FINANCIAL STATEMENTS

Independent Auditors' Report on the Financial Statements

To the Members of **Bajaj Housing Finance Limited**

Opinion

We have audited the accompanying financial statements of **Bajaj Housing Finance Limited** ('the Company'), which comprise the Balance sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements

S. N.	Key Audit Matters	How our audit addressed the key audit matters
1.	**Impairment of financial assets as at balance sheet date (expected credit losses):** Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.	• We understood and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines. • We assessed the Company's process on timely recognition of impairment in the loan portfolios which included assessing the accuracy of the system generated reports on defaults and ageing. • We have discussed with the management and evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions including factors that affect the PD, LGD and EAD and tested the controls around data extraction and validation.

Independent Auditors' Report on the Financial Statements (Contd.)

S. N.	Key Audit Matters	How our audit addressed the key audit matters
	In the process, a significant degree of judgement has been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioural life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/ minimal historical defaults.	• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed disclosures included in the financial statements in respect of expected credit losses.
2	**IT systems and controls** The financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant voluminous transactions. Hence, we identified IT systems and controls over financial reporting as a key audit matter for the Company. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	• We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

Information other than the Financial Statements and Auditors' Report thereon

The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The Company's Board of Directors is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report on the Financial Statements (Contd.)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended 31 March 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure 1' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 2' to this report
   (g) In our opinion, the managerial remuneration for the year ended 31 March 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
   (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 41(a) to the financial statements;
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

Independent Auditors' Report on the Financial Statements (Contd.)

iv. The management has represented that to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies) including foreign entities (intermediaries) with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

v. The management has represented that to the best of its knowledge or belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company to or in any other person(s) or entity(ies) including foreign entities (funding parties) with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

vi. Based on the audit procedures considered reasonable and appropriate in the circumstances carried out by us, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e) as provided under clause (iv) and (v) above contain any material misstatements.

vii. The Company has not declared or paid any dividend during the year and as such the compliance of section 123 of the Act has not been commented upon.

viii. No comments have been offered as regards the maintenance of books of account using accounting software which has a feature of recording audit trail (edit log) facility under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 since the said requirements under proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 are not applicable to the company for the financial year ended on 31 March 2023.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 23113053BGWSZE3172

Pune: 24 April 2023

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune: 24 April 2023

Annexure 1 to Independent Auditors' Report

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our Report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-to-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) Fixed assets have been physically verified by the management during the year and according to the information and explanation given to us, no material discrepancies were identified on such verification

(c) According to the information and explanations given to us and based on the examination of the records of the Company, the title deeds of all the immovable properties were held in the name of the Company. Further, the lease agreements where the Company is a lessee were duly executed in favour of the Company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year and accordingly reporting under paragraph 3 (i)(d) of the order is not applicable for the Company.

(e) According to the information and explanations given to us and based on the examination of the records of the Company we report that, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventories and accordingly reporting under paragraph 3(ii)(a) of the said Order is not applicable for the Company.

(b) During the year, the Company has availed working capital limits from banks in excess of ₹ 5 Crores on the basis of security of current assets. On the basis of audit procedures carried out by us we report that, the quarterly statements filed by the Company with banks were in agreement with the books of account of the Company.

(iii) The Company has made investments in, companies, firms, Limited Liability Partnerships and granted secured or unsecured loans to other parties, during the year, in respect of which:

(a) The Company has provided loans or advances in the nature of loans during the year. As the Company's principal business is to give loans, the reporting under paragraph 3(iii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that, the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided, if any, during the year are, prima facie not prejudicial to the Company's interest.

(c) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that in respect of loans and advances in the nature of loans (together referred to as 'loan assets'), the schedule of repayment of principal and payment of interest has been stipulated. Note No. 4.4(i) to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at 31 March 2023, aggregating ₹ 137.33 crore were categorised as credit impaired ('Stage 3') and ₹ 359.91 crore were categorised as those where the credit risk has increased significantly since initial recognition ('Stage 2'). Disclosures in respect of such loans have been provided in Note No. 9 to the financial statements. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

Annexure 1 to Independent Auditors' Report (Contd.)

(d) According to the information and explanations given to us and based on the audit procedures performed by us, total amount overdue including interest for more than ninety days, in respect of loans and advances in the nature of loans, as at the year-end is ₹ 137.33 crore. Reasonable steps are being taken by the Company for recovery of the principal and interest.

(e) The Company's principal business is to give loans. Accordingly, paragraph 3(iii)(e) of the Order is not applicable to the Company.

(f) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under paragraph 3(iii)(f) is not applicable to the Company.

(iv) According to the information and explanations given to us and based on the audit procedures performed by us, there are no loans granted, guarantees and securities given in respect of which provisions of section 185 of the Act are applicable. The Company has not made investment through investment companies. Other provisions of section 186 of the Act are not applicable to the Company and hence not commented upon.

(v) The Company has not accepted any deposits or amounts which are deemed deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) The maintenance of cost records is not applicable to the Company pursuant to the provisions of Section 148 (1) of the companies Act, 2013.

(vii) (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us and based on the audit procedures performed by us, there were no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which have not been deposited on account of any dispute.

(viii) According to the information and explanations given to us and based on the audit procedures performed by us, there were no transactions which were not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, the Company is not declared as wilful defaulter by any bank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilised the money obtained by way of term loans during the year for the purposes for which they were obtained. However, funds not required for immediate utilisation were invested on a short - term basis.

Annexure 1 to Independent Auditors' Report (Contd.)

(d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the financial statements of the Company, we report that no funds raised on short - term basis have been used for long-term purposes by the Company.

(e) The Company does not have any subsidiary, associate or joint venture and accordingly, paragraph 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture and accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) During the year, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Accordingly, reporting under paragraph 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year except an instance of fraud amounting to ₹ 0.35 crores by a borrower reported by the management in terms of the regulatory provisions applicable to the Company.

(b) During the year no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We report that whistle-blower complaints received during the year by the Company have been taken into consideration by us.

(xii) According to the information and explanations given to us and on the basis of examination of books of account and records of the Company, we report that the Company is not a Nidhi Company within the meaning of Section 406 of the Act. Accordingly, reporting under paragraph 3(xii)(a) to (c) of the Order is not applicable to the Company.

(xiii) Based on the audit procedures performed and as per the information and explanations given to us, we report that the transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details as required by the applicable Indian Accounting Standards have been disclosed in the Financial Statements.

(xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

(b) The reports of the Internal Auditors for the period under audit have been considered by us.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with any of the directors or persons connected with its directors. Accordingly, the provisions section 192 of the Act are not applicable to the Company.

Annexure 1 to Independent Auditors' Report (Contd.)

(xvi) (a) In our opinion, the Company is not required to be registered under provisions of section 45-IA of the Reserve Bank of India Act, 1934.

(b) According to the information and explanations given to us, we report that the Company is registered with a valid Certificate of Registration issued by National Housing Bank and the Company has conducted housing finance activities.

(c) In our opinion, the Company is not a Core Investment Company (CIC) as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 ('the Regulations') issued by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) In our opinion, and according to the information and explanation given to us, in the group, there are 17 companies forming part of the promoter/promoter group of the Company which are Core Investment Companies (CICs), as defined in the Regulations. As informed to us, the said 17 CICs are unregistered CICs

(xvii) On the basis of examination of books of account and records of the Company and overall examination of the financial statements, we report that the Company has not incurred cash losses in the financial year 2022-23 or in the immediately preceding financial year 2021-22.

(xviii) During the year, there has been no resignation of the statutory auditors and as such reporting under paragraph 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Annexure 1 to Independent Auditors' Report (Contd.)

(xx) (a) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect to other than ongoing projects pertaining to current financial year and immediately preceding financial year and accordingly reporting under paragraph 3(xx)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company does not have any amount remaining unspent under section (5) of section 135 in respect of any ongoing projects pertaining to current financial year and immediately preceding financial year and accordingly reporting under paragraph 3(xx)(b) of the Order is not applicable to the Company.

(xxi) The Company does not have any subsidiary, associate or joint venture and accordingly reporting under paragraph 3(xxi) of the Order is not applicable to the Company.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 23113053BGWSZE3172

Pune: 24 April 2023

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune: 24 April 2023

Annexure 2 to Independent Auditors' Report

(Referred to in paragraph 2 (f) under the heading 'Report on other legal and regulatory requirements' of our report of even date)

Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls with reference to financial statements of Bajaj Housing Finance Limited (the 'Company') as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements

Meaning of Internal Financial Controls with reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure 2 to Independent Auditors' Report (Contd.)

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Umesh S. Abhyankar
Partner
Membership Number: 113053
UDIN: 23113053BGWSZE3172

Pune, 24 April 2023

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration Number: 105049W

Shailesh Shah
Partner
Membership Number: 033632
UDIN: 23033632BGXWHP7562

Pune, 24 April 2023

Balance Sheet

(₹ in crore)

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
ASSETS			
Financial assets			
Cash and cash equivalents	5	93.88	407.03
Bank balances other than cash and cash equivalents	6	14.99	0.14
Derivative financial instruments	7	1.37	-
Receivables	8		
Trade receivables		1.59	1.87
Other receivables		0.36	0.01
Loans	9	62,113.89	46,482.07
Investments	10	2,000.91	1,248.27
Other financial assets	11	301.94	253.93
		64,528.93	**48,393.32**
Non-financial assets			
Current tax assets (net)		3.97	9.08
Deferred tax assets (net)	12	-	15.58
Property, plant and equipment	13	84.92	78.09
Intangible assets under development	13	0.31	1.46
Other Intangible assets	13	28.07	19.11
Other non-financial assets	14	7.94	10.44
		125.21	**133.76**
Total assets		**64,654.14**	**48,527.08**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables	15		
Trade payables			
Total outstanding dues to micro enterprises and small enterprises		-	0.18
Total outstanding dues to creditors other than micro enterprises and small enterprises		45.93	36.23
Other payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		73.04	38.17
Debt securities	16	19,914.92	16,489.15
Borrowings (other than debt securities)	17	33,654.70	24,493.17
Deposits	18	175.77	510.00
Other financial liabilities	19	211.62	174.42
Total		**54,075.98**	**41,741.32**

Balance Sheet (Contd.)

(₹ in crore)

Particulars	Note No	As at 31 March 2023	2022
Non-financial liabilities			
Current tax liabilities (net)		16.17	20.06
Provisions	20	15.63	4.05
Deferred tax liabilities (net)	12	28.27	-
Other non-financial liabilities	21	14.90	20.29
		74.97	**44.40**
Equity			
Equity share capital	22	6,712.16	4,883.33
Other equity	23	3,791.03	1,858.03
		10,503.19	**6,741.36**
Total liabilities and equity		**64,654.14**	**48,527.08**
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No.: 113053

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Shailesh Shah
Partner
Membership No.: 033632

Pune: 24 April 2023

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Statement of Profit and Loss

(₹ in crore)

Particulars	Note No	For the year ended 31 March 2023	2022
Revenue from Operations			
Interest income	24	5,269.24	3,481.75
Fees and commission income	25	86.22	81.85
Net gain on fair value changes	26	112.04	58.97
Sale of services	27	50.29	142.02
Income on derecognised (assigned) loans	28	134.80	-
Other operating income	29	12.14	2.12
Total Revenue from operations		**5,664.73**	**3,766.71**
Other Income	30	0.71	0.42
Total Income		**5,665.44**	**3,767.13**
Expenses			
Finance costs	31	3,211.32	2,155.31
Fees and commission expense	32	14.03	4.68
Impairment on financial instruments	33	123.50	181.07
Employee benefits expenses	34	435.14	348.94
Depreciation and amortisation	13	33.40	25.76
Other expenses	35	147.99	91.51
Total Expenses		**3,965.38**	**2,807.27**
Profit before exceptional items and tax		1,700.06	959.86
Exceptional Items		-	-
Profit before tax		**1,700.06**	**959.86**
Tax expense			
Current tax		399.80	250.40
Deferred tax charge / (credit)		42.46	(0.16)
Total tax expense	12	**442.26**	**250.24**
Profit after tax		**1,257.80**	**709.62**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans		5.54	(0.64)
Tax impact on above		(1.39)	0.16
		4.15	**(0.48)**
Items that will be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income for the year, net of tax		**4.15**	**(0.48)**
Total comprehensive income for the year		**1,261.95**	**709.14**

Statement of Profit and Loss (Contd.)

Particulars	Note No	For the year ended 31 March 2023	2022
Earnings per equity share			
(Nominal value per share ₹ 10)			
Basic (₹)	36	1.88	1.45
Diluted (₹)	36	1.88	1.45
Summary of significant accounting policies	4		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No.: 113053

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Shailesh Shah
Partner
Membership No.: 033632

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Pune: 24 April 2023

Statement of Changes in Equity

Equity share capital

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Balance at the beginning of the year	4,883.33	4,883.33
Changes in equity share capital during the year (refer note no. 22(a))	1,828.83	-
Balance at the end of the year	**6,712.16**	**4,883.33**

Other equity

For the year ended 31 March 2023

(₹ in crore)

Particulars	Note No.	Reserves and Surplus			Total other equity
		Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	
Balance as at 31 March 2022		166.67	365.95	1,325.41	1,858.03
Profit after tax		-	-	1,257.80	1,257.80
Other comprehensive income (net of tax)		-	-	4.15	4.15
Total		**166.67**	**365.95**	**2,587.36**	**3,119.98**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	251.56	(251.56)	-
Add: Issue of equity shares to Holding Company		671.05	-	-	671.05
Balance as at 31 March 2023	**23**	**837.72**	**617.51**	**2,335.80**	**3,791.03**

For the year ended 31 March 2022

(₹ in crore)

Particulars	Note No.	Reserves and Surplus			Total other equity
		Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	
Balance as at 31 March 2021		166.67	224.02	758.20	1,148.89
Profit after tax		-	-	709.62	709.62
Other comprehensive income (net of tax)		-	-	(0.48)	(0.48)
Total		**166.67**	**224.02**	**1,467.34**	**1,858.03**
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	141.93	(141.93)	-
Balance as at 31 March 2022	**23**	**166.67**	**365.95**	**1,325.41**	**1,858.03**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No.: 113053

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Shailesh Shah
Partner
Membership No.: 033632

Pune: 24 April 2023

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Statement of Cash Flows

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
I. Cash flow from operating activities		
Profit before tax	1,700.06	959.86
Adjustments for:		
Interest income	(5,269.24)	(3,481.75)
Depreciation, amortisation and impairment	33.40	25.76
Impairment on financial instruments	123.50	181.07
Finance Costs	3,211.32	2,155.31
Net (gain)/ loss on disposal of property, plant and equipment	0.70	0.48
Provision no longer required written back	-	(0.05)
Service fees for management of assigned portfolio of loans	(22.49)	(112.53)
Income on derecognised (assigned) loans	(134.80)	-
Net (gain)/ loss on financial instruments measured at FVTPL	(112.04)	(58.97)
	(469.59)	**(330.82)**
Cash inflow from interest on loans	5,040.50	3,476.05
Cash inflow from receivables on assignment of loans	104.64	57.13
Cash outflow towards finance cost	(3,103.62)	(2,502.59)
Cash from operations before working capital changes	**1,571.93**	**699.77**
Working capital changes:		
(Increase)/decrease in Bank balances other than cash and cash equivalents	(14.85)	249.89
(Increase)/decrease in trade receivables	0.27	3.72
(Increase)/decrease in other receivables	(0.35)	0.01
(Increase)/decrease in loans	(15,584.98)	(13,256.65)
(Increase)/decrease in other financial assets	3.96	15.51
(Increase)/decrease in other non-financial assets	1.55	3.32
Increase/(decrease) in trade payables	9.52	15.56
Increase/(decrease) in other payables	34.87	16.89
Increase/(decrease) in other financial liabilities	33.16	14.95
Increase/(decrease) in provisions	17.12	1.12
Increase/(decrease) in other non-financial liabilities	(5.39)	(2.27)
	(13,933.19)	**(12,238.18)**
Income taxes paid (net of refunds)	(398.58)	(242.35)
Net cash used in operating activities (I)	**(14,331.77)**	**(12,480.53)**
II. Cash flow from investing activities		
Purchase of property, plant and equipment	(20.37)	(18.41)
Sale of property, plant and equipment	3.87	1.63
Purchase of intangible assets and intangible assets under development	(13.43)	(10.71)
Purchase of investments measured under FVTPL	(43,035.86)	(33,133.80)
Sale of investments measured under FVTPL	42,408.09	34,831.88
Purchase of investments measured under amortised cost	-	(4,900.00)
Sale of investments measured under amortised cost	-	5,400.00
Interest received on investments	46.26	26.73
Net cash generated from / (used) in investing activities (II)	**(611.44)**	**2,197.32**

Statement of Cash Flows (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
III. Cash flow from financing activities		
Issue of equity share capital (including securities premium)	2,499.88	-
Proceeds from long term borrowings	26,657.22	15,597.40
Repayments towards long term borrowings	(10,737.42)	(6,923.39)
Short term borrowings (net)	(3,435.11)	1,054.99
Deposits accepted (other than public deposits) (net)	(340.68)	510.00
Payment of lease liability	(13.83)	(10.54)
Net cash generated from financing activities (III)	**14,630.06**	**10,228.46**
Net decrease in cash and cash equivalents (I+II+III)	**(313.15)**	**(54.75)**
Cash and cash equivalents at the beginning of the year	407.03	461.78
Cash and cash equivalents at the end of the year	**93.88**	**407.03**

Components of cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	2022
Cash and cash equivalents comprises of:		
Cash on hand	-	-
Balances with banks:		
In current accounts	93.88	156.35
Fixed deposits (with original maturity of 3 months or less)	-	250.68
	93.88	**407.03**

- The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of cash flows'.
- Refer note no. 42 for change in liabilities arising from financing activities.

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No.: 113053

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Shailesh Shah
Partner
Membership No.: 033632

Pune: 24 April 2023

On behalf of the Board of Directors

Atul Jain Managing Director DIN: 09561712	Sanjiv Bajaj Chairman DIN: 00014615
Gaurav Kalani Chief Financial Officer	Rajeev Jain Vice Chairman DIN: 01550158
Atul Patni Company Secretary F10094	Anami Roy Director DIN: 01361110

Notes to the Financial Statements for the year ended 31 March 2023

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Ltd.') (Corporate ID No.: U65910PN2008PLC132228) was incorporated as a subsidiary of Bajaj Finserv Ltd.('BFS') on 13 June 2008, is a company limited by shares and domiciled as well as having its operations in India. The Company was acquired by Bajaj Finance Ltd.(BFL) from BFS in November 2014 to conduct housing finance business in a dedicated subsidiary company and accordingly the Company's name was changed to Bajaj Housing Finance Ltd.(BHFL) on 14 November 2014. It got registered with National Housing Bank ('NHB') as a non deposit taking Housing Finance Company vide certificate no 09.0127.15 on 24 September 2015. BHFL is a 100% subsidiary of BFL and started its operation in financial year 2017-18. The Non convertible debentures (NCDs) of the Company are listed on the Bombay Stock Exchange (BSE), India. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property, (iii) lease rental discounting, (iv) developer financing, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune, Maharashtra (India) and its principal place of business is at 5th floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune, Maharashtra (India). Under the scale based regulations for NBFCs, the Company has been classified as NBFC-UL (upper layer) by the RBI vide press release dated 30 September 2022.

The financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 24 April 2023, Board of Directors of the Company approved and recommended the financial statements for consideration and adoption by the shareholders in its Annual General Meeting.

2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 ('the Act') along with other relevant provisions of the Act, the updated Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, dated 17 February, 2021 as amended ('the RBI Master Directions'), notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') and other applicable RBI circulars/notifications. The Company uses accrual basis of accounting except in case of significant uncertainties.(Refer note no. 4.1(i), 4.1(ii)(a) and 4.1(ii)(d)).

The financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company, in denomination of crore rounded off to two decimal places as permitted by Schedule III to the Act. The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value.

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

3. Presentation of Financial Statements

The Company presents its Balance Sheet in the order of liquidity.

The Company prepares and presents its Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the format prescribed by Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows'.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only where it has legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously as permitted by Ind AS. Similarly, the Company offsets incomes and expenses and reports the same on a net basis where the netting off reflects the substance of the transaction or other events as permitted by Ind AS.

3. Presentation of Financial Statements (Contd.)

Critical accounting estimates and judgements

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment (Refer note no. 4.4.(i))
- Fair value of financial instruments (Refer note no. 4.15, 48 and 49)
- Impairment of financial assets (Refer note no. 4.4.(i), 9, 50)
- Provisions and other contingent liabilities (Refer note no. 4.9 and 41)
- Provision for tax expenses (Refer note no. 4.5)

4. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Income

(i) Interest income

The Company recognises interest income using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI). EIR is calculated by considering all incomes and cost attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments / receipts through the expected life of the financial asset / financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets (as set out in note no. 4.4 (i) regarded as 'Stage 3'), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired (as outlined in note no. 4.4 (i)), the Company reverts to calculating interest income on a gross basis.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/ non payment of contractual cashflows is recognised on realisation.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

(ii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 - 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 - 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is recognised at transaction price is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

(a) Fees and commission

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery. Bounce charges levied on customers for non payment of instalment on the contractual date is recognised on realisation.

Fees on value added services and products are recognised on rendering of services and products to the customer.

Distribution income is earned by selling of services and products of other entities under distribution arrangements. The income so earned is recognised on successful distribution on behalf of other entities subject to there being no significant uncertainty of its recovery from the other entities.

Foreclosure charges are collected from loan customers for early payment / closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains/loss on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

(c) Sale of services

The Company, on de-recognition of financial assets where a right to service the derecognised financial assets is retained, recognises the fair value of future service fee income and service obligations cost on net basis as service fee income/ expense in the Statement of Profit and Loss and, correspondingly creates a service asset/ liability in Balance Sheet. Any subsequent change in the fair value of service asset/ liability is recognised as service income/ expense in the period in which it occurs. The embedded interest component in the service asset / liability is recognised as interest income/ expense in line with Ind AS 109 - 'Financial instruments'.

(d) Income on derecognised (assigned) loans

The Company, on de-recognition of financial assets under the direct assignment transactions, recognises the right of excess interest spread (EIS) which is difference between interest on the loan portfolio assigned and the applicable rate at which the direct assignment is entered into with the assignee. The Company records the discounted value of scheduled cash flow of the future EIS, entered into with the assignee, upfront in the Statement of Profit and Loss. Any subsequent increase or decrease in the fair value of future EIS is recognised in the period in which it occurs. The embedded interest component in the future EIS is recognised as interest income in line with Ind AS 109 - 'Financial instruments'.

(e) Other operating income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

(iii) Other Income

Other income is accounted on accrual basis, except in case of significant uncertainties.

(iv) Taxes

Incomes are recognised net of the goods and services tax, wherever applicable.

4. Summary of significant accounting policies (Contd.)

4.2 Expenditures

(i) Finance Cost

Borrowing cost on financial liabilities is recognised using the EIR method (Refer note no. 4.1.(i)).

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/ incentive incurred on value added services and products distribution, recovery charges, fees paid under guarantee scheme and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Other expenses

Expenses are recognised net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.4 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are measured at amortised cost, unless otherwise specified.

All financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments along with the certainty of ultimate collection in case of financial assets. For tradable securities, the Company recognises the financial instruments on settlement date.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity.

Initial measurement

All financial assets are recognised initially at fair value adjusted for incremental transaction costs that are directly attributable to the acquisition of the financial asset except for following :

- Financial assets measured at FVTPL which are recognised at fair value; and
- Trade receivables that do not contain a significant financing component (as defined in Ind AS 115) which are recorded at transaction price.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into three categories as per the Company's Board approved policy:

(a) Debt instruments at amortised cost

(b) Debt instruments at FVOCI

(c) Debt instruments at FVTPL

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

(a) Debt instruments at amortised cost:

The Company measures its debt instruments at amortised cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the nature of portfolio, and the period for which the interest rate is set and other factors which are integral to a lending arrangement.

The Company determines its business model that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortised cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios on the books of the Company, it may enter into immaterial and infrequent transactions to sell these portfolios to banks and/ or asset reconstruction companies without affecting the business model of the Company.

After initial measurement, such financial assets are subsequently measured at amortised cost on Effective Interest Rate (EIR). For further details, refer note no. 4.1(i). The expected credit loss (ECL) calculation for debt instruments at amortised cost is explained in subsequent notes in this section.

(b) Debt instruments at FVOCI

The Company subsequently classifies its debt instruments as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in the Other Comprehensive Income (OCI). The interest income on these assets are recognised in profit or loss. The ECL calculation for debt instruments at FVOCI is explained in subsequent notes in this section.

Debt instruments such as mortgage loans portfolio where the Company periodically resorts to partially selling the loans by way of assignment to willing buyers are classified as FVOCI.

On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from other comprehensive income to profit or loss.

(c) Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest is recorded in Statement of Profit and Loss according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognised on net basis through profit or loss.

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

Derecognition of Financial Assets

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

The Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised if the present value of fee to be received is not expected to compensate the Company adequately for performing the service. If the present value of fees to be received is expected to be more than adequate compensation for the servicing, a service asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On derecognition of a financial asset in its entirety, the difference between:

- The carrying amount (measured at the date of derecognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial Assets subsequently measured at amortised cost are generally held for collection of contractual cashflow. The Company on looking at economic viability of certain portfolios measured at amortised cost may enter into immaterial and infrequent transaction of sale of portfolio which doesn't affect the business model of the Company.

Reclassification of financial assets

The Company changes classification of its financial assets only on account of changes in its business model for managing those financial assets. Such reclassifications are given prospective impact as per the principles laid down in Ind AS 109 'Financial Instruments'.

Impairment of financial assets

(A) General Approach

Expected credit losses ('ECL') are recognised for applicable financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments as per the Board approved policy.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Life time ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial assets ('lifetime ECL').

Financial assets are written off in full, when there is no realistic prospect of recovery. The Company may apply enforcement activities to certain qualifying financial assets written off.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Loan accounts where either principal and/or interest are past due for more than 90 days along with all other loans of such customer, continue to be classified as stage 3, till overdue across all loan accounts are cleared.

Restructured loans where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower are classified as credit impaired. Such loans are upgraded to stage 1 if-

- The loan which was restructured is not in default for a period till repayment of 10% of principal outstanding or 12 months, whichever is later; and
- Other loans of such customer are not in default during this period; and
- There are no other indications of impairment.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, any overdue of more than 1 day past due and up to 90 days past due as on the reporting date is considered as an indication of financial assets to have suffered a significant increase in credit risk. Additionally, for mortgage loans, the Company recognised stage 2 based on other indicators such as frequent delay in payments beyond due dates.

One time restructuring (OTR) of loan accounts was permitted by RBI vide circulars dated 6 August 2020 'resolution framework for COVID-19 related stress' and 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and circulars dated 5 May 2021 'Resolution Framework – 2.0: Resolution ofCOVID-19 related stress of Individuals and Small Businesses' and 'Resolution Framework 2.0 – Resolution ofCOVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)'. The Company considers OTR as an indicator of significant increase in credit risk and accordingly classifies such loans as stage 2. The Company reclassifies such loans to stage 1 on demonstration of regular payment of 12 instalments of principal and/or interest as per revised terms subject to no overdues as on the reporting date and no other indicators of significant increase in credit risk.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial assets in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using behavioural analysis and other performance indicators, determined statistically.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and current profile of customers. Additionally, forecasts of future macro situations and economic conditions are considered as part of forward economic guidance (FEG) model. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro economic factors. In addition, the estimation of ECL takes into account the time value of money.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stages of ECL.
- EAD represents the expected balance at default, taking into account the repayment of principal and interest from the Balance Sheet date to the date of default together with any expected drawdowns of committed facilities.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company recalibrates above components of its ECL model on a periodical basis by using the available incremental and recent information as well as assessing changes to its statistical techniques for a granular estimation of ECL.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 50.

(B) Simplified Approach

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and other financial assets. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables and other financial assets. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and other financial assets and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward looking estimates.

(ii) Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Initial measurement

All financial liabilities are recognised initially at fair value adjusted for incremental transaction costs that are directly attributable to the financial liabilities except in the case of financial liabilities recorded at FVTPL where the transaction costs are charged to the statement of profit or loss.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method (Refer note no 4.1(i)). Any gains or losses arising on derecognition of liabilities are recognised in the statement of profit or loss.

Derecognition

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only where it has legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously as permitted by Ind AS.

(iv) Derivative Financial Instruments

The Company enters into interest rate swaps (derivative financial instruments) to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each Balance Sheet date. The resulting gain/loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedge relationship. The Company designates derivatives as hedges of the fair value of recognised liabilities (fair value hedges).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Hedge Accounting

The Company makes use of derivative instruments to manage exposures to interest rate risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges that meet the criteria for hedge accounting are accounted for, as described below:

4. Summary of significant accounting policies (Contd.)

4.4 Financial instruments (Contd.)

Fair value hedges hedge the exposure to changes in the fair value of a recognised liability, or an identified portion of such liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the Statement of Profit and Loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the Balance Sheet and is also recognised in the Statement of Profit and Loss in Finance Cost.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the Statement of Profit and Loss.

4.5 Taxes

(i) Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside the profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.6 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, if any, consistent with the criteria specified in Ind AS 16 'Property, plant and equipment'.

Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as 'Capital work-in-progress'.

Recognition and Derecognition

Property, plant and equipment is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income/expenses in the Statement of Profit and Loss when the asset is derecognised.

Depreciation on property, plant and equipment

(a) Depreciation is provided on a pro-rata basis for all tangible assets on straight line method over the useful life of assets.

(b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.

(c) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or 5 years whichever is less.

(d) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

(e) Useful life as used by the Company and as indicated in Schedule II are listed below:

Nature of assets	Useful life as per Schedule II	Useful life adopted by the Company
Building	60 years	60 years
Computers		
End user machines	3 years	4 years
Servers and Networks	6 years	6 years
Office equipment	5 years	5 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years

Based on internal assessment, the Management believes that the useful lives adopted by the Company best represent the period over which Management expects to use these assets.

(f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4. Summary of significant accounting policies (Contd.)

4.7 Intangible assets and amortisation thereof

Intangible assets, representing softwares, licenses etc. are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment, if any. The Company recognises internally generated intangible assets when it is certain that the future economic benefit attributable to the use of such intangible assets are probable to flow to the Company and the expenditure incurred for development of such intangible assets can be measured reliably. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Company. The intangible assets including those internally generated are amortised using the straight line method over a period of five years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as 'Intangible assets under development'.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in the Statement of Profit and Loss when the asset is derecognised.

4.8 Impairment on non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

4.9 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made as a contingent liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

4.10 Foreign currency translation

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss or other comprehensive income as permitted under the relevant Ind AS.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.11 Retirement and other employee benefits

(i) Gratuity: Payment for present liability of future payment of gratuity is made to the approved gratuity fund viz. Bajaj Auto Ltd. gratuity fund trust, which covers the same under cash accumulation policy and debt fund of the Life Insurance Corporation of India (LIC) and Bajaj Allianz Life Insurance Company Ltd. (BALICL). However, any deficits in Plan Assets managed by LIC and BALICL as compared to actuarial liability determined by an appointed Actuary using the projected unit credit method are recognised as a liability. Gains or losses through remeasurements of the net defined benefit liability/ (assets) are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

(ii) Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (e.g.. Employees' Provident Fund Organisation (EPFO)) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Since the Company pays all Provident fund and Pension fund contributions to EPFO, no actuarial assumptions are required to measure the obligation or the expense and there is no possibility of any actuarial gain or loss. Moreover, the obligations are measured on an undiscounted basis, except where they are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

(iii) Short term employee benefits: The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The liability for accumulated leaves which is eligible for encashment within the same calendar year is provided for at prevailing salary rate for the entire unavailed leave balance as at the Balance Sheet date.

Remeasurements on defined benefit plans, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

4.12 Employee Stock Option Scheme

The Holding Company operates Employee Stock Option Scheme through a trust formed for the purpose and had issued ESOPs to the employees of the Company.

The cost of transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised in employee benefits expenses at fair value of recharge liability over the period in which the service conditions are fulfilled and settled in cash.

4.13 Share based payments

The Company carries out fair value cost assessment of employee stock options on the grant date using Black Scholes model. The cost towards employees of the Company is recognised as employee benefits expenses and that pertaining to employees of subsidiaries are recovered from subsidiaries, over the period in which the service conditions are fulfilled. The cumulative expense/ recharge recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Company's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for grants that do not ultimately vest because of non fulfilment of service conditions. Service conditions are not taken into account while determining the grant date fair value of options, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

4. Summary of significant accounting policies (Contd.)

4.14 Leases

The Company follows Ind AS 116 'Leases' for all long term and material lease contracts.

(i) As a lessee

Measurement of lease liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- increased by interest on lease liability;
- reduced by lease payments made; and
- remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any re-measurement of the lease liability specified in Ind AS 116 'Leases'.
Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 'Leases' for low value assets and short term leases has been adopted by Company, wherever applicable.

(ii) As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms.

4.15 Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 48 and 49.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.16 Earnings Per Share

Basic EPS is calculated in accordance with Ind AS 33 'Earnings per share' by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

4.17 Segment Reporting

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Company operates in a single geographical segment i.e. domestic.

4.18 Recent Indian Accounting Standards / Pronouncements

Ministry of Corporate Affairs has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 1 April 2023 :

Ind AS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

Ind AS 1 - Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to Ind AS 1 are applicable for annual periods beginning on or after 1 April 2023. Consequential amendments have been made in Ind AS 107.

The Company is currently revisiting its accounting policy information disclosures to ensure consistency with the amended requirements.

Ind AS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Consequential amendments have been made in Ind AS 101. The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023. The Company is currently assessing the impact of the amendments.

4. Summary of significant accounting policies (Contd.)

4.19 Collateral Valuation

The nature of products across these broad product categories are either unsecured or secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold through auction or released to delinquent customers in case they come forward to settle their dues. The Company does not record repossessed assets on its Balance Sheet as non–current assets held for sale.

4.20 Statement of cash flow

Cash flows are reported using indirect method as permitted under Ind AS 7, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. Cash and cash equivalent shown in the financial statement exclude items which are not available for general use as on reporting date.

Cash receipt and payment for items in which the turnover is quick, the amounts are large, and the maturities are short are shown on net basis. Such items are termed as short term borrowings/investments and others are termed as long term borrowings/investments in the statement of cash flows. Accordingly, the Company has classified investments designated under FVTPL and borrowings such as commercial papers, cash credit, overdraft facility, working capital demand loan as short term in the statement of cash flows. Cash flows from deposits (other than public deposits) are shown on net basis as permitted under Ind AS 7.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

5. Cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Cash on hand	-	-
Balances with banks:		
In current accounts*	93.88	156.35
Fixed deposits (with original maturity of 3 months or less)	-	250.68
Total	**93.88**	**407.03**

*includes ₹ 0.10 crore in current account maintained for employees care fund (Previous year: ₹ 0.13 crore)

6. Bank balances other than cash and cash equivalents

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed deposits (with original maturity more than 3 months)	14.99	0.14
Total	**14.99**	**0.14**

7. Derivative financial instruments

(₹ in crore)

	As at 31 March 2023		
Particulars	Notional Amount	Fair value assets	Fair Value Liabilities
Interest Rate Derivatives			
Interest Rate Swaps (Fair Value Hedge)	100.00	1.37	-
Total	**100.00**	**1.37**	**-**

(₹ in crore)

	As at 31 March 2022		
Particulars	Notional Amount	Fair value assets	Fair Value Liabilities
Interest Rate Derivatives			
Interest Rate Swaps (Fair Value Hedge)	-	-	-
Total	**-**	**-**	**-**

The Company has a Board approved policy for entering into derivative transactions. Derivative transactions comprise of interest rate swaps. The Company undertakes such transactions for hedging borrowings. The Asset Liability Management Committee periodically monitors and reviews the risk involved.

8. Receivables

(₹ in crore)

Particulars	As at 31 March 2023	2022
Trade receivables		
Considered good - Unsecured		
Fees, commission and others	1.60	1.87
Less: Impairment allowance	0.01	-
	1.59	**1.87**
Other receivables		
Considered good - unsecured		
Others	0.36	0.01
Less: Impairment allowance	-	-
	0.36	**0.01**
Total	**1.95**	**1.88**

-No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

-No trade receivables are due from firms or private companies in which any director is a partner, a director or a member.

Trade receivables ageing schedule as at 31 March 2023

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables								
(i) Considered good	-	-	1.59	-	-	-	-	1.59
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-
Disputed Trade Receivables								-
(i) Considered good			-	-	-	-	-	-
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-

Trade receivables ageing schedule as at 31 March 2022

Particulars	Not due	Unbilled	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivables								
(i) Considered good	-	-	1.87	-	-	-	-	1.87
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-
Disputed Trade Receivables								-
(i) Considered good			-	-	-	-	-	-
(ii) Which have significant increase in credit risk			-	-	-	-	-	-
(iii) Credit impaired			-	-	-	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

9. Loans

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	At amortised Cost	At FVOCI*	Total	At amortised Cost	At FVOCI*	Total
Term Loan						
I. Secured						
Against equitable mortgage of immovable property	13,052.50	47,482.45	60,534.95	9,642.74	35,384.75	45,027.49
Less: Impairment loss allowance	129.12	368.78	497.90	101.76	339.91	441.67
Total (I)	**12,923.38**	**47,113.67**	**60,037.05**	**9,540.98**	**35,044.84**	**44,585.82**
II. Unsecured						
Unsecured loans	2,104.31	-	2,104.31	1,922.17	-	1,922.17
Less: Impairment loss allowance	27.47	-	27.47	25.92	-	25.92
Total (II)	**2,076.84**	**-**	**2,076.84**	**1,896.25**	**-**	**1,896.25**
Total (I+II)	**15,000.22**	**47,113.67**	**62,113.89**	**11,437.23**	**35,044.84**	**46,482.07**
Out of above :						
I. Loans in India						
Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**-**
Others	15,156.81	47,482.45	62,639.26	11,564.91	35,384.75	46,949.66
Less: Impairment loss allowance	156.59	368.78	525.37	127.68	339.91	467.59
	15,000.22	**47,113.67**	**62,113.89**	**11,437.23**	**35,044.84**	**46,482.07**
II. Loans outside India	-	-	-	-	-	-
Total (I+II)	**15,000.22**	**47,113.67**	**62,113.89**	**11,437.23**	**35,044.84**	**46,482.07**
Out of above						
(i) Secured by tangible	12,823.37	47,113.67	59,937.04	9,231.43	35,044.84	44,276.27
(ii) Secured by intangible assets	301.51	-	301.51	292.77	-	292.77
(iii) Covered by Bank/ Government Guarantee	100.01	-	100.01	309.55	-	309.55
(iv) Unsecured	1,775.33	-	1,775.33	1,603.48	-	1,603.48
Total (i+ii+iii+iv)	**15,000.22**	**47,113.67**	**62,113.89**	**11,437.23**	**35,044.84**	**46,482.07**

*The net value is the fair value of these loans

Loans including installment and interest outstanding amounts to 5.77 crore in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI].

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are (a) repayable on demand or (b) without specifying any terms or period of repayment.

Loan details

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	At amortised Cost	At FVOCI	Total	At amortised Cost	At FVOCI	Total
Total Gross loan	15,371.30	47,512.09	62,883.39	11,727.70	35,505.99	47,233.69
Less: EIR impact	214.49	29.64	244.13	162.79	121.24	284.03
Total for gross term loan net of EIR impact	**15,156.81**	**47,482.45**	**62,639.26**	**11,564.91**	**35,384.75**	**46,949.66**

9. Loans (Contd.)

Summary of loans by stage distribution

(₹ in crore)

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2*	Stage 3	Total	Stage 1	Stage 2*	Stage 3	Total
Gross carrying amount	62,142.02	359.91	137.33	62,639.26	46,199.61	603.69	146.36	46,949.66
Less: Impairment loss allowance	359.66	78.37	87.34	525.37	259.95	128.17	79.47	467.59
Net carrying amount	**61,782.36**	**281.54**	**49.99**	**62,113.89**	**45,939.66**	**475.52**	**66.89**	**46,482.07**

*Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related stress of ₹ 94 crore (previous year ₹ 286 crore) where there were no overdue. Such loans get reclassified to Stage 1, post 12 months of satisfactory performance.

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans

(₹ in crore)

Particulars	For the year ended 31 March 2023							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
Balance as at the beginning of the year	**46,199.61**	**259.95**	**603.69**	**128.17**	**146.36**	**79.47**	**46,949.66**	**467.59**
Transfer during the year								
Transfer to stage 1	239.13	24.24	(226.58)	(24.10)	(12.55)	(0.14)	-	-
Transfer to stage 2	(141.05)	(26.56)	159.89	33.81	(18.84)	(7.25)	-	-
Transfer to stage 3	(54.38)	(20.03)	(78.60)	(39.85)	132.98	59.88	-	-
	43.70	**(22.35)**	**(145.29)**	**(30.14)**	**101.59**	**52.49**	**-**	**-**
Impact of changes in credit risk on account of stage movements		(28.45)		28.00		38.86	-	38.41
Changes in opening credit exposures (additional disbursement net of repayments)	(9,950.71)	4.44	(103.82)	(48.71)	(60.84)	(32.21)	(10,115.37)	(76.48)
New credit exposures during the year, net of repayments	25,849.42	146.07	5.33	1.05	2.93	1.44	25,857.68	148.56
Amounts written off during the year					(52.71)	(52.71)	(52.71)	(52.71)
Balance as at the end of the year	**62,142.02**	**359.66**	**359.91**	**78.37**	**137.33**	**87.34**	**62,639.26**	**525.37**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

9. Loans (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2022							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
Balance as at the beginning of the year	**32,996.17**	**178.68**	**659.36**	**131.88**	**119.13**	**45.20**	**33,774.66**	**355.76**
Transfer during the year								
Transfer to stage 1	185.49	31.79	(179.45)	(29.83)	(6.04)	(1.96)	-	-
Transfer to stage 2	(316.14)	(1.91)	317.77	2.56	(1.63)	(0.65)	-	-
Transfer to stage 3	(63.32)	(0.36)	(55.93)	(11.91)	119.25	12.27	-	-
	(193.97)	**29.52**	**82.39**	**(39.18)**	**111.58**	**9.66**	**-**	**-**
Impact of changes in credit risk on account of stage movements		(20.93)		50.68		60.57	-	90.32
Changes in opening credit exposures (additional disbursement net of repayments)	(8,224.41)	(45.15)	(154.99)	(17.71)	(19.22)	32.17	(8,398.62)	(30.69)
New credit exposures during the year, net of repayments	21,621.82	117.83	16.93	2.50	4.11	1.11	21,642.86	121.44
Amounts written off during the year	-	-	-	-	(69.24)	(69.24)	(69.24)	(69.24)
Balance as at the end of the year	**46,199.61**	**259.95**	**603.69**	**128.17**	**146.36**	**79.47**	**46,949.66**	**467.59**

Details of impairment of financial instruments disclosed in the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Net impairment loss allowance charge/ (release) for the year	57.78	111.83
Amounts written off during the year	52.71	69.24
Impairment allowance on undrawn loan commitments	12.32	-
Impairment on loans	**122.81**	**181.07**
Add: Impairment on other assets	0.69	-
Impairment on financial instruments	**123.50**	**181.07**

10. Investments

(₹ in crore)

Particulars		As at 31 March 2023	2022
At fair value through profit or loss			
I.	In mutual funds	577.26	580.62
	Add: Fair value gain/(loss)	1.23	0.20
	Total (I) *	**578.49**	**580.82**
II.	In Government Securities / T-Bill	1,422.62	666.90
	Add: Fair value gain/(loss)	(0.20)	0.55
	Total (II)	**1,422.42**	**667.45**
Total (I+II)		**2,000.91**	**1,248.27**

Out of above

(₹ in crore)

Particulars	As at 31 March 2023	2022
In India	2,000.91	1,248.27
Outside India	-	-
	2,000.91	**1,248.27**

* All the investments are in the debt oriented mutual fund schemes which includes investments for employee care fund of ₹ 0.93 crore (Previous year ₹ 0.56 crore).

11. Other financial assets

(₹ in crore)

Particulars	As at 31 March 2023	2022
Security deposits	7.52	6.98
Receivables on assigned loans	288.10	235.45
Others*	7.00	11.50
	302.62	**253.93**
Less: Impairment loss allowance**	0.68	-
Total	**301.94**	**253.93**

* Includes receivable from pools purchased under direct assignment ₹ 4.30 crore (Previous year ₹ 11.50 crore).

** Impairment allowance recognised on receivable on assigned loans is ₹ 0.63 crore (Previous year ₹ Nil).

12. Deferred tax assets (net)

Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate

(₹ in crore)

Particulars	As at 31 March 2023	2022
Profit before tax	**1,700.06**	**959.86**
Tax at corporate tax rate of 25.17% (Previous year: 25.17%)	**427.91**	**241.60**
Tax on expenditure not considered for tax provision (net of allowance)	14.38	8.78
Tax on additional deductions	(0.03)	(0.14)
Tax expense (effective tax rate of 26.01%, Previous year 26.07%)	**442.26**	**250.24**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

12. Deferred tax assets (net) (Contd.)

For the year ended 31 March 2023

(₹ in crore)

Particulars		Balance as at 31 March 2022	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2023
I.	**Deferred tax asset**				
	Property, plant and equipment and Intangible assets	0.92	0.10	-	1.02
	Remeasurements of employee benefits	1.00	0.59	(1.39)	0.20
	Expected credit loss	105.38	9.61	-	114.99
	EIR impact on financial instruments measured at amortised cost	0.52	(0.17)	-	0.35
	Mark to Market impact on fair value hedge	-	0.01	-	0.01
	Right of use assets and lease liability (net)	1.03	0.02	-	1.05
Gross deferred tax assets (I)		**108.85**	**10.16**	**(1.39)**	**117.62**
II.	**Deferred tax liabilities**				
	Service asset on Assigned loans	59.26	13.25	-	72.51
	Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	33.83	39.26	-	73.09
	Unrealised net gain on fair value changes	0.18	0.06	-	0.24
	Other temporary differences	-	0.05	-	0.05
Gross deferred tax liabilities (II)		**93.27**	**52.62**	**-**	**145.89**
Deferred tax assets/ (liabilities), net (I-II)		**15.58**	**(42.46)**	**(1.39)**	**(28.27)**

For the year ended 31 March 2022

(₹ in crore)

Particulars		Balance as at 31 March 2021	Recognised in profit and loss	Recognised in OCI	Balance as at 31 March 2022
I.	**Deferred tax asset**				
	Depreciation and amortisation	0.97	(0.05)	-	0.92
	Disallowance u/s 43B of the Income Tax Act, 1961	0.22	0.62	0.16	1.00
	Impairment of financial instruments	76.91	28.47	-	105.38
	EIR impact on financial instruments measured at amortised cost	0.76	(0.24)	-	0.52
	Lease liability	0.94	0.09	-	1.03
Gross deferred tax assets (I)		**79.80**	**28.89**	**0.16**	**108.85**
II.	**Deferred tax liabilities**				
	Service fees for management of assigned portfolio of loans	45.32	13.94	-	59.26
	Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	18.72	15.11	-	33.83
	Unrealised net gain on fair value changes	0.50	(0.32)	-	0.18
Gross deferred tax liabilities (II)		**64.54**	**28.73**	**-**	**93.27**
Deferred tax assets/ (liabilities), net (I-II)		**15.26**	**0.16**	**0.16**	**15.58**

13. Property, plant and equipment and intangible assets

For the year ended 31 March 2023

(₹ in crore)

Particulars	Gross Block: As at 1 April 2022	Gross Block: Additions	Gross Block: Deductions/ adjustments	Gross Block: As at 31 March 2023	Depreciation, amortisation and impairment: As at 1 April 2022	Depreciation, amortisation and impairment: Deductions/ adjustments	Depreciation, amortisation and impairment: For the year	Depreciation, amortisation and impairment: As at 31 March 2023	Net block: As at 31 March 2023
Property, plant and equipment[(a)]									
Buildings[(b)]	2.39	-	-	2.39	0.41	-	0.04	0.45	1.94
Computers	22.90	7.03	4.77	25.16	8.92	1.86	5.08	12.14	13.02
Furniture and Fixtures	11.74	2.06	0.81	12.99	5.10	0.72	1.02	5.40	7.59
Vehicles	11.37	9.70	2.03	19.04	3.13	0.43	1.91	4.61	14.43
Office equipment	14.53	0.44	0.15	14.82	8.41	0.11	2.74	11.04	3.78
Lease hold improvement	13.12	1.11	-	14.23	8.20	-	2.04	10.24	3.99
Right-of-use - Premises	64.76	18.36	1.10	82.02	28.55	0.68	13.98	41.85	40.17
Total (i)	**140.81**	**38.70**	**8.86**	**170.65**	**62.72**	**3.80**	**26.81**	**85.73**	**84.92**
Intangible assets[(c)]									
Computer Software	27.91	15.56	-	43.47	8.80	(0.01)	6.59	15.40	28.07
Total (ii)	**27.91**	**15.56**	**-**	**43.47**	**8.80**	**(0.01)**	**6.59**	**15.40**	**28.07**
Total (i+ii)	**168.72**	**54.26**	**8.86**	**214.12**	**71.52**	**3.79**	**33.40**	**101.13**	**112.99**

For the year ended 31 March 2022

(₹ in crore)

Particulars	Gross Block: As at 1 April 2021	Gross Block: Additions	Gross Block: Deductions/ adjustments	Gross Block: As at 31 March 2022	Depreciation, amortisation and impairment: As at 1 April 2021	Depreciation, amortisation and impairment: Deductions/ adjustments	Depreciation, amortisation and impairment: For the year	Depreciation, amortisation and impairment: As at 31 March 2022	Net block: As at 31 March 2022
Property, plant and equipment[(a)]									
Buildings[(b)]	2.39	-	-	2.39	0.38	-	0.03	0.41	1.98
Computers	14.70	10.93	2.73	22.90	7.15	1.68	3.45	8.92	13.98
Furniture and Fixtures	10.81	0.94	0.01	11.74	4.24	0.01	0.87	5.10	6.64
Vehicles	8.44	4.79	1.86	11.37	2.78	0.79	1.14	3.13	8.24
Office equipment	13.54	1.08	0.09	14.53	5.90	0.06	2.57	8.41	6.12
Lease hold improvement	12.78	0.67	0.33	13.12	6.11	0.31	2.40	8.20	4.92
Right-of-use - Premises	45.82	19.24	0.30	64.76	17.60	-	10.95	28.55	36.21
Total (i)	**108.48**	**37.65**	**5.32**	**140.81**	**44.16**	**2.85**	**21.41**	**62.72**	**78.09**
Intangible assets[(c)]									
Computer Software	19.02	8.89	-	27.91	4.45	-	4.35	8.80	19.11
Total (ii)	**19.02**	**8.89**	**-**	**27.91**	**4.45**	**-**	**4.35**	**8.80**	**19.11**
Total (i+ii)	**127.50**	**46.54**	**5.32**	**168.72**	**48.61**	**2.85**	**25.76**	**71.52**	**97.20**

Notes

(a) See note no. 4.6 and 4.14

(b) Title deeds of immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of lessee) are held in the name of the Company.

(c) See note no. 4.7

Notes to financial statements for the year ended 31 March 2023 (Contd.)

13. Property, plant and equipment and intangible assets (Contd.)

13.A Intangible assets under development

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Opening balance	1.46	0.62
Additions during the year	10.72	4.11
Deductions/Adjustments	(11.87)	(3.27)
Closing balance	**0.31**	**1.46**

13.B Intangible assets under development aging

As at 31 March 2023

(₹ in crore)

Particulars	Period				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in progress	0.31	-	-	-	**0.31**

As at 31 March 2022

(₹ in crore)

Particulars	Period				Total
	Less than 1 year	1-2 years	2-3 years	more than 3 years	
Projects in progress	1.46	-	-	-	**1.46**

The Company does not have any project temporary suspended or any Intangible asset under development which is overdue or has exceeded its cost compared to its original plan and hence Intangible asset under development completion schedule is not applicable.

14. Other non-financial assets

(₹ in crore)

Particulars	As at 31 March 2023	2022
Capital advances	0.03	0.98
Advances to suppliers and others*	7.91	9.46
Total	**7.94**	**10.44**

* (a) includes excess CSR spend of ₹ 0.64 crore (Previous year: Nil)

(b) Impairment allowance recognised on advances to suppliers and others is ₹ 0.01 crore (Previous year: ₹ 0.37 crore).

15. Payables

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Total outstanding dues of micro enterprises and small enterprises# (₹24,480)		0.18
Total outstanding dues of creditors other than micro enterprises and small enterprises	45.93	36.23
Total	**45.93**	**36.41**
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	73.04	38.17
Total	**73.04**	**38.17**

#Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and relied upon by the auditors, the relevant particulars as at the year-end are furnished below:

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Principal amount due to suppliers under MSMED Act, as at the year end (₹24,480) (since paid)		0.18
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	3.46	4.62
Interest paid to suppliers under MSMED Act (other than section 16)	-	-
Interest paid to suppliers under MSMED Act (section 16)	0.09	0.03
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

Trade Payable aging schedule as at 31 March 2023

(₹ in crore)

Particulars	Not due	Unbilled	Outstanding from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	more than 3 years	
(i) MSME (₹24,480)	-	-		-	-	-	-
(ii) Others	-	42.89	2.97	0.05	0.02		45.93
(iii) Disputed dues - MSME			-	-	-	-	-
(iv) Disputed dues - Others			-	-	-	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

15. Payables (Contd.)

Trade Payable aging schedule as at 31 March 2022

(₹ in crore)

Particulars		Not due	Unbilled	Outstanding from due date of payment				Total
				Less than 1 year	1-2 years	2-3 years	more than 3 years	
(i)	MSME	-	-	0.18	-	-	-	0.18
(ii)	Others	-	32.52	3.67	0.02	0.01	0.01	36.23
(iii)	Disputed dues - MSME			-	-	-	-	-
(iv)	Disputed dues - Others			-	-	-	-	-

16. Debt securities

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Secured		
Privately placed redeemable non-convertible debentures*	18,476.39	11,730.67
	18,476.39	**11,730.67**
Unsecured		
Borrowings by issue of commercial paper	423.49	3,997.23
Privately placed partly paid redeemable non-convertible debentures	1,015.04	761.25
	1,438.53	**4,758.48**
Total	**19,914.92**	**16,489.15**
Out of above		
In India	19,914.92	16,489.15
Outside India	-	-
Total	**19,914.92**	**16,489.15**

*All the Privately placed secured redeemable non-convertible debentures of the Company including those issued during the year ended 31 March 2023 are fully secured by first pari passu charge by mortgage of the Company's immovable property at Chennai and/or by hypothecation of book debts/loan receivables to the extent as stated in the respective information memorandum. Further, the Company has, at all times, for the non-convertible debentures, maintained asset cover as stated in the respective information memorandum which is sufficient to discharge the principal amount, interest accrued thereon and such other sums as mentioned therein.

The quarterly statements or returns of assets filed by the Company with banks, financials institutions and debenture trustees are in agreement with books of accounts. The amount reported in quarterly statements is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties as required by banks, financial institutions and debenture trustees.

The Company has no pending charges or satisfaction which are required to be registered with ROC.

As a part of Interest rate risk management, the Company has entered into INR interest rate swaps of a notional amount of ₹ 100 crore.

16. Debt securities (Contd.)

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2023

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Redeemable at par					
Up to 2 years	3,225.00	1,250.00	-	-	4,475.00
2-3 years	1,075.00	985.00	4,350.00	-	6,410.00
3-4 years	-	2,150.00	720.00	-	2,870.00
More than 4 years	-	-	-	5,175.00	5,175.00
Redeemable at premium					
3-4 years	-	-	-	-	-
Interest accrued	613.87	13.33	-		627.20
Fair value gain/ loss on NCD hedged through interest rate swap					1.39
Impact of EIR					(67.16)
Total					**19,491.43**

Interest rate ranges from 5.00 % p.a. to 8.04 % p.a. as at 31 March 2023.
Amount to be called and paid is ₹ 105 crore each in Jan 2024, Jan 2025 and ₹ 120 crore in Jan 2026.
Amount to be called and paid is ₹ 147 crore each Mar 2024, Mar 2025 and ₹ 168 crore in Mar 2026.

Terms of repayment of non convertible debenture (NCDs) as at 31 March 2022

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
Redeemable at par					
Up to 2 years	900.00	3,225.00	-	-	4,125.00
2-3 years	165.00	1,075.00	985.00	-	2,225.00
3-4 years	990.00	-	2,150.00	330.00	3,470.00
More than 4 years	-	-	-	1,327.00	1,327.00
Redeemable at premium					
3-4 years	800.80	-	-	-	800.80
Interest accrued	544.25	-	6.33	-	550.58
Impact of EIR					(6.46)
Total					**12,491.92**

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2022.
Amount to be called and paid is ₹ 105 crore each in Jan 2023, Jan 2024, Jan 2025 and ₹ 120 crore in Jan 2026.
Amount to be called and paid is ₹ 147 crore each Mar 2023, Mar 2024 and ₹ 168 crore in Mar 2025.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

17. Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Secured*		
Term loans from banks	31,495.22	24,493.17
Loans repayable on demand from banks		
Cash credit / Overdraft facility	141.76	-
Working capital demand loan	17.72	-
Term loans from others		
National Housing Bank	2,000.00	-
Total	**33,654.70**	**24,493.17**
Out of above:		
In India	33,654.70	24,493.17
Outside India	-	-
Total	**33,654.70**	**24,493.17**

* Secured against hypothecation of book debts, loan receivables and other receivables.

a) Nature of security for term loans taken from Banks

The quarterly statements or returns of assets filed by the Company with banks, financials institutions and debenture trustees are in agreement with books of accounts. The amount reported in quarterly statements is adjusted for net stage 3 loan balances, interest accrued but not due and loans to related parties as required by banks, financial institutions and debenture trustees.

b) Nature of security for term loans taken from NHB

(i) All the outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.10 times of outstanding amount as per sanctioned terms.

(ii) During FY23, the Company has been availed refinance facility from NHB of ₹ 2000 crore under 'Regular Refinance Scheme' and 'Affordable Housing Scheme' for long term liquidity support in respect of eligible individual Housing loans"

c) The Company has no pending charges or satisfaction which are required to be registered with ROC.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

17. Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loan from banks as at 31 March 2023

(₹ in crore)

Original maturity of loan (as per Sanction) (In no. of years)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 years		Total	
	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore
Quarterly Principal Payment										
2-3 years	2	31.25							2	31.25
3-4 years			2	200.00					2	200.00
More than 4 years	129	2,496.86	103	2,154.16	80	1,584.36	150	3,527.00	462	9,762.38
Half yearly Principal Payment										
3-4 years	2	142.86	2	142.86					4	285.72
More than 4 years	43	1,688.94	48	1,608.11	46	2,052.10	123	5,977.82	260	11,326.97
Yearly Principal Payment										
3-4 years	2	436.25	1	375.00					3	811.25
More than 4 years	15	958.34	11	838.33	7	643.33	18	2,540.00	51	4,980.00
Bullet Payment on maturity										
2-3 years			1	250.00					1	250.00
3-4 years			1	500.00					1	500.00
More than 4 years	3	650.00					3	2,700.00	6	3,350.00
Interest accrued										2.93
Impact of EIR										(5.28)
Total									**792**	**31,495.22**

Interest rate ranges from 5.05 % p.a. to 9.02 % p.a. as at 31 March 2023.

Terms of repayment of term loan from NHB as at 31 March 2023

(₹ in crore)

Original maturity of loan (as per Sanction) (In no. of years)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 years		Total	
	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore
Quarterly Principal Payment										
More than 4 years	21	180.98	28	241.31	28	241.31	172	1,336.40	249	2,000.00
Interest accrued										-
Impact of EIR										-
Total									**249**	**2,000.00**

Interest rate ranges from 5.52 % p.a. to 7.55 % p.a. as at 31 March 2023.

Terms of repayment of working capital demand loan as at 31 March 2023

(₹ in crore)

Original maturity of loan (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Up to 1 year	17.72	-	-	-	17.72
Interest accrued and impact of EIR	-	-	-	-	-
Total					**17.72**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

17. Borrowings (other than debt securities) (Contd.)

Terms of repayment of term loans from banks as at 31 March 2022

(₹ in crore)

Original maturity of loan (as per Sanction) (In no. of years)	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 years		Total	
	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore	Total No. of instalments	₹ in crore
Quarterly Principal Payment										
Up to 2 years	1	300.00							1	300.00
2-3 years	4	62.50	2	31.25					6	93.75
3-4 years	12	598.33			2	200.00			14	798.33
More than 4 years	110	2,032.58	99	2,082.58	63	1,439.87	72	2,395.29	344	7,950.32
Half yearly Principal Payment										
3-4 years	2	142.86	2	142.86	2	142.86			6	428.58
More than 4 years	27	1,250.94	38	1,529.30	34	1,241.80	78	3,205.88	177	7,227.92
Yearly Principal Payment										
3-4 years	1	150.00	1	225.00	1	375.00			3	750.00
More than 4 years	13	725.00	12	625.00	8	505.00	6	550.00	39	2,405.00
Bullet Payment on maturity										
Up to 2 years	5	2,175.00							5	2,175.00
2-3 years	4	50.00			1	250.00			5	300.00
3-4 years	1	211.25	1	211.25	1	500.00			3	922.50
More than 4 years			3	650.00			1	500.00	4	1,150.00
Interest accrued			-	-	-	-	-	-		1.03
Impact of EIR										(9.26)
Total									**607**	**24,493.17**

Interest rate ranges from 5.05 % p.a. to 7.12 % p.a. as at 31 March 2022.

18. Deposits

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured		
At Amortised Cost		
From Others (Inter corporate deposit)	175.77	510.00
Total	**175.77**	**510.00**

Terms of repayment of Deposits as at 31 March 2023

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Up to 1 year	2.78	-	-	-	2.78
Over 1 to 2 years	-	165.34	-	-	165.34
Over 2 to 3 years	-	-	1.20	-	1.20
Interest accrued	6.45	-	-		6.45
Total					**175.77**

Interest rate ranges from 7.28 % p.a. to 7.60 % p.a.

18. Deposits (Contd.)

Terms of repayment of Deposits as at 31 March 2022

(₹ in crore)

Original maturity (In no. of years)	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	Total
On maturity (Bullet)					
Up to 1 year	65	-	-	-	65.00
Over 1 to 2 years	-	445.00	-	-	445.00
Interest accrued and impact of EIR					-
Total					**510.00**

Interest rate ranges from 4.00 % p.a. to 4.10 % p.a.

19. Other financial liabilities

(₹ in crore)

Particulars	As at 31 March 2023	2022
Security deposits	0.08	0.08
Lease Liability*	44.33	40.29
Others**	167.21	134.05
Total	**211.62**	**174.42**

*Disclosures as required by Ind AS 116 - Leases are stated below :

** Includes amount payable to assignment partners and insurance partners

** Includes amount for employee care fund of ₹ 1.03 crore (Previous year ₹ 0.69 crore).

a. Lease Liability Movement

(₹ in crore)

Particulars	As at 31 March 2023	2022
Opening Balance / Transition adjustment	40.29	31.96
Add :		
Addition during the year	18.36	19.24
Interest on Lease Liability	2.77	2.46
Lease modification/ adjustments	-	-
Less :		
Deletion during the year	0.49	0.37
Lease rental payments	16.60	13.00
Balance at the end of the year	**44.33**	**40.29**

b. Lease rentals of ₹ 0.75 crore (Previous year ₹ 0.89 crore) pertaining to short-term leases, low value assets and GST disallowance on lease rentals have been charged to Statement of Profit and Loss.

c. Future Lease Cash Outflow for all leased assets

(₹ in crore)

Particulars	As at 31 March 2023	2022
-Not later than one year	16.25	15.45
-Later than one year but not later than five years	34.45	30.25
-Later than five years	0.09	1.79

Notes to financial statements for the year ended 31 March 2023 (Contd.)

