

the nine months ended December 31, 2022 due to increase in investment in fixed deposit with banks and increase in interest rates on fixed deposits in the nine months ended December 31, 2023.

Further, fee and commission income increased by 65.9% to ₹ 1,229.0 million for the nine months ended December 31, 2023 from ₹ 740.6 million for the nine months ended December 31, 2022, primarily due to an increase in loan processing fee and other charges (net of business sourcing expense) to ₹ 626.3 million for the nine months ended December 31, 2023 from ₹ 594.7 million for the nine months ended December 31, 2022. This was primarily due to an increase in fresh sanctions/disbursements during the nine months ended December 31, 2023 which generated additional fee income and increase in income from intermediary services to ₹ 602.7 million for the nine months ended December 31, 2023 from ₹ 145.9 million for the nine months ended December 31, 2022, primarily due to an increase in insurance policies procured by our Company.

These increases were offset by a decrease in net gain on derecognition of financial instruments under amortized cost category by 6.6% to ₹ 838.7 million for the nine months ended December 31, 2023 from ₹ 897.9 million for the nine months ended December 31, 2022, primarily due to a reduced spread in the portfolio on our direct assignment. Further, there was a decrease in net gain on fair value changes by 38.8% to ₹ 149.3 million for the nine months ended December 31, 2023 from ₹ 244.0 million for the nine months ended December 31, 2022, primarily due to a decrease in realized investment in mutual fund measured at FVTPL, as a result of decrease in investments made in liquid and overnight mutual funds.

Other income. Our other income, comprising miscellaneous income, decreased by 63.4% to ₹ 1.5 million for the nine months ended December 31, 2023 from ₹ 4.1 million for the nine months ended December 31, 2022.

Expenses

Finance costs. Our finance costs increased by 23.7% to ₹ 7,248.1 million for the nine months ended December 31, 2023 from ₹ 5,857.3 million for the nine months ended December 31, 2022, primarily due to an increase in interest on borrowings (other than debt securities) by 26.1% to ₹ 5,520.4 million for the nine months ended December 31, 2023 from ₹ 4,376.7 million for the nine months ended December 31, 2022. This increase was primarily due to an increase in the total amount of borrowing (other than debt securities) to ₹ 107,245.7 million as at December 31, 2023 from ₹ 92,870.3 million as at December 31, 2022, as a result of increase in loan disbursements, and to a lesser extent an increase in average rates. In addition, interest on non-convertible debentures increased by 20.7% to ₹ 1,535.5 million for the nine months ended December 31, 2023 from ₹ 1,272.1 million for the nine months ended December 31, 2022, as a result of increases in average balance and average yield of non-convertible debentures. Such increases were partially offset by a decrease in interest on subordinated liabilities by 12.1% to ₹ 46.5 million for the nine months ended December 31, 2023 from ₹ 52.9 million for the nine months ended December 31, 2022, as a result of decrease in average balance of subordinated liabilities. Our average cost of borrowing increased to 7.6% as of December 31, 2023, compared with 7.0% as of December 31, 2022. Our average total borrowing increased to ₹ 126,405.2 million as of December 31, 2023, compared with ₹ 111,950.3 million as of December 31, 2022.

Impairment on financial instruments. Our impairment on financial instruments decreased by 17.9% to ₹ 453.7 million for the nine months ended December 31, 2023 from ₹ 552.8 million for the nine months ended December 31, 2022, primarily due to a decrease in impairment allowance on loans by 60.9% to ₹ 178.5 million for the nine months ended December 31, 2023 from ₹ 456.0 million for the nine months ended December 31, 2022. For the nine months ended December 31, 2023, provisions / write-offs in our portfolio of loans to developers amounted to a gain of ₹ 57.7 million, compared to a gain of ₹ 56.0 million for the nine months ended December 31, 2022 due to the recovery from our loan to developer portfolio for the nine months ended December 31, 2023.

Employees benefits expense. Employees benefits expense increased by 27.5% to ₹ 2,900.2 million for the nine months ended December 31, 2023 from ₹ 2,274.8 million for the nine months ended December 31, 2022, primarily due to an increase in salaries, bonus and other allowances by 25.4% to ₹ 2,543.4 million for the nine months ended December 31, 2023 from ₹ 2,027.9 million for the nine months ended December 31, 2022. The increase in salaries, bonus and other allowances was due to an increase in the number of our employees for the nine months ended December 31, 2023 compared with the nine months ended December 31, 2022 and annual increment given to employees. Our on-roll employees increased to 3,885 as of December 31, 2023, as compared with 3,360 as of December 31, 2022.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 26.0% to ₹ 152.2 million for the nine months ended December 31, 2023 from ₹ 120.8 million for the nine months ended December 31, 2022, primarily due to an increase in depreciation of right to use assets – building amounting to ₹ 75.8 million for the nine months ended December 31, 2023 from ₹ 60.2 million for the nine months ended December 31, 2022. Such increase was primarily on account of an addition in right of use assets amounting to ₹ 183.5 million for the nine months ended December 31, 2023.

Other expenses. Our other expenses increased by 30.0% to ₹ 1,187.7 million for the nine months ended December 31, 2023 from ₹ 913.8 million for the nine months ended December 31, 2022, primarily due to an increase in general repairs and maintenance by 44.0% to ₹ 228.5 million for the nine months ended December 31, 2023 from ₹ 158.7 million for the nine months ended December 31, 2022, which is in line with expansion of our branch and sales office network. Additionally, legal and professional charges increased by 39.3% to ₹ 109.6 million for the nine months ended December 31, 2023 from ₹ 78.7