION AND UNDERWRITING.

The sub-20 lakh segment is a niche one. Untapped opportunities exist here especially since large banks do not operate in this segment. It's characterised by cash flow-based underwriting and low LTV.

WE ARE WELL POSITIONED TO CATER TO THIS SEGMENT.

- **Target consumer groups** include first-time home buyers; those with an formal/ informal source of income; and those who have been engaged in employment for at least two years.
- **Typical profiles** including the self-employed (such as those running their own stores) and those who receive salaries in cash



*based on active loan count as of March 2022

OUR DIFFERENTIATED AND CENTRALISED UNDERWRITING PROCESS IS A KEY PILLAR SUPPORTING THE COMPANY'S GROWTH WHILE ENHANCING PORTFOLIO QUALITY.

Standardised approach to estimate credit worthiness

- Detailed cash flow estimation is done by the Credit Officer (CO) with the customer and his family
- Personal and business assets are verified; meetings are conducted with business partners and agreements with them are checked
- Rigorous checks of business expenses and household requirements are undertaken
- Disposable income is derived, basis which EMI is determined

Sanction checklist to effectively price risk

- PAN and Aadhar card copies are taken
- Credit history checks against multiple bureaus
- Standard ratios (LTV, IAR and IIR) are verified against pre-specified limits
- Tenure of loan checked against product type

Continuous learning to improve disbursement quality

- Evolve a caution list, where we broadly classify certain borrowers into two groups: occupation risk and geographic risk
- RCU verification implemented for property and seller
- Decision by Credit committee for SENP and high ticket loans

A Compelling Investment Opportunity



Thank You

OUR HEAD OFFICE
Shubham House, 425, Udyog
Vihar Phase-IV, Gurgaon,
Haryana - 122015