19. Other financial liabilities (Contd.)

d. Maturity Analysis of Lease Liability

(₹ in crore)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Lease Liability	13.55	30.78	11.57	28.72

e. Amount recognised in Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Interest on lease liabilities	2.77	2.46
Depreciation charge for the year	13.98	10.95
(Gain)/loss on pre-mature lease closure	(0.07)	(0.07)
Total	**16.68**	**13.34**

20. Provisions

(₹ in crore)

Particulars	As at 31 March 2023	2022
Provision for employee benefits		
Gratuity	-	1.03
Compensated absences	1.34	1.37
Other long term service benefits	1.97	1.65
Others provisions		
Impairment allowance on undrawn loan commitments	12.32	-
Total	**15.63**	**4.05**

21. Other non-financial liabilities

(₹ in crore)

Particulars	As at 31 March 2023	2022
Statutory Dues	12.87	15.08
Others	2.03	5.21
Total	**14.90**	**20.29**

22. Equity share capital

(₹ in crore)

	As at 31 March	
Particulars	**2023**	**2022**
Authorised		
8,000,000,000 (8,000,000,000) equity shares of ₹ 10 each	8,000.00	8,000.00
Issued		
6,71,21,55,564 (4,88,33,33,329) equity shares of ₹ 10 each	6,712.16	4,883.33
Subscribed and paid up		
6,71,21,55,564 (4,88,33,33,329) equity shares of ₹ 10 each fully called up and paid up	6,712.16	4,883.33
Total	**6,712.16**	**4,883.33**

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

(₹ in crore)

	As at 31 March 2023		As at 31 March 2022	
Particulars	**Nos.**	**₹ in crore**	**Nos.**	**₹ in crore**
Outstanding at the beginning of the year	4,883,333,329	4,883.33	4,883,333,329	4,883.33
Add: Issue of equity shares on right basis	1,828,822,235	1,828.83	-	-
Outstanding at the end of the year	**6,712,155,564**	**6,712.16**	**4,883,333,329**	**4,883.33**

The Company has allotted 1,828,822,235 equity shares having face value of ₹ 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7 April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.

b. Terms/rights/restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company (face value ₹ 10 per share)

(₹ in crore)

	As at 31 March 2023		As at 31 March 2022	
Particulars	**Nos.**	**₹ in crore**	**Nos.**	**₹ in crore**
Bajaj Finance Limited*	6,712,155,564	6,712.16	4,883,333,329	4,883.33

* A subsidiary of Bajaj Finserv Ltd.

d. Details of shareholders holding more than 5% shares in the Company (face value ₹ 10 per share)

(₹ in crore)

	As at 31 March 2023		As at 31 March 2022	
Particulars	**Nos.**	**% Holding**	**Nos.**	**% Holding**
Bajaj Finance Ltd. (Holding Company)	6,712,155,564	100.00%	4,883,333,329	100.00%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

22. Equity share capital (Contd.)

e. Details of shareholding of promoters

Shares held by promoters at the year ended 31 March 2023

S.N.	Promoter name	No. of Shares	% of total shares	% Changes during the year
1	Bajaj Finance Ltd.	6,712,155,564	100.00%	0.00%

Shares held by promoters at the year ended 31 March 2022

S.N.	Promoter name	No. of Shares	% of total shares	% Changes during the year
1	Bajaj Finance Ltd.	4,883,333,329	100.00%	0.00%

23. Other equity

(₹ in crore)

Particulars	As at 31 March 2023	2022
(i) Securities premium		
Balance as at the beginning of the year	166.67	166.67
Add: Received during the year		
On right issue of shares	671.05	-
Balance as at the end of the year (i)	**837.72**	**166.67**
(ii) Statutory reserve in terms of Section 29C of the NHB Act, 1987		
Balance as at the beginning of the year		
(a) Statutory Reserve u/s 29C of the NHB Act, 1987	208.89	126.96
(b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
(c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	134.40	74.40
Total	**365.95**	**224.02**
Addition / appropriation / withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	95.56	81.93
(b) Additional amount transferred u/s 29C of the NHB Act, 1987	-	-
(c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	156.00	60.00
Less:		
(a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-

23. Other equity (Contd.)

(₹ in crore)

Particulars	As at 31 March 2023	2022
Balance as at the end of the year		
(a) Statutory Reserve u/s 29C of the NHB Act, 1987	304.45	208.89
(b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
(c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	290.40	134.40
Balance as at the end of the year (ii)	**617.51**	**365.95**
(iii) Retained earnings		
Balance as at the beginning of the year	1,325.41	758.20
Profit for the year	1,257.80	709.62
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	4.15	(0.48)
	2,587.36	**1,467.34**
Less: Appropriations:		
Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987	95.56	81.93
Transfer to additional statutory reserve in terms of Section 29C of the NHB Act, 1987	-	-
Transfer to special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	156.00	60.00
Total appropriations	**251.56**	**141.93**
Balance as at the end of the year (iii)	**2,335.80**	**1,325.41**
Total (i+ii+iii)	**3,791.03**	**1,858.03**

Nature and purpose of other equity:

i. Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

ii. Statutory Reserve in terms of Section 29C of the National Housing Bank Act, 1987

Reserve Fund is created as per the Section 29C of the National Housing Bank Act, 1987, which requires every housing finance company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the Profit and Loss Account and before any dividend is declared. However, the Company has transferred twenty percent of it's net profit during the previous year to the reserve fund. This includes Special Reserve created to avail the deduction as per the provisions of Section 36(1)(viii) of the Income Tax Act, 1961 on profits derived from the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

iii. Retained earnings

Retained earnings represents the surplus in Profit and Loss Account after appropriation.
The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

(a) actuarial gains and losses; and

(b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

Notes to financial statements for the year ended 31 March 2023 (Contd.)

23. Other equity (Contd.)

iv. Other comprehensive income

On loans:

The Company recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss.

Movement of fair value changes:

(₹ in crore)

Particulars	As at 31 March 2023	2022
Balance as at the beginning of the year	-	-
Fair value changes	28.87	56.37
Impairment loss allowances transferred to profit or loss	(28.87)	(56.37)
Balance as at the end of the year	**-**	**-**

24. Interest income

(₹ in crore)

Particulars	As at 31 March 2023 Amortised Cost*	FVOCI*	FVTPL	Total	As at 31 March 2022 Amortised Cost*	FVOCI*	FVTPL	Total
On loans#	1,506.54	3,703.61	-	5,210.15	1,031.58	2,432.06	-	3,463.64
On investments	-	-	57.40	57.40	-	-	7.15	7.15
On deposits with Banks	1.69	-	-	1.69	10.96	-	-	10.96
Total	**1,508.23**	**3,703.61**	**57.40**	**5,269.24**	**1,042.54**	**2,432.06**	**7.15**	**3,481.75**

*As per effective interest rate (EIR). Refer note no. 4.1(i)

#Net of interest on credit impaired assets amounting to ₹ 26.69 crore (Previous Year ₹ 28.52 crore).

25. Fees and commission income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Distribution income	39.81	33.23
Fees on value added services and products	-	7.33
Service and administration charges	34.89	30.99
Foreclosure income	11.52	10.30
Total	**86.22**	**81.85**

26. Net gain on fair value changes

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Net gain/ (loss) on financial instruments measured at fair value through profit or loss on trading portfolio		
Realised gain/(loss) on investments at FVTPL	111.80	60.21
Unrealised gain/(loss) on investments at FVTPL	0.24	(1.24)
Total	**112.04**	**58.97**

27. Sale of services

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Service charges	27.80	29.49
Service fees for management of assigned portfolio of loans	22.49	112.53
Total	**50.29**	**142.02**

28. Income on derecognised (assigned) loans

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Income on derecognised (assigned) loans	134.80	-
Total	**134.80**	**-**

29. Other operating income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Bad debt recoveries	10.29	1.44
Miscellaneous charges and receipts	1.85	0.68
Total	**12.14**	**2.12**

30. Other income

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Income from Rent	0.20	0.19
Interest on income tax refund	0.30	0.10
Miscellaneous income	0.21	0.13
Total	**0.71**	**0.42**

31. Finance costs

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
On financial liabilities measured at amortised cost:		
On debt securities	1,112.52	745.20
On borrowings other than debt securities	2,074.64	1,400.13
On Deposits	21.39	7.52
On lease liability	2.77	2.46
Total	**3,211.32**	**2,155.31**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

32. Fees and commission expense

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Commission and incentives	0.28	0.11
Loan portfolio management service charges	13.75	4.57
Total	**14.03**	**4.68**

33. Impairment on financial instruments

(₹ in crore)

	For the year ended 31 March 2023			For the year ended 31 March 2022		
Particulars	**At Amortised Cost**	**At FVOCI**	**Total**	**At Amortised Cost**	**At FVOCI**	**Total**
On loans#	54.70	68.11	122.81	50.11	130.96	181.07
On Others	0.69	-	0.69	-	-	-
Total	**55.39**	**68.11**	**123.50**	**50.11**	**130.96**	**181.07**

#Net of interest on credit impaired assets amounting to ₹ 26.69 crore (Previous Year ₹ 28.52 crore).

34. Employee benefits expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Employees emoluments	382.88	304.72
Contribution to provident fund and other funds	18.20	15.68
Share based payments to employees	26.83	19.23
Staff welfare expenses	7.23	9.31
Total	**435.14**	**348.94**

35. Other expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Travelling expenses	24.29	18.01
Information technology expenses	23.76	13.97
Repairs, maintenance and office expenses	15.17	11.56
Employee training, recruitment and management cost	10.92	2.17
Outsourcing / back office expenses	10.64	8.41
Advertisement, branding and promotion	9.78	5.16
Communication expenses	9.38	7.31
Rent, taxes and energy cost	6.12	4.43
Legal and professional charges	4.30	3.27
Bank charges	1.98	1.93
Customer experience	1.97	0.11
Printing and stationery	1.93	1.43

35. Other expenses (Contd.)

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
Director's fees, commission and expenses	1.14	0.50
Net loss on disposal of property, plant and equipment	0.70	0.48
Auditors' fees and expenses*	0.57	0.52
Insurance	0.29	0.19
Business support services	0.02	0.34
Expenditure towards Corporate Social Responsibility activities **	12.68	7.67
Miscellaneous expenses	12.35	4.05
Total	**147.99**	**91.51**

*Auditors' fees & expenses

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
As auditor		
Audit fee	0.30	0.30
Tax audit fee (Previous year ₹ 25,000)	0.04	
Limited review fee	0.09	0.04
In other capacity		
Other services	0.04	0.12
Reimbursement of expenses	0.06	0.02
Total	**0.53**	**0.48**
Total including GST disallowance	**0.57**	**0.52**

** Corporate Social Responsibility expenditure

(₹ in crore)

Particulars	For the year ended 31 March 2023	2022
(a) Gross amount required to be spent by the Company during the year	12.68	7.67
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	7.38
(ii) On purposes other than (i) above	13.32	0.29
(c) Excess / (Shortfall) at the end of the year	0.64	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	NA	NA
(f) Nature of CSR activities (activities as per Schedule VII)	Activities mentioned in i, ii, iii, x	Activities mentioned in i and ii
(g) Details of related party transactions	-	-
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation	-	-

Notes to financial statements for the year ended 31 March 2023 (Contd.)

36. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in crore)

	For the year ended 31 March	
Particulars	**2023**	**2022**
Net profit attributable to equity shareholders (₹ in crore) (A)	1,257.80	709.62
Weighted average number of equity shares for basic and diluted earnings per share (B)	6,68,20,92,733	4,88,33,33,329
Weighted average number of equity shares for diluted earnings per share (C)	6,68,20,92,733	4,88,33,33,329
Earning Per Share (basic) (₹) (A/B)	**1.88**	**1.45**
Earning Per Share (diluted) (₹) (A/C)	**1.88**	**1.45**

37. Segment information

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Company operates in a single geographical segment i.e. domestic.

38. Transfer of financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

39. Revenue from contract with customers

(₹ in crore)

	For the year ended 31 March	
Particulars	**2023**	**2022**
Type of Services		
Distribution income	39.81	33.23
Fees on value added services and products	-	7.33
Service and administration charges	34.89	30.99
Foreclosure income	11.52	10.30
Total	**86.22**	**81.85**
Geographical markets		
India	86.22	81.85
Outside India	-	-
Total	**86.22**	**81.85**
Timing of revenue recognition		
Services transferred at a point in time	86.22	81.85
Services transferred over time	-	-
Total	**86.22**	**81.85**

39. Revenue from contract with customers (Contd.)

Contract balances

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Fees, commission and other receivables	1.60	1.34

Impairment allowance recognised for contract balances is ₹ 0.01 crore (Previous year: Nil)

40. Employee benefits plan

(I) Defined benefit plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, an employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

(i) Movement in defined benefit obligations

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Defined benefit obligation as at the beginning of the year	**25.58**	**21.25**
Current service cost	5.01	3.91
Interest on defined benefit obligation	1.80	1.44
Remeasurement (gain)/ loss:		
Actuarial (gain)/ loss arising from change in financial assumptions	(0.58)	(0.72)
Actuarial (gain)/ loss arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss arising on account of experience changes	(5.33)	1.08
Benefits paid	(1.92)	(1.37)
Liabilities assumed / (settled)*	7.43	-
Defined benefit obligation as at the end of the year	**31.99**	**25.58**

* On account of business combination within the group

(ii) Movement in plan assets

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Fair value of plan asset as at the beginning of the year	**24.55**	**22.66**
Employer contributions	2.89	1.95
Interest on plan assets	1.77	1.59
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.37)	(0.28)
Benefits paid	(1.92)	(1.37)
Assets acquired / (settled)*	7.43	-
Fair value of plan asset as at the end of the year	**34.35**	**24.55**

* On account of business combination within the group

Notes to financial statements for the year ended 31 March 2023 (Contd.)

40. Employee benefits plan (Contd.)

(iii) Reconciliation of net liability/ (asset)

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Net defined benefit liability/ (asset) as at the beginning of the year	**1.03**	**(1.41)**
Expense charged to Statement of Profit and Loss	5.04	3.76
Amount recognised in other comprehensive income	(5.54)	0.64
Employers contribution	(2.89)	(1.95)
Net defined benefit liability/ (asset) as at the end of the year	**(2.36)**	**1.03**

(iv) Expenses charged to the Statement of Profit and Loss

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	5.01	3.91
Interest cost	0.03	(0.15)
Total	**5.04**	**3.76**

(v) Remeasurement (gains)/losses in other comprehensive income

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening amount recognised in other comprehensive income	**4.04**	**3.41**
Changes in financial assumptions	(0.58)	(0.72)
Changes in demographic assumptions	-	-
Experience adjustments	(5.33)	1.08
Actual return on plan assets less interest on plan assets	0.37	0.28
Closing amount recognised in other comprehensive income	**(1.50)**	**4.04**

(vi) Amount recognised in Balance Sheet

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of funded defined benefit obligation	31.99	25.58
Fair value of plan assets	34.35	24.55
Net defined benefit liability recognised in Balance Sheet	**(2.36)**	**1.03**

(vii) Key actuarial assumptions

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate	7.45%	7.25%
Salary escalation rate (p.a.)	11.00%	11.00%
Category of plan assets		
Insurer managed funds	100.00%	100.00%

40. Employee benefits plan (Contd.)

(viii) Sensitivity analysis for significant assumptions is as shown below

	As at 31 March 2023		As at 31 March 2022	
Particulars	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.31)%	4.44%	(4.46)%	4.59%
Impact of decrease in 50 bps on defined benefit obligation	4.61%	(4.19)%	4.78%	(4.33)%

(ix) Projected plan cash flow

(₹ in crore)

	As at 31 March	
Particulars	2023	2022
Maturity Profile		
Expected benefits for year 1	2.27	1.64
Expected benefits for year 2	2.41	1.84
Expected benefits for year 3	2.46	1.94
Expected benefits for year 4	2.61	1.99
Expected benefits for year 5	2.61	2.07
Expected benefits for year 6	2.59	2.07
Expected benefits for year 7	2.86	2.06
Expected benefits for year 8	2.67	2.28
Expected benefits for year 9	5.98	2.11
Expected benefits for year 10 and above	44.54	38.92

(x) Expected contribution to fund in the next year

(₹ in crore)

	As at 31 March	
Particulars	2023	2022
Expected contribution to fund in the next year	1.00	3.00

(B) Long-term service benefit liability

(₹ in crore)

	As at 31 March	
Particulars	2023	2022
Present value of unfunded obligations	1.97	1.65
Expense recognised in the Statement of Profit and Loss	0.52	0.29
Discount rate (p.a.)	7.45%	7.25%

Notes to financial statements for the year ended 31 March 2023 (Contd.)

41. Contingent liabilities and commitments

(a) Contingent liabilities not provided for in respect of

(₹ in crore)

Particulars	As at 31 March 2023	2022
Disputed claims against the Company not acknowledged as debts	3.49	4.23

(b) Capital and other commitments

(₹ in crore)

	Particulars	As at 31 March 2023	2022
(i)	Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))		
-	Tangible	2.81	1.64
-	Intangible	1.36	0.13
(ii)	Other commitments (towards partially disbursed / sanctioned but not disbursed)	6,178.57	4,479.84

42. (a) Changes in capital and asset structure arising from Financing Activities

The Company does not have any financing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.

(b) Changes in liability arising from Financing Activities

For the year ended 31 March 2023

(₹ in crore)

	As at 1 April 2022	Cash flows	Other*	As at 31 March 2023
Debt Securities	16,489.15	3,329.03	96.74	19,914.92
Borrowing other than Debt Securities	24,493.17	9,155.66	5.87	33,654.70
Deposits	510.00	(340.68)	6.45	175.77
Lease Liability	40.29	(13.83)	17.87	44.33
Total	41,532.61	12,130.18	126.93	53,789.72

For the year ended 31 March 2022

(₹ in crore)

	As at 1 April 2021	Cash flows	Other*	As at 31 March 2022
Debt Securities	11,332.08	5,507.20	(350.13)	16,489.15
Borrowing other than Debt Securities	20,268.52	4,221.80	2.85	24,493.17
Deposits	-	510.00	-	510.00
Lease Liability	31.96	(10.54)	18.87	40.29
Total	**31,632.56**	**10,228.46**	**(328.41)**	**41,532.61**

* Other includes Interest accrued and EIR adjustments

43. Disclosure of transactions with related parties as required by Ind AS 24

(₹ in crore)

	Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2023 Transaction Value	For the year ended 31 March 2023 Outstanding amounts carried in Balance Sheet	For the year ended 31 March 2022 Transaction Value	For the year ended 31 March 2022 Outstanding amounts carried in Balance Sheet
A.	**Holding Company, Subsidiaries and Fellow Subsidiaries:**					
1	Bajaj Finserv Ltd. (Ultimate Holding company)	Secured non-convertible debentures issued	-	(550.00)	-	(350.00)
		Interest paid on non-convertible debentures	20.81		9.00	-
		Business support charges paid	3.63	-	-	-
		ESOP Recharge	0.60	(0.71)	-	-
2	Bajaj Finance Ltd. (Holding company)	Contribution to Equity (6,71,21,55,564 shares of ₹ 10 each)	2,500.00	(6,712.16)	-	(4,883.33)
		Security deposit received	-	(0.08)	-	(0.08)
		Rent received	0.20		0.19	-
		Assets purchased	0.79	(0.10)	0.27	-
		Assets sold	0.48	0.35	0.38	-
		Purchase of loan portfolio	-	-	738.79	-
		Direct assignment of loan portfolio	1,789.90	-	1,503.69	-
		Business support charges paid	16.83	(2.32)	7.86	-
		Business support charges received	0.81	-	1.14	-
		Fees and commission received	66.30	0.02	44.64	-
		ESOP recharge	26.17	-	19.23	-
		Investment in Inter Corporate Deposits	-	-	4,900.00	-
		Investment repayment received	-	-	4,900.00	
		Interest income on investments in inter-corporate deposits	-	-	3.82	-
		Short term loan taken	-	-	750.00	-
		Short term loan repaid	-	-	750.00	-
3	Bajaj Financial Securities Ltd. (Fellow Subsidiary)	Company's contribution towards NPS	0.45	-	-	-
4	Bajaj Finserv Direct Ltd. (Subsidiary of Ultimate Holding company)	Business support charges paid	0.66	-	1.05	(0.91)
		Assets purchased	0.09	-	-	-
		Assets sold (₹ 33,647 previous year: ₹ 12,971)				

Notes to financial statements for the year ended 31 March 2023 (Contd.)

43. Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ in crore)

	Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2023 Transaction Value	For the year ended 31 March 2023 Outstanding amounts carried in Balance Sheet	For the year ended 31 March 2022 Transaction Value	For the year ended 31 March 2022 Outstanding amounts carried in Balance Sheet
5	Bajaj Allianz General Insurance Company Ltd. (Subsidiary of Ultimate Holding company)	Insurance expense	4.42	0.63	3.79	4.54
		Interest paid on non-convertible debentures	-	-	10.57	-
		Asset Purchased	-	-	0.01	-
		Secured non-convertible debentures issued	-	(150.00)	-	(100.00)
		Secured non-convertible debentures repaid	100.00		50.00	-
		Interest paid on non-convertible debentures	7.10		-	-
6	Bajaj Allianz Life Insurance Company Ltd. (Subsidiary of Ultimate Holding company)	Insurance expense	9.10	0.65	11.61	0.30
		Interest paid on non-convertible debentures	50.94	-	33.99	-
		Unsecured non-convertible debentures issued	217.00	(868.00)	217.00	(651.00)
B.	**Key Management Personnel and their relatives**					
1	Sanjiv Bajaj	Sitting Fees	0.14	-	0.17	-
	(Chairman)	Commission	0.07	(0.06)	-	-
2	Rajeev Jain	Sitting Fees	0.15	-	-	-
	(Vice Chairman)	Commission	0.11	(0.09)	-	-
3	Atul Jain	Short term employee benefit	10.29	(0.04)	8.14	(1.14)
	(Managing Director)	Share based payment	8.06	-	4.46	-
4	Lila Poonawala	Sitting Fees	0.16	-	0.17	-
	(Director till 21 Jan 2023)	Commission	0.08	(0.07)	-	-
5	Anami Narayan Roy	Sitting Fees	0.16	-	0.11	-
	(Director)	Commission	0.09	(0.08)	-	-
6	Dr. Arindam K Bhattacharya	Sitting Fees	0.07	-	-	-
	(Director w.e.f. 1 May 2022)	Commission	0.05	(0.05)	-	-
7	Dr. Omkar Goswami (Non Executive Director till 9 July 2021)	Sitting Fees	-	-	0.01	-
8	Gaurav Kalani	Short term employee benefit	2.23	(0.77)	1.64	(0.63)
	(Chief Financial Officer)*	Share based payment	0.80	-	0.64	-
9	Atul Patni (Company Secretary w.e.f. 1 May 2022)*	Short term employee benefit	0.48	-	-	-

43. Disclosure of transactions with related parties as required by Ind AS 24 (Contd.)

(₹ in crore)

	Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March 2023		For the year ended 31 March 2022	
			Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
C.	**Other Entities**					
1	Bajaj Auto Ltd.	Security deposit (paid)	-	0.03		0.03
		Rent expense	0.06	-	0.06	-
		Business support charges paid	1.27	-	-	-
2	Bajaj Holdings and Investment Limited	Secured non-convertible debentures issued	-	-	-	-
		Secured non-convertible debentures repaid	-	-	150.00	-
		Business support charges paid	1.51	-	-	-
		Interest paid on non-convertible debentures	-	-	10.41	-
3	Maharashtra Scooters Limited	Secured non-convertible debentures issued	-	(50.00)	-	(50.00)
		Interest paid on non-convertible debentures	2.90	-	1.50	-
4	Hind Musafir Agency Ltd.	Services received	4.06	-	1.25	(0.18)
5	Bajaj Allianz Staffing Solutions Ltd.	Manpower supply services	12.79	-	-	-
6	Poddar Housing And Development Limited	Interest Income	-	-	1.07	-
		Loan repayment received	-	-	13.00	-
7	Ashwin Vijaykumar Jain	Interest Income	-	-	-	-
		Loan repayment received	-	-	0.15	-
D.	**Post employment benefit entity**					
1	Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	3.02	-	2.00	-

*Key managerial personnel as per section 2(51) of the Companies Act, 2013. Disclosure of transactions made in compliance with RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and RBI Circular for Disclosures in Financial Statements- Notes to Accounts of NBFC dated 19 April 2022.

Notes

- Transactions value are excluding taxes and duties.
- Amount in bracket denotes credit balance.
- The above disclosures have been made for related parties identified as such only to be in conformity with the Indian Accounting Standard (Ind AS) 24.
- Name of the related parties and nature of their relationships where control exists have been disclosed irrespective of whether or not there have been transactions with the Company. In other cases, disclosure has been made only when there have been transactions with those parties.
- Related parties as defined under clause 9 of the Indian Accounting Standard - 24 'Related Party Disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on arms' length basis. All outstanding balances are to be settled in cash and are unsecured except secured non-convertible debentures issued to related parties which are disclosed appropriately.
- Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified and hence are not included above.
- NCD transaction includes only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting dates.
- The Company has allotted 1,828,822,235 equity shares having face value of ₹ 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7 April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

44 Relationship with Struck off Companies

For the year ended 31 March 2023

(₹ in crore)

Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Balance outstanding 31 March 2023
CSE Computer Solutions East Pvt Ltd	Loan Given	No	0.36

For the year ended 31 March 2022

(₹ in crore)

Name of struck off Company	Nature of transactions with struck-off Company	Relationship with the Struck off company	Balance outstanding 31 March 2022
Gayathri Technocrats Private Limited*	Loan Given	No	0.15
CSE Computer Solutions East Pvt Ltd	Loan Given	No	0.37

* Company has repaid all outstanding loan amount during the year ended 31 March 2023.

45. Capital

The Company actively manages its capital base to cover risks inherent to its business and meets the capital adequacy requirements of the regulator, the Reserve Bank of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by the RBI.

(i) Capital management

Objective

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support its growth strategy and the risks inherent to its business. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.

The Company monitors its capital adequacy ratio (CRAR) on a monthly basis through its assets liability management committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

45. Capital (Contd.)

(ii) Regulatory capital

(₹ in crore)

Particulars	As at 31 March 2023	2022
Tier I capital	10,184.74	6,469.01
Tier II capital	359.66	259.95
Total capital	**10,544.40**	**6,728.96**
Total risk weighted assets	**45,901.75**	**34,126.15**
Tier I CRAR	22.19%	18.95%
Tier II CRAR	0.78%	0.76%
Total CRAR	**22.97%**	**19.71%**

46. Analytical Ratios

Ratio	Numerator (₹ in crore)	Denominator (₹ in crore)	As at 31 March 2023	As at 31 March 2022	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	10,544.40	45,901.75	22.97%	19.71%	14.19%	NA
Tier I CRAR	10,184.74	45,901.75	22.19%	18.95%	14.60%	NA
Tier II CRAR	359.66	45,901.75	0.78%	0.76%	2.56%	NA
Debt Equity Ratio	53,745.39	10,503.19	5.12	6.15	-20.28%	NA
Liquidity Coverage Ratio	1,516.30	1,012.73	149.72%	131.20%	12.37%	NA

47. Events after reporting date

There have been no events after the reporting date that require adjustment in these financial statements.

48. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company has an internal fair value assessment team which assesses the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

- Benchmarking prices against observable market prices or other independent sources;
- Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions including risk, treasury and finance functions. Finance function is responsible for establishing procedures, governing valuation and ensuring fair values are in compliance with accounting standards.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

48. Fair values (Contd.)

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

- Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note 49) using quoted market prices of the underlying instruments;
- Fair value of loans held for a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at FVOCI. The fair value of these loans have been determined under level 3.

The Company has determined that the carrying values of cash and cash equivalents, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

49. Fair value hierarchy

The Company determines fair values of financial instruments according to the following hierarchy:

Level 1- valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2- valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3- valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2023:

(₹ in crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading designated under FVTPL	31 March 2023	2,000.91	-	-	2,000.91
Loans designated under FVOCI	31 March 2023	-	47,113.67	-	47,113.67
Derivative financial instrument	31 March 2023	-	1.37	-	1.37

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2022:

(₹ in crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31 March 2022	1,248.27	-	-	1,248.27
Loans designated under FVOCI	31 March 2022	-	35,044.84	-	35,044.84
Derivative financial instrument	31 March 2022	-	-	-	-

49. Fair value hierarchy (Contd.)

Fair value of financial instruments not measured at fair value as at 31 March 2023:

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	93.88	93.88	-	-	93.88
Bank balances other than cash and cash equivalents	14.99	14.99	-	-	14.99
Trade receivables	1.59	-	-	1.59	1.59
Other receivables	0.36			0.36	0.36
Loans at amortised cost*	15,000.22	-	-	15,000.22	15,000.22
Other financial assets	301.94	-	-	301.94	301.94
Total financial assets	**15,412.98**	**108.87**	**-**	**15,304.11**	**15,412.98**
Financial liabilities					
Trade payables	45.93	-	-	45.93	45.93
Other payables	73.04	-	-	73.04	73.04
Debt securities	19,914.92	-	19,844.15	-	19,844.15
Borrowings (other than debt securities)	33,654.70	-	-	33,654.70	33,654.70
Deposits	175.77	-	-	175.77	175.77
Other financial liabilities	211.62	-	-	211.62	211.62
Total financial liabilities	**54,075.98**	**-**	**19,844.15**	**34,161.06**	**54,005.21**

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Fair value of financial instruments not measured at fair value as at 31 March 2022:

(₹ in crore)

Particulars	Carrying value	Fair value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial Assets					
Cash and cash equivalents	407.03	407.03	-	-	407.03
Bank balances other than cash and cash equivalents	0.14	0.14	-	-	0.14
Trade receivables	1.87	-	-	1.87	1.87
Other receivables	0.01	-	-	0.01	0.01
Loans at amortised cost*	11,437.23	-	-	11,437.23	11,437.23
Other financial assets	253.93	-	-	253.93	253.93
Total financial assets	**12,100.21**	**407.17**	**-**	**11,693.04**	**12,100.21**
Financial liabilities					
Trade payables	36.41	-	-	36.41	36.41
Other payables	38.17	-	-	38.17	38.17
Debt Securities	16,489.15	-	16,545.35	-	16,545.35
Borrowings (other than debt securities)	24,493.17	-	-	24,493.17	24,493.17
Deposits	510.00	-	-	510.00	510.00
Other financial liabilities	174.42	-	-	174.42	174.42
Total financial liabilities	**41,741.32**	**-**	**16,545.35**	**25,252.17**	**41,797.52**

*Substantial portion of loans are at floating rate of interest, hence does not have material impact on fair valuation.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies

A summary of the major risks faced by the Company, its measurement, monitoring and management are described as under:

<table>
<tr><th>Nature of risk</th><th>Arising from</th><th>Executive governance structure</th><th>Measurement, monitoring and management of risk</th></tr>
<tr><td>Liquidity and funding risk</td><td>Liquidity risk arises from mismatches in the timing of cash flows.

Funding risk arises from
• inability to raise incremental borrowings and deposits to fund business requirement or repayment obligations
• when long term assets cannot be funded at the expected term resulting in cashflow mismatches;
• Amidst volatile market conditions impacting sourcing of funds from banks and money markets</td><td>Board appointed Risk Management Committee (RMC) and Asset Liability Committee (ALCO)</td><td>Liquidity and funding risk is:
• measured by
- identification of gaps in the structural and dynamic liquidity.
- assessment of incremental borrowings required for meeting the repayment obligation, the Company's business plan and prevailing market conditions.
- liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and Board approved liquidity risk framework.
• monitored by
- assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for HFCs.
- a constant calibration of sources of funds in line with emerging market conditions in banking and money markets.
- periodic reviews by ALCO of liquidity position, LCR and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company.
• managed by the Company's treasury team under liquidity risk management framework through various means like HQLA, liquidity buffers, sourcing of long-term funds, positive asset liability mismatch, keeping strong pipeline of sanctions from banks, assignment of loans and Contingency Funding Plan (CFP) to counter extreme liquidity situation under the guidance of ALCO and Board.</td></tr>
<tr><td>Market risk</td><td>Market risk arises from fluctuation in the fair value of future cash flow of financial instruments due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.</td><td>Board appointed RMC and ALCO</td><td>Market risk for the Company encompasses exposures to interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturity profiles.
• measured by using changes in prices, and parameters like Value at Risk ('VaR'), PV01 (price value of a basis point), modified duration and other measures to determine movements in the portfolios and impact on net interest income.
• monitored by assessment of key parameters like fluctuation in the equity and bond price, interest rate sensitivities and Market Value of Equity (MVE) analysis for probable interest rate movements on both fixed and floating assets and liabilities. The Company has a market risk management module which is integrated with it's treasury system. ; and
• managed by the Company's treasury team under the guidance of ALCO and Investment Committee and in accordance with Board approved Investment and Market Risk policy</td></tr>
</table>

50. Risk management objectives and policies (Contd.)

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Credit Risk	Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company.	Board appointed RMC and Chief Risk Officer (CRO)	Credit risk is: • measured as the amount at risk due to repayment default by customers or counterparties to the Company. Various metrics such as instalment default rate, overdue position, restructuring, resolution plans, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk. • monitored by RMC and CRO through review of level of credit exposure, portfolio monitoring, contribution of repeat customers, bureau data, concentration risk of geography, customer and portfolio; and assessment of any major change in the business environment including economic, political as well as natural calamity / pandemic. • managed by a robust control framework by the risk and debt management unit. This is achieved by continuously aligning credit and debt management policies and resourcing, obtaining external data from credit bureaus and review of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, debt management and risk containment along with business. The same is periodically reviewed by the Board appointed RMC.
Operational risk	Operational risk is the risk arising from inadequate or failed internal processes or controls, its people and system and also from external events.	Board appointed RMC / Senior Management and Audit Committee (AC)	Operational risk is: • measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud. • monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework. • managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.

(a) Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company maintains a judicious mix of borrowings from banks, money markets and continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings along with liquidity buffer framework has helped the Company maintain a healthy asset liability position and interest rate during the financial year 2022-23 (FY2023) - the weighted average cost of borrowing was 6.88% versus 6.18% despite highly uncertain market conditions. The overall borrowings including debt securities stood at ₹ 53,745 crore as of 31 March 2023 (previous year ₹ 41,492 crore).

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

The Company continuously monitors liquidity in the market; and as a part of its ALM strategy maintains a liquidity buffer through an active investment desk to reduce this risk. The Company endeavours to maintain liquidity buffer of 5% to 7% of its overall borrowings in normal market scenario. The average liquidity buffer for FY2023 was ₹ 3082 crore. With easing of economic volatility, the Company has brought down its liquidity buffer in a calibrate manner to ₹ 2,110 crore as on 31 March 2023.

RBI vide Circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 has issued guidelines on liquidity risk framework for NBFCs. It covers various aspects of Liquidity risk management such as granular level classification of buckets in structural liquidity statement, tolerance limits thereupon, and liquidity risk management tools and principles. The Company has a Liquidity Risk Management Framework which covers liquidity risk management policy, strategies and practices, liquidity coverage ratio (LCR), stress testing, contingency funding plan, maturity profiling, liquidity risk measurement – stock approach, currency risk, interest rate risk and liquidity risk monitoring framework.

The Company exceeds the regulatory requirement of LCR which mandate maintaining prescribed coverage of expected net cash outflows for a stressed scenario in the form of high quality liquid assets (HQLA). As of 31 March 2023, the Company maintained a LCR of 149.72%, well in excess of the RBI's stipulated norm of 60%. LCR requirement will move to 70% from 1 December 2023 and to 100% by December 2025.

The Company has a Board approved Contingency Funding Plan (CFP) to respond quickly to any anticipated or actual stressed market conditions. The primary goal of the Contingency Funding Plan (CFP) is to provide a framework of action plan for contingency funding when the Company experiences a reduction to its liquidity position, either from causes unique to the Company or systemic events limiting its ability to maintain normal operations and service to customers. The CFP defines the framework to assess, measure, monitor, and respond to potential contingency funding needs. CFP also clearly lays down the Specific contingency funding sources, conditions related to the use of these sources and when they would be used. Roles and responsibilities of the Crisis Management Group constituted under the CFP have been identified to facilitate the effective execution of CFP in a contingency event.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities :

(₹ in crore)

	As at 31 March 2023			As at 31 March 2022		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Debt securities	6,010.36	18,675.79	24,686.15	7,963.53	11,267.77	19,231.30
Borrowings (other than debt securities)	9,017.88	32,248.50	41,266.38	6,369.90	21,750.95	28,120.85
Deposits	15.29	179.65	194.94	85.03	456.55	541.58
Trade payables	45.93	-	45.93	36.41	-	36.41
Other payables	73.04	-	73.04	38.17	-	38.17
Other financial liabilities	183.46	34.62	218.08	149.50	32.12	181.62
Total	**15,345.96**	**51,138.56**	**66,484.52**	**14,642.54**	**33,507.39**	**48,149.93**

50. Risk management objectives and policies (Contd.)

The table below shows contractual maturity profile of carrying value of assets and liabilities:

(₹ in crore)

Particulars	As at 31 March 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	93.88	-	93.88	407.03	-	407.03
Bank balances other than cash and cash equivalents	0.03	14.96	14.99	0.01	0.13	0.14
Derivative Financial Instrument	-	1.37	1.37			
Trade receivables	1.59		1.59	1.87		1.87
Other receivables	0.36		0.36	0.01		0.01
Loans	2,147.69	59,966.20	62,113.89	2,660.43	43,821.64	46,482.07
Investments	2,000.91	-	2,000.91	1,248.27	-	1,248.27
Other financial assets	74.17	227.77	301.94	66.71	187.22	253.93
Non-financial assets						
Current tax assets (net)	-	3.97	3.97	-	9.08	9.08
Deferred tax assets (net)	-	-	-	-	15.58	15.58
Property, plant and equipment	-	84.92	84.92	-	78.09	78.09
Intangible assets under development	-	0.31	0.31	-	1.46	1.46
Other intangible assets	-	28.07	28.07	-	19.11	19.11
Other non-financial assets	7.94	-	7.94	10.44	-	10.44
Total assets	**4,326.57**	**60,327.57**	**64,654.14**	**4,394.77**	**44,132.31**	**48,527.08**
LIABILITIES						
Financial liabilities						
Trade payables	45.93	-	45.93	36.41	-	36.41
Other payables	73.04	-	73.04	38.17	-	38.17
Debt securities	5,335.89	14,579.03	19,914.92	7,423.27	9,065.88	16,489.15
Borrowings (other than debt securities)	6,746.89	26,907.81	33,654.70	4,950.26	19,542.91	24,493.17
Deposits	9.23	166.54	175.77	65.00	445.00	510.00
Other financial liabilities	180.76	30.86	211.62	145.62	28.80	174.42
Non-financial liabilities						
Current tax liabilities (net)	16.17	-	16.17	20.06	-	20.06
Provisions	1.87	13.76	15.63	1.44	2.61	4.05
Deferred tax liabilities (net)	-	28.27	28.27	-	-	-
Other non-financial liabilities	14.90	-	14.90	20.29	-	20.29
Total Liabilities	**12,424.68**	**41,726.27**	**54,150.95**	**12,700.52**	**29,085.20**	**41,785.72**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

(b) Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as interest rates, foreign exchange rates and equity prices.

Interest rate risk

On Investments

The Company manages the duration of its investment portfolio with an objective to optimise the return with minimal possible fair value change impact. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR, PV01 and Modified Duration and other parameters as defined in its Investment and Market risk policy.

Sensitivity analysis as at 31 March 2023 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	2,000.91	2,000.91	(7.75)	7.75
Investment at amortised cost	-	-	-	-

Sensitivity analysis as at 31 March 2022 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	1,248.27	1,248.27	(2.35)	2.35
Investment at amortised cost	-	-	-	-

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured by using the duration gap analysis. The same is monitored monthly by ALCO.

Sensitivity analysis as at 31 March 2023 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Loans	62,113.89	62,113.89	-	-
Debt Securities	19,914.92	19,844.15	(473.15)	502.50
Borrowings (other than debt securities)	33,654.70	33,654.70	-	-

Sensitivity analysis as at 31 March 2022 :

(₹ in crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Loans	46,482.07	46,482.07	-	-
Debt Securities	16,489.15	16,545.35	(248.77)	263.38
Borrowings (other than debt securities)	24,493.17	24,493.17	-	-

50. Risk management objectives and policies (Contd.)

(c) Credit Risk

Credit risk is the risk of financial loss arising out of customers or counterparties failing to meet their repayment obligations to the Company. The Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property (iii) lease rental discounting, (iv) developer loans, (v) rural mortgage loans and (vi) unsecured loans. The Company assesses the credit quality of all financial instruments that are subject to credit risk.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

- stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12-month allowance for ECL is recognised;
- stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised; and
- stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

Treatment and classification methodology of different stages of financial assets is detailed in note no. 4.4 (i)

Computation of impairment on financial instruments

The Company calculates impairment on financial instruments as per ECL approach prescribed under Ind AS 109 'Financial instrument'. ECL uses three main components: PD (Probability of Default), LGD (loss given default) and EAD (exposure at default) along with an adjustment considering forward macro economic conditions. For further details of computation of ECL please refer to significant accounting policies note no 4.4 (i).

The Company recalibrates components of its ECL model periodically by; (1) using the available incremental and recent information, except where such information do not represent the future outcome, and (2) assessing changes to its statistical techniques for a granular estimation of ECL. Accordingly, during the year, the Company has redeveloped its ECL model and implemented the same with the approval of Audit Committee and the Board. The Company follows simplified ECL approach under Ind AS 109 'Financial instruments' for trade receivables, and other financial assets.

The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using empirical data where relevant:

	PD				
Lending verticals	**Stage 1**	**Stage 2**	**Stage 3**	**EAD**	**LGD**
Home loans Loan against property Rural mortgage loans Lease rental discounting Developer loans Other loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket approach. for retail loans and management evaluation/judgement for wholesale loans.		100%	Ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period, except Stage 3 where EAD is 100%.	LGD is ascertained using past trends of recoveries for each set of portfolios and discounted using a reasonable approximation of the original effective rates of interest.

The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

As at 31 March 2023

(₹ in crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	60,059.13	347.53	128.29	2,082.89	12.38	9.04
Allowance for ECL	341.94	74.97	80.99	17.72	3.40	6.35
ECL Coverage ratio	0.57%	21.57%	63.13%	0.85%	27.46%	70.24%

As at 31 March 2022

(₹ in crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	44,306.87	581.01	139.61	1,892.74	22.68	6.75
Allowance for ECL	244.39	122.39	74.89	15.56	5.78	4.58
ECL Coverage ratio	0.55%	21.07%	53.64%	0.82%	25.49%	67.85%

Collateral valuation

The Company offers loans to customers across various lending verticals as articulated above. These loans includes both unsecured loans and loans secured by collateral. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of assessment of the customer's ability to repay rather than placing primary reliance on collateral. Based on the nature of product and the Company's assessment of the customer's credit risk, a loan may be offered with suitable collateral. Depending on its form, collateral can have a significant financial effect in mitigating the Company's credit risk.

The main types of collateral across various products obtained are as follows: -

Product Group	Nature of securities
Home loans	Equitable mortgage of residential properties.
Loan against property	Equitable mortgage of residential and commercial properties.
Rural mortgage loans	
Lease rental discounting	
Developer loans	

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics for high risk customers. The Company exercises its right of repossession across all secured products. It also resorts to invoking its right under the SARFAESI Act and other judicial remedies available against its mortgages and commercial lending business. The repossessed assets are either sold through auction or released to delinquent customers in case they come forward to settle their dues. The Company does not record repossessed assets on its Balance Sheet as non-current assets held for sale.

Analysis of Concentration Risk

The Company focuses on granulisation of loans portfolios by expanding its geographic reach to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

50. Risk management objectives and policies (Contd.)

ECL sensitivity analysis to forward economic conditions and management overlay

Allowance for impairment on financial instruments recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of expected credit losses ('ECL') involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

The ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market and the external environment as at the reporting date. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

Methodology

The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased estimation of forward looking economic adjustment to its ECL. They represent a most likely outcome i.e. central scenario and two less likely outer scenarios referred to as the Upside and Downside scenarios. The Company has assigned a 10% probability to the two outer scenarios, while the Central scenario has been assigned an 80% probability. These weights are deemed appropriate for the unbiased estimation of impact of macro factors on ECL. The key scenario assumptions are used keeping in mind external forecasts and management estimates which ensure that the scenarios are unbiased.

The Company uses multiple economic factors and test their correlations with past loss trends witnessed for building its forward economic guidance (FEG) model. During the current year, the Company evaluated various macro factors GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, unemployment rate, crude oil prices and policy interest rates.

Based on past correlation trends, CPI (inflation) and unemployment rate reflected acceptable correlation with past loss trends and were considered appropriate by the Management. Unemployment has a direct relation with the income levels and thus the growth of the economy from the expenditure side. Inflation and inflationary expectations affect the disposable income of people. Accordingly, both these macro-variables directly and indirectly impact the economy. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

For Unemployment, the Company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators.
In FY2023, Unemployment rate over the quarters has been oscillating around 7.5% versus pre covid levels of around 7%, indicating normalisation towards its central scenario.

- While formulating the Central Scenario, the Company has considered that the current unemployment rate of 7.5% may move towards an average of 7% over the next few years.
- For the downside scenario, the Company believes that the downside risks might have passed, however, the downside peak unemployment rate might reach 8.78%. However, as per mean reversion approach, the downside scenario assumes it to fall from the peak and normalise to around 7% within next three years.
- For the upside scenario, the Company acknowledges various surveys and studies indicating improving employment situation as also industrial recovery. Therefore, while forecasting, a positive stance has been adopted with the expectation that the unemployment levels may not drop significantly. The unemployment rate may improve to a best case of 5.2% by the end of June 2024 but may come back to an historical (excluding COVID period) 4-year average of 7%.

Consumer Price Index (CPI or inflation) crossed the RBI comfort level of 6% and remained above 6% for first seven months of FY2023. Later again in Jan'23, it crossed 6%. MPC is taking corrective measures to control inflation through monetary tightening and has projected inflation to reach a level of 5.3% in FY2024.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

50. Risk management objectives and policies (Contd.)

- The Central Scenario assumed by the Company considers a persistent inflation around 6% in Q4 FY2023. We have, however, seen higher levels of inflation in the first half of FY2023 and the Company expects inflation to come down in FY2024, which is in line with the Central bank's projection. However, keeping a conservative approach, company expects inflation to range between 5.7% to 6.2% during FY2024, suggesting inflation to decline moderately compared to previous year.
- For the downside scenario, the Company considers that the inflation risk may continue due to various uncertainties (SVB crisis, geopolitical conflict, elections etc.), and therefore assumes the inflation to touch a peak of around 6.95% in Q2 FY2024, and subsequently normalise to around 5% within next three years.
- For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, continuously falling WPI, better supply chain management etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-COVID levels.

Additionally, the ECL model and its input variables are recalibrated periodically using available incremental and recent information. It is possible that internal estimates of PD and LGD rates used in the ECL model may not always capture all the characteristics of the market / external environment as at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments to reflect the emerging risks reasonably.

