***Our Ability to Maintain Operational Efficiencies and low Cost to Income Ratios***

Our business has grown significantly in FY2021, FY2022, FY2023 and for the nine months ended December 31, 2022 and December 31, 2023. Our Retail AUM grew from ₹ 133,252.2 million as of March 31, 2021 to ₹ 165,664.6 million as of December 31, 2022 and ₹ 198,651.6 million as of December 31, 2023. Along with the growth in our AUM and revenues, we have been able to control our operating expenses. Our cost to income ratio was 35.8%, 36.3%, 38.1%, 36.7% and 36.2% for FY2021, FY2022, FY2023 and the nine months ended December 31, 2022 and December 31, 2023, respectively. We have also taken steps to improve the productivity of our employees and branches, which has led to the improvement in our Gross AUM per branch (excluding sales offices) from ₹ 429.9 million as of March 31, 2021 to ₹ 445.1 million as of March 31, 2022, and as of March 31, 2023 was ₹ 437.1 million. Our Gross AUM per branch (excluding sales office) also improved from ₹ 399.2 million as of December 31, 2022 to ₹ 503.3 million as of December 31, 2023.

We continue to identify and implement measures that we believe will enable us to sustain and further decrease our operating expense ratio. Further, as our operations expand, we also expect to derive benefits from economies of scale, which we believe will assist us in optimizing our operating expenses. In addition, we also continue to invest in our technology platform and technology-enabled operating procedures to increase operational and management efficiencies.

***Increasing Competition***

The Indian housing finance industry is highly competitive and the factors on which we compete include product range, ability to customize products, rate of approving loans, interest rates charged for loans, reputation and maintaining customer relationships. Our main target customer base are economically weaker and low-to-middle income customers, who require small ticket mortgage loans. The average ticket size of our loans was ₹ 0.9 million and ₹ 1.0 million, as of December 31, 2022 and December 31, 2023, respectively. Our primary competitors have been private banks, public sector banks, HFCs and NBFCs that provide housing loans in ticket sizes up to ₹ 0.75 million and ranging from ₹ 0.75 million to ₹1.5 million.

In the organized sector, our competitors may have better access to, and lower costs of, funding than we do. In certain geographies, they may also have better brand recognition and a larger customer base than ours. If we are unable to access funds at an effective cost that is comparable to, or lower than our competitors, or expand our reach and build our brand among our target customers, we may lose existing as well as potential customers to competition, resulting in a decline in our market share.

In addition, customers have increased accessibility to housing finance products and services due to technological advances and increased penetration of internet based lending platforms, which has facilitated an increase in demand for home loans and competition to meet that demand. With relatively lesser barriers to entry in the housing finance sector, competition is likely to intensify further as a result of regulatory changes and liberalization.

**Critical accounting policies and significant judgments and estimates**

The methods, assumptions, and estimates that we use in applying our accounting policies may require us to apply judgments regarding matters that are inherently uncertain. We consider an accounting policy to be a critical estimate if: (1) we must make assumptions that were uncertain when the judgment was made, and (2) changes in the estimate assumptions, or selection of a different estimate methodology, could have a significant impact on our financial position and the results that we report in our Restated Consolidated Financial Information. While we believe that our estimates, assumptions, and judgments are prudent and reasonable, future results could differ due to these estimates and the differences between the actual results and estimates could be recognized in which the results are known or materialize.

*Expected credit loss*

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, we consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on our historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by us in determining the increase in credit risk have been detailed in "*Restated Consolidated Financial Information - Note 38*" on page 292.

*EIR*

Our EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given.

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments,