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25. We may not be able to maintain our capital to risk weighted assets ratio, which could adversely affect our business.

The RBI Master Directions – HFC require HFCs to comply with a capital to risk weighted assets ratio ("CRWAR"), consisting of Tier I and Tier II capital. We are required to maintain a minimum CRWAR, consisting of Tier I capital and Tier II capital of not less than 15% of our aggregate risk weighted assets and risk adjusted value of off-balance sheet items with Tier-I capital not below 10% at any point of time. Further, we are required to ensure that total Tier-II capital, at any point of time, shall not exceed 100% of the Tier-I capital. This ratio is used to measure an HFC's capital strength and to promote the stability and efficiency of the housing finance system. Further, in November 2023, the RBI issued a circular providing for an increased risk weight on consumer credit exposure (excluding home loans) from 100% to 125%. As a result, loans against property (excluding housing loans) without end use as business may attract the requirement of higher risk weights, which may reduce our CRWAR in the future. The following table sets forth the details of composition of our Tier – I and Tier – II capital as at December 31, 2023, December 31, 2022, March 31, 2023, March 31, 2022 and March 31, 2021 as per the schedule II return filed by the Company with NHB based on standalone financial statements:

(₹ in million, except percentages)

Particulars	March 31, 2021	March 31, 2022	March 31, 2023	December 31, 2022	December 31, 2023
Paid-up Equity Capital	3,947.6	3,947.6	3,947.6	3,947.6	3,947.6
Statutory reserve (Special reserve as per Section 29C of National Housing Bank Act, 1987 and Special reserve as per Section 36(1)(viii) of the Income Tax Act, 1961) (refer note (i) below)	2,609.1	3,499.5	4,589.5	3,499.5	4,589.5
General reserve	926.9	1,361.9	1,906.9	1,361.9	1,906.9
Securities premium	13,370.0	13,370.0	13,370.0	13,370.0	13,370.0
Debenture redemption reserve	1,691.0	1,691.0	1,691.0	1,691.0	1,691.0
Retained earnings	4,308.2	7,434.6	11,245.1	11,475.4	16,712.9
Employee Stock Option Outstanding	0.0	148.7	0.0	0.0	0.0
Deferred revenue expenditure, Other intangible assets & Other ineligible items for Tier I capital	(231.0)	(403.2)	(2,008.4)	(350.3)	(3,385.5)
Tier I Capital *	26,621.8	31,050.1	34,741.7	34,995.7	38,833.0
General provisions for standard assets	249.2	354.7	529.4	439.4	539.2
Subordinated debt	660.0	492.0	360.0	360.0	240.0
Tier II Capital *	909.2	846.7	889.4	799.4	779.2
Total Capital Fund (Tier I & Tier II) *	27,531.0	31,896.8	35,631.1	35,795.1	39,612.2
CRWAR (%) ⁽¹⁾ *	44.1%	45.4%	42.7%	44.9%	39.7%
CRWAR – Tier I capital (%) ⁽²⁾	42.6%	44.2%	41.7%	43.9%	38.9%
CRWAR – Tier II capital (%) ⁽³⁾	1.5%	1.2%	1.1%	1.0%	0.8%

Notes:

(1) CRWAR (Capital to Risk Weighted Assets Ratio) = Tier I Capital and Tier II Capital / Risk Weighted Assets

(2) CRWAR (Capital to Risk Weighted Assets Ratio) – Tier I Capital = Tier I Capital / Risk Weighted Assets

(3) CRWAR (Capital to Risk Weighted Assets Ratio) – Tier II Capital = Tier II Capital / Risk Weighted Assets

*On standalone basis

As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital to risk weighted assets ratios. Further, the RBI may increase its current CRWAR requirements or risk weight for assets, which may require us to raise additional capital. We cannot