

***service providers. Our reliance on any misleading information given by potential borrowers may affect our judgment of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition.***

In deciding whether to extend credit or enter into other transactions with potential borrowers, we rely on information furnished to us by potential borrowers, and analysis of the information by independent valuers and advocates. To further verify the information provided by potential borrowers, we conduct searches on the CRIF High Mark Credit Information Services Pvt Ltd (“**CRIF**”), Credit Information Bureau (India) Limited (“**CIBIL**”) and other credit bureaus for creditworthiness of our borrowers. We also verify information with registrars and sub-registrars of assurances for encumbrances on collateral. We follow the know your customer (“**KYC**”) guidelines prescribed by the NHB and RBI on the potential borrower, verifies the place of business or place of employment as applicable to the potential borrower and also verifies the details with the caution list of the NHB as circulated from time to time. Such information includes representations with respect to the accuracy and completeness of information relating to the financial condition of potential borrowers, and independent valuation reports and title reports with respect to the property secured. Additionally, once a prospective borrower has submitted a completed loan application, our empaneled third-party agencies conduct various on-site checks to verify the prospective customer's work and home addresses. We have framed our policies to prevent frauds in accordance with the KYC guidelines issued by NHB dated October 11, 2010 and Master Direction – Know Your Customer (KYC) Direction, 2016 issued by the RBI on February 25, 2016, both as amended mandating the policies of HFCs to have certain key elements, including, *inter alia*, a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management. For details of our risk management, see “*Our Business – Risk Management*” on page 171. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, results of operations and financial condition. For further details, see “– *If we fail to identify, monitor and manage risks and effectively implement our risk management policies, it could have a material adverse effect on our business, financial condition, results of operations and cash flows*” on page 28.

While we have a credit appraisal process, there can be no assurance that information furnished to us by potential borrowers and analysis of the information by independent valuers or the independent searches conducted by us with credit bureaus and NHB, or the on-site verification conducted by our empaneled third-party agencies will be accurate, and our reliance on such information given by potential borrowers may affect our judgment of the credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, results of operations, cash flows and financial condition. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing assets (“**NPA**s”), which could adversely affect our business, results of operations and financial condition.

#### **4. We have had negative net cash flows in the past and may continue to have negative cash flows in the future.**

We have, in the past, experienced negative net cash flows in operating activities on account of fresh disbursements of loans made to customers for FY2021, FY2022 and FY2023 and for the nine months ended December 31, 2022 and December 31, 2023 and negative net cash flows in investing activities for FY2021, FY2023 and nine months ended December 31, 2022. The following table sets forth our cash flows for the periods indicated:

(₹ in million)

	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2023	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net cash used in operating activities	(12,022.9)	(9,067.5)	(11,556.9)	(10,065.7)	(16,582.2)
Net cash generated from / (used in) investing activities	(4,804.8)	8,225.7	(4,765.3)	(228.0)	4,805.7
Net cash generated from financing activities	7,013.9	2,748.5	14,631.9	10,298.7	9,609.8

Such negative cash flows from operating activities for FY2021, FY2022 and FY2023 and for the nine months ended December 31, 2022 and December 31, 2023 were mainly attributable to payment of tax and changes in working capital consisting of decrease in other financial and non-financial liabilities and provisions, decrease in trade receivables and decrease in other financial and non-financial assets. Negative cash flows from investing activities for FY2021, FY2023 and for the nine months ended December 31, 2022 were mainly attributable to purchase of investments.

For further details, see “*Restated Consolidated Financial Information – Restated Consolidated Statement of Cash Flow*” and “*Management's Discussion and Analysis of Financial Condition and Results of Operations*” on pages 246 and 335, respectively. We cannot assure you that our net cash flow will be positive in the future, which could adversely affect our ability to, among others, fund our operations or pay our debts in a timeline manner, which could in turn adversely affect our business, cash flows, financial condition and results of operations.