

In case insolvency proceedings are initiated against our debtor, we may not have complete control over the recovery of amounts due to us. Under the IBC, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Any decision of the committee of creditors must be taken by a vote of not less than 75% of the voting share of all financial creditors. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. For instance, insolvency proceedings were instituted against a customer of our Company (the “**Corporate Debtor**”) by its financial creditors in October 2020 for allegedly committing default in respect of certain units of a project (“**Project**”) being developed by the Corporate Debtor and purchased by its creditors. It has been claimed that the Corporate Debtor has mortgaged the Project against a loan of ₹277.6 million borrowed from our Company. The insolvency proceedings are pending and we may not have complete control over the recovery of the loan due to us. For further details, see “*Outstanding Litigation and Material Developments – Litigation involving our Company – Material Civil Litigation*” on page 367.

In case a liquidation process is opted for, the IBC provides for a fixed order of priority in which proceeds from the sale of the debtor’s assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes and debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank below the claims of secured creditors, workmen and other employee dues and unsecured financial creditors. Pursuant to an amendment to the IBC, allottees in a real estate project are considered on par with financial creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realize their security interests in priority.

Accordingly, 57.2% and 42.8% of our customers are salaried and self-employed individuals as of December 31, 2023. While the applicable provisions of the IBC in relation to insolvency resolution and bankruptcy for individuals, i.e., Part III of the IBC, are currently not notified, when these provisions of the IBC are notified in the future, it may affect how we recover our loans and enforce our rights in compliance with the IBC with respect to these salaried and self-employed individuals.

**23. Our business is primarily focused on the low income housing segment and any adverse development in this segment or in government policies affecting this segment could affect our business and results of operations.**

We are a HFC focused on the low income housing segment (ticket size less than ₹1.5 million), targeting primarily first-time home buyers in economically weaker and low-to-middle income segments. The following table sets forth our Gross AUM by income group of our customers as of the dates indicated:

(₹ in million, except percentages)

Income Segment	As of									
	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2022		December 31, 2023	
	Amount	% Share	Amount	%Share	Amount	% Share	Amount	%Share	Amount	% Share
EWS <sup>(1)</sup>	44,649.0	33.5%	48,534.0	32.8%	48,355.4	28.1%	49,818.8	30.1%	50,932.4	25.6%
LIG <sup>(2)</sup>	63,368.0	47.5%	69,829.0	47.3%	82,141.5	47.7%	79,107.1	47.7%	93,948.0	47.3%
MIG <sup>(3)</sup>	23,523.0	17.7%	27,145.9	18.4%	39,458.2	22.8%	34,873.0	21.1%	50,253.7	25.3%
HIG <sup>(4)</sup>	1,731.0	1.3%	2,269.0	1.5%	2,273.2	1.3%	1,865.7	1.1%	3,517.5	1.8%
<b>Total</b>	<b>133,271.0</b>	<b>100.0%</b>	<b>147,777.9</b>	<b>100.0%</b>	<b>172,228.3</b>	<b>100.0%</b>	<b>165,664.6</b>	<b>100.0%</b>	<b>198,651.6</b>	<b>100.0%</b>

(1) Economically Weaker Section (EWS): Income up to Rs 0.3 mn p.a.

(2) Low Income Group (LIG): Above Rs 0.3 mn to Rs 0.6 mn p.a.

(3) Middle Income Group (MIG): Above Rs 0.6 mn to Rs 1.8 mn p.a.

(4) High Income Group: Above Rs 1.8 mn p.a.

As a result, our business is significantly dependent on various factors that impact the economically weaker and low-to-middle income segments, including the following:

- the GoI’s policies on housing shortages in India. According to the CRISIL Report, the EWS and LIG segments account for 95% of the estimated housing shortage in India;
- decline in India’s housing finance industry;
- any changes in Indian regulations and policies affecting housing loans; and
- natural disasters and calamities, and the macroeconomic conditions in India and globally.

Such factors may result in a decrease in the demand for loans in the economically weaker and low-to-middle income segments. A decline in demand for financing from the economically weaker and low-to-middle income segments may adversely affect our financial condition, results of operations and cash flows.

**24. Statistical and industry data in this Red Herring Prospectus is derived from the CRISIL Report commissioned and paid by us exclusively for the purpose of the Offer.**