	As of				
	March 31, 2021	**March 31, 2022**	**March 31, 2023**	**December 31, 2022**	**December 31, 2023**
Book					

** As of March 31, 2022, Gross NPA represents our Gross Retail NPA (closing balance of the Gross NPA of our Retail AUM as of the last day or the relevant year or period). See ** under "Selected Statistical Information – Financial Ratios" on page 216 for impact of the November 12 Circular.*
*** Not Applicable on March 31, 2021.*

(1) Loan assets of not more than 90 days past due which have been classified as NPA according to the November 12 Circular.
(2) Less than 0.1%
(3) Own Book NPA refers to the NPA of our own loan assets.

For further details in relation to stage 3a and 3b loans, see "*Selected Statistical Information*" on page 215. This clarification by the RBI has increased our NPAs in the near term, and will increase total levels of NPAs for NBFCs (including HFCs) going forward, which will result in an increase in provisioning requirements, higher capital requirements and losses over time.

Further, the NHB/RBI Directions on NPAs may become more stringent than they currently are, which may adversely affect our profitability and results of operations.

6. 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.

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted resources to develop our risk management policies and procedures and aim to continue to do so in the future. For details, see "*Our Business – Competitive Strengths - Robust, comprehensive systems and processes for underwriting, collections and monitoring asset quality*", "*Our Business – Loan collection and Monitoring*" and "*Our Business – Risk Management*" on pages 154, 168 and 171, respectively. For instance, to address cash management risks, we have developed advanced cash checks at every level to track and tally accounts, as described in "*Our Business – Risk Management – Cash Management Risk*" on page 172. Despite this, our policies and procedures to identify, monitor and manage risks of fraud, money laundering, any other credit, operational or other risks may not be fully effective. Our Board of Directors and the Risk Management Committee review our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions. For details, see "*Our Business – Information Technology*" on page 173. Further, some of our methods of managing risks are based upon the use of observed historical market behavior and data analytics models. As a result, these methods may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures. While we have not experienced any material disruptions in FY2021, FY2022 and FY2023 and nine months ended December 31, 2023, to the extent that any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risks are not effective, we may face risk exposure in certain market environments or particular types of risk as a result of not being able to effectively mitigate those market or credit risks. In addition, as we seek to expand the scope of our operations, we also face the risk of being unable to develop commensurate risk management policies and procedures.

Our investment and interest rate risk are dependent upon our ability to properly identify, and mark-to-market changes in the value of financial instruments caused by changes in market prices or rates. Our earnings are dependent upon the effectiveness of our management of changes in credit quality and risk concentrations, the accuracy of our valuation models and our critical accounting estimates and the adequacy of our allowances for loan losses. If we fail to effectively implement our risk management policies, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

7. We are vulnerable to the volatility in interest rates and we may face interest rate and maturity mismatches between our assets and liabilities in the future which may cause liquidity issues.

Our operations are particularly vulnerable to volatility and mismatches in interest rates. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow. For breakdown of our financial liabilities by repayment period, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Financial Liabilities*" on page 355. For further details in relation to our average cost of borrowings and average yield on loan book for FY2021, FY2022 and FY2023 and nine months ended December 31, 2022 and December 31, 2023, see "*Selected Statistical Information – Yields, Spreads and Margins*" on page 222. The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. The following table shows the split of our assets and borrowings in terms of interest basis (i.e., fixed or floating rate) as of the dates indicated: