million for FY2021, and reversed the impairment on loans to developers amounting to ₹209.1 million for FY2022 and ₹ 75.4 million for FY2023 upon recovery and reversal of ₹ 56.0 million and reversal of ₹ 57.7 million upon recovery for the nine months ended December 31, 2022 and December 31, 2023, respectively. As a result, the net carrying value of loans to developers was ₹ 13.8 million for FY2021 and nil carrying value in FY2022, FY2023 and for the nine months ended December 31, 2022 and December 31, 2023. We have discontinued loans to developers and no fresh loan sanctions were made in this category for FY2021, FY2022 and FY2023 and for the nine months ended December 31, 2022 and December 31, 2023.

For a summary of the risk classification of our portfolio in accordance with Ind AS as of December 31, 2023, see "*Selected Statistical Information – Asset Quality*" on page 222.

Government Policy and Regulation

Our results of operations and continued growth also depend on stable government policies and regulations. We are required to comply with, among others, limits on borrowings, investments and interest rates, prudential norms for income recognition, asset classification, norms for creation of special reserves as well as minimum capital adequacy requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. Any significant change by the Government, the NHB or the RBI in their various policy initiatives facilitating the provision of housing or housing finance may affect the demand for our products and services.

The RBI Master Directions – HFC currently require HFCs to comply with a CRWAR, consisting of Tier I and Tier II capital. Under these requirements, HFC's Tier I and Tier II capital may not be less than 14% of the sum of the HFC's risk-weighted assets and the risk adjusted value of off-balance sheet items, as applicable, on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter, with a minimum requirement of Tier I capital of 10% on risk weighted assets. Further, the NHB Directions require that the Tier II capital shall not exceed 100% of the Tier I capital at any point of time. As of December 31, 2023, our CRWAR (%) was 39.7%, with CRWAR – Tier I capital (%) comprising 38.9% and CRWAR - Tier II Capital (%) comprising 0.8%. In addition, the NHB Directions currently permit HFCs to borrow up to 12 times of their net owned funds from March 31, 2022. As of December 31, 2022 and December 31, 2023, our Total Borrowings amounted to ₹117,154.7 million and ₹131,275.9 million, or 3.3 times our NOF of ₹34,995.7 million and 3.4 times our NOF of ₹38,833.0 million, respectively.

In addition, on November 12, 2021, the RBI issued a circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications (the "**November 12 Circular**") which clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis and accounts can only be upgraded from an NPA to a 'standard' asset after the clearance of all overdue amounts (in other words, only if the entire arrears of interest and principal are paid by the borrower). Further, on February 15, 2022, the RBI issued a clarificatory circular to the November 12 Circular, which stipulates that NBFCs have until September 30, 2022 to put in place the necessary systems to implement such provision. Following the November 12 Circular, from a reporting perspective, we classified our Stage 3 assets into: (a) Stage 3a loans not more than 90 days past due and (b) Stage 3b loans more than 90 days past due. Our Stage 3b loans are comparable to our NPA for the previous period/years and our Stage 3a loans have been classified as a result of the November 12 Circular with effect from November 12, 2021. As a result of the reclassification of Stage 3 loans, our GNPAs as of March 31, 2023 and December 31, 2023 of ₹1,997.7 million (1.2% of our Retail AUM) and ₹ 2,778.5 million (1.4% of our Retail AUM), includes loan assets of ₹70.5 million (less than 0.1% of our Retail AUM) and ₹59.1 million (less than 0.1% of our Retail AUM) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular, respectively. Our Own Book GNPA as of March 31, 2023 and December 31, 2023 of ₹ 1,625.9 million (1.2% of our Own Book) and ₹2,308.1 million (1.4% of our Own Book) includes loan assets of ₹58.9 million (less than 0.1% of our Own Book) and ₹52.2 million (less than 0.1% of our Own Book) of not more than 90 days past due which have been classified as NPA according to the November 12 Circular, respectively. Our Own Book refers to our own loan assets and our Own Book AUM comprises our Own Book and the assigned or co-lent assets transferred by our Company. Our GNPAs increased from ₹1,430.3 million (1.1% of our Retail AUM) as of March 31, 2021 to ₹2,143.5 million (1.5% of our Retail AUM) as of March 31, 2022 and to ₹1,997.7 million (1.2% of our Retail AUM) as of March 31, 2023. Our GNPAs decreased from ₹2,920.8 million (1.8% of our Retail AUM) as of December 31, 2022 to ₹2,778.5 million (1.4% of our Retail AUM) as of December 31, 2023. Our Own Book GNPA increased from ₹1,307.1 million (1.2% of our Own Book) as of March 31, 2021 to ₹1,825.7 million (1.5% of our Own Book) as of March 31, 2022 and subsequently decreased to ₹ 1,625.9 million (1.2% of our Own Book) as of March 31, 2023. Our Own Book GNPA decreased from ₹2,402.4 million (1.8% of our Own Book) as of December 31, 2022 to ₹2,308.1 million (1.4% of our Own Book) as of December 31, 2023.

Further, the RBI's guidelines provide for risk weighting of assets based on the LTV ratio. For example, home loans amounting to ₹3 million which are classified as standard assets and have LTV ratios of 80% or lesser, attract a risk weight of 35% and LTV ratios of 80% to 90% attract a risk weight of 50%. These risk weights apply to majority of our portfolio. As our average LTV ratio as of December 31, 2022 and December 31, 2023 is 57.7% and 58.3% respectively, our assets have a low risk weightage, which helps us maintain a healthy capital to risk weighted assets ratio of 44.9% and 39.7% as of the same periods, respectively. Our capital to risk weighted assets ratio slightly decreased by 5.2% from December 31, 2022 to December 31, 2023 as our risk weighted assets increased as a result of the growth in our business while our capital remains at a similar level, and partly due to the RBI issuing a circular in November 2023 providing for an increased risk weight on consumer credit exposure (excluding home loans) from 100% to 125%. As a result, loans against property (excluding housing loans) without end use as business attracted the requirement of higher risk weights, which reduced our CRWAR for the nine months ended December 31, 2023.