ECL sensitivity to future economic conditions

(₹ in crore)

	As at 31 March	
ECL coverage of financial instruments under forecast economic conditions	**2023**	**2022**
Gross carrying amount of loans	62,639.26	46,949.66
Reported ECL on loans	525.37	467.59
Reported ECL coverage	0.84%	1.00%
Base ECL without macro overlay	288.37	256.59
Add : Management overlay	205.00	177.00
ECL before adjustment for macro economic factors	493.37	433.59
ECL amounts for alternate scenario		
Central Scenario (80%)	518.12	459.49
Downside scenario (10%)	713.17	606.49
Upside scenario (10%)	395.50	393.49
Reported ECL	**525.37**	**467.59**
Management and Macro Economic overlay		
- Management overlay	205.00	177.00
- Overlay for macro economic factors	32.00	34.00
ECL coverage ratios by scenario		
Central scenario (80%)	0.83%	0.98%
Downside scenario (10%)	1.14%	1.29%
Upside scenario (10%)	0.63%	0.84%

50. Risk management objectives and policies (Contd.)

(d) Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the Company's business activities, as well as in the related support functions. BHFL has in place an internal Operational Risk Management (ORM) Framework to manage operational risk in an effective and efficient manner. This framework aims at assessing and measuring the magnitude of risks, its monitoring and mitigation. The key objective is to enable the Company to ascertain an increased likelihood of an operational risk event occurring in a timely manner to take steps to mitigate the same. It starts with identifying and defining KRI's/KPIs through process analysis and ending with formulation of action plans in response to the observed trends in the identified metrics. This is achieved through determining key process areas, converting them to measurable and quantifiable metrics, setting tolerance thresholds for the same and monitoring and reporting on breaches of the tolerance thresholds in respect of these metrics. Corrective actions are initiated to bring back the breached metrics within their acceptable threshold limits by conducting the root cause analysis to identify the failure of underlying process, people, systems, or external events.

Further, the Company has a comprehensive internal control systems and procedures laid down around various key activities viz. loan acquisition, customer service, IT operations, finance function etc. Internal Audit also conducts a detailed review of all the functions at least once a year which helps to identify process gaps on timely basis. Information Technology and Operations functions have a dedicated compliance and control units who on continuous basis review internal processes. This enables the Management to evaluate key areas of operational risks and the process to adequately mitigate them on an ongoing basis.

The Company has a robust Disaster Recovery (DR) plan and Business Continuity Plan (BCP) to ensure continuity of its operations including services to customers in situations such as natural disasters, technological outage, etc. Robust periodic testing is carried, and results are analysed to address any gaps in the framework. DR and BCP audits are conducted on a periodical basis to provide assurance regarding its effectiveness.

51. Employee stock option plan

The Nomination and Remuneration Committee of the holding Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Details of grants are given as under:

As on 31 March 2023

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
A) From Bajaj Finance Ltd. (Holding Company) (BFL)							
16-May-19	3,002.75	137,550	56,488	27,457	38,514	15,091	83,945
19-May-20	1,938.60	255,000	58,514	107,452	58,708	30,326	165,966
27-Apr-21	4,736.55	115,446	19,014	78,078	8,111	10,243	97,092
26-Apr-22	7,005.50	117,897	-	116,409	-	1,488	116,409
B) From Bajaj Finserv Ltd. (Ultimate Holding Company) (BFS)							
28-Apr-22	1,482.64	47,340	-	47,340	-	-	47,340
Total		**673,233**	**134,016**	**376,736**	**105,333**	**57,148**	**510,752**

As on 31 March 2022

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
16-May-19	3,002.75	137,550	38,592	57,516	26,152	15,290	96,108
19-May-20	1,938.60	255,000	36,044	167,900	24,305	26,751	203,944
27-Apr-21	4,736.55	115,446	-	107,352	-	8,094	107,352
Total		**507,996**	**74,636**	**332,768**	**50,457**	**50,135**	**407,404**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

51. Employee stock option plan (Contd.)

Weighted average fair value of stock options granted during the year is as follows:

Particulars	For the year ended 31 March 2023	2023	2022
	BFS	BFL	BFL
Grant date	28-Apr-22	26-Apr-22	27-Apr-21
No. of options granted	47,340	117,897	115,446
Weighted average fair value (₹)	689.20	3,240.10	2,108.92

Following table depicts range of exercise prices and weighted average remaining contractual life:

As on 31 March 2023

Total for all grants BFL	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	407,404	1938.60-4736.55	2,926.90	5.77
Granted during the year	117,897	7,005.50	7,005.50	-
Cancelled during the year	7,013	1938.60-7005.50	3,840.86	-
Exercised during the year	54,876	1938.60-4736.55	2,591.88	-
Outstanding at the end of the year	463,412	1938.60-7005.50	3,990.38	5.38
Exercisable at the end of the year	134,016	1938.60-7005.50	2,784.11	3.55

The weighted average market price of equity shares for options exercised during the year is ₹ 6,427 (Previous year ₹ 6,158.33).

As on 31 March 2023

Total for all grants BFS	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	47,340	1,482.64	1,482.64	-
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	47,340	1,482.64	1,482.64	9.08
Exercisable at the end of the year	-	-	-	-

As on 31 March 2022

Total for all grants BFL	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	367,506	1938.60-3002.75	2,292.03	4.51
Granted during the year	115,446	4,736.55	4,736.55	-
Cancelled during the year	35,521	1938.60-4736.55	2,882.51	-
Exercised during the year	40,027	1938.60-3002.75	2,356.58	-
Outstanding at the end of the year	407,404	1938.60-4736.55	2,926.90	5.77
Exercisable at the end of the year	74,636	1938.60-3002.75	2,488.84	3.89

51. Employee stock option plan (Contd.)

Method used for accounting for share based payment plan:

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of respective grants are:

Total for all grants	Risk Free interest rate	Expected life	Expected volatility	Dividend yield	Price of the underlying share in the market at the time of the option grant (₹)
A) For ESOP granted by BFL					
16-May-19	7.09%	3.5 -6.5 years	34.03%	0.13%	3,002.75
19-May-20	5.07%	3.5 -6.5 years	42.95%	0.83%	1,938.60
27-Apr-21	5.65%	3.5 -6.5 years	42.51%	0.21%	4,736.55
26-Apr-22	6.56%	3.5 -6.5 years	41.87%	0.29%	7,005.50
B) For ESOP granted by BFS					
28-Apr-22	6.75%	3.5 -6.5 years	34.19%	0.02%	14,826.40

For the year ended 31 March 2023, the Company has accounted expense of ₹ 26.83 crore as employee benefit expenses (note no.34) on the aforesaid employee stock option plan (Previous year ₹ 19.23 crore).

52. Utilisation of Borrowed funds

Details of transaction where the Company has received fund from entities (Funding Party) with the understanding that the Company shall directly or indirectly lend or invest in other entities.

For the year ended 31 March 2023

(₹ in crore)

Name of Funding Party	Date of fund received	Amount of fund received	Name of other intermediaries' or ultimate beneficiaries	Date of fund loaned	Amount of fund loaned
'J.V.N Exports Pvt Ltd **Address:** No B05, 5th Floor, Solus Jain Heights, J C Road, 1st Cross Road, Bangalore - 560027, Karnataka **PAN:** AAACJ4483F **CIN:** U07010KA1993PTC014766	29-Aug-22 14-Sep-22 18-Nov-22 18-Jan-23	6.00 0.30 0.30 0.50	Radiant Equity Management Pvt Ltd **Address:** No 255-B, Bommasandra Industrial Area, Bommasandra Village Anekal T K, Bangalore - 560099, Karnataka **PAN:** AABCR3645N **CIN:** U63090KA1994PTC143382	31-Aug-22 17-Sep-22 19-Nov-22 19-Jan-23	6.00 0.30 0.30 0.50
Chayadeep Properties Pvt Ltd **Address:** Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 **PAN:** AACCC3489Q **CIN:** U45203KA2003PTC094179	14-Sep-22 15-Sep-22 19-Sep-22 21-Sep-22 22-Sep-22	26.45 38.58 29.76 40.78 29.76	Karuna Ventures Pvt Ltd **Address:** Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 **PAN:** AADCK7179G **CIN:** U74110KA2009PTC050575	22-Sep-22	157.00

Notes to financial statements for the year ended 31 March 2023 (Contd.)

52. Utilisation of Borrowed funds (Contd.)

For the year ended 31 March 2022

(₹ in crore)

Name of Funding Party	Date of fund received	Amount of fund received	Name of other intermediaries' or ultimate beneficiaries	Date of fund loaned	Amount of fund loaned
Karuna Ventures Pvt Ltd Address: Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078 PAN: AADCK7179G CIN: U74110KA2009PTC050575	07-Dec-21	65.00	Tenshi Kaizen Private Limited Address: Plot no. 46, Higher pharmatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112 PAN: AABCH8821J CIN: U24230KA2007PTC042337	09-Dec-21	61.50
Premsagar Infra Realty Private Limited Address: 191/A/2A/1/2, Tower E, Tech Park One, Next to Don Bosco School, Off Airport Road, Yerwada, Pune 411006 PAN: AAACP5702B CIN: U55701PN1991PTC134103	18-Nov-21	445.00	A2Z Online Services Private Limited Address: Third floor Tower E Tech Park One, Next to Don Bosco School, Yerwada, Pune-411006 PAN: AACCA5376J CIN: U74140PN2000PTC139217	29-Nov-21	420.00

The Company does not have relationship in terms of Companies Act 2013 and Ind AS 24 with the funding parties and beneficiaries companies.

In respect of above transactions, relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended)

53.1 Principal Business Criteria

Principal Business Criteria for the Company to be classified as 'Housing Finance Company'as per the Paragraph 4.1.17 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021 is given below:

Criteria	% as at 31 March 2023*	% as at 31 March 2022
Percentage of total assets towards housing finance	58.30%	55.90%
Percentage of total assets towards housing finance for individuals	50.74%	50.93%

*Minimum regulatory percentage to be complied as on 31 March 2023 is 55% and 45% respectively.

53.2 Disclosures:

53.2.1 Capital

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) CRAR (%)	22.97%	19.71%
(ii) CRAR Tier I capital (%)	22.19%	18.95%
(iii) CRAR Tier II capital (%)	0.78%	0.76%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt instruments	-	-

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.2 Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	208.89	126.96
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	134.40	74.40
Total	**365.95**	**224.02**
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	95.56	81.93
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	156.00	60.00
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Additional amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	304.45	208.89
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	22.66	22.66
c) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	290.40	134.40
Total	**617.51**	**365.95**

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.3 Investments

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Value of investments		
(i) Gross value of investments		
(a) In India	1,999.88	1,247.52
(b) Outside India		
(ii) Provisions for (depreciation) / appreciation*		
(a) In India	1.03	0.75
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	2,000.91	1,248.27
(b) Outside India	-	-
Movement of provisions held towards (depreciation) / appreciation on investments		
(i) Opening balance	0.75	1.98
(ii) Add: Provisions made during the year (Net of appreciation)	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	(0.28)	1.23
(iv) Closing balance	1.03	0.75

* Represents unrealised gain due to fair value change

53.2.4 Derivatives

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) The notional principal of swap agreements ^	100	NA
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	1.37	NA
(iii) Collateral required upon entering into swaps	NA	NA
(iv) Concentration of credit risk arising from the swaps *	NA	NA
(v) The fair value of the swap book	1.37	NA

* Concentration arising from SWAP is with Banks

^ Interest rate Swaps entered into during the year for ₹ 100 crore (Previous year ₹ Nil) which are outstanding as on 31 March 2023. The Company did not have outstanding position as on 31 March 2022.

Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative.

Disclosures on Risk Exposure in Derivatives

A. Qualitative Disclosure

Financial Risk Management

The Company has to manage various risks associated with the lending business. These risks include liquidity risk, interest rate risk and counterparty risk.

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

The Investment and market risk policy, ALM Policy and currency and interest rate risk hedging policy as approved by the Board sets limits for exposures on various parameters. The Company manages its interest rate in accordance with the guidelines prescribed therein.

Liquidity risk and Interest rate risks, arising out of maturity mismatch of assets and liabilities, are managed through regular monitoring of maturity profiles. As a part of Asset Liability Management, the Company has also entered into interest rate swaps wherein it has converted a portion of its fixed rate rupee liabilities into floating rate liability. Counter party risk is reviewed periodically to ensure that exposure to various counter parties is well diversified and is within the limits specified by policy.

Constituents of Hedge Management Framework

Financial Risk Management of the Company constitutes the Audit and Governance Committee, Asset Liability Committee (ALCO), Investment Committee and the Risk Management Committee.

The Company periodically monitors various counter party risk and market risk limits, within the risk architecture and processes of the Company.

Hedging Policy

The Company has a Interest rate risk and currency risk hedging approved by the Board of Directors. For derivative contracts designated as hedges, the Company documents at inception, the relationship between the hedging instrument and hedged item. Hedge effectiveness is ascertained periodically on a forward looking basis and is reviewed by the Investment Committee/ALCO at each reporting period. Hedge effectiveness is measured by the degree to which changes in the fair value or cashflows of the hedged item that are attributed to the hedged risk are offset by changes in the fair value or cashflows of the hedging instrument.

Measurement and Accounting

All derivative contracts are recognised on the Balance Sheet and measured at fair value. Hedge accounting is applied to all the derivative instruments as per IND AS 109. Gain/loss arising on account of fair value changes are recognised in the Statement of Profit and Loss to the extent of ineffective portion of hedge instruments and hedged items. The gains/losses of effective portion of hedge instrument are offset against gain/losses of hedged items in P&L or in Other Comprehensive Income depending on the type of hedge.

The Company has entered into fair value hedges like interest rate swaps on fixed rate rupee liabilities as a part of the Interest rate risk management whereby a portion of the fixed rate liabilities are converted to floating rate. The Company has a mark to market gain of ₹ 1.37 crore on outstanding fair value hedges.

B. Quantitative Disclosure - Interest Rate Derivatives

(₹ in crore)

Particulars	As at 31 March 2023	2022
(i) Derivatives (Notional Principal Amount)	100.00	-
(ii) Market to Market Positions	-	-
(a) Assets (+)	1.37	-
(b) Liability (-)	-	-
(iii) Credit Exposure	1.37	-
(iv) Unhedged Exposures	-	-

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

As at 31 March 2023

(₹ in crore)

Particulars	1 day to 7days	8 to 14 days	15 days to 30/31 days	Over one month up to 2 months	Over 2 month and up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 Years	Total
Liabilities											
Borrowings from bank	17.72	-	59.55	110.31	1,315.90	1,373.53	3,688.90	10,344.20	11,943.00	2,801.59	31,654.70
ICD	-	-	-	-	-	6.42	2.81	166.54	-	-	175.77
NHB Refinance	-	-	-	-	-	60.33	120.65	482.61	482.62	853.79	2,000.00
Market borrowing	-	-	441.42	88.88	109.72	1,726.39	2,969.48	9,422.90	1,835.64	3,320.49	19,914.92
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-	-
Advances	713.63	413.26	646.54	1,357.92	1,304.13	3,714.93	6,477.60	17,819.59	10,340.04	19,326.25	62,113.89
Investments*	363.49	215.00	24.88	99.36	-	699.15	599.06	14.96	-	-	2,015.90
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of advances have been shown based on behavioural pattern.

*Investments includes fixed deposits of ₹ 14.99 crore shown under Note 5 - cash and cash equivalents and Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

As at 31 March 2022

(₹ in crore)

Particulars	1 day to 7days	8 to 14 days	15 days to 30/31 days	Over one month up to 2 months	Over 2 month and up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 Years	Total
Liabilities											
Borrowings from bank	-	-	74.79	126.96	1,106.47	908.55	2,733.49	12,892.38	5,626.72	1,023.81	24,493.17
Deposits	-	-	-	-	-	-	65.00	445.00	-	-	510.00
NHB Refinance	-	-	-	-	-	-	-	-	-	-	-
Market borrowing	766.16	499.30	9.98	818.72	725.54	1,997.46	2,606.11	7,415.77	329.75	1,320.36	16,489.15
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets	-	-	-	-	-	-	-	-	-	-	
Advances	467.11	324.71	419.05	932.02	891.26	2,653.10	4,469.39	12,850.68	8,145.66	15,329.09	46,482.07
Investments*	530.78	450.68	-	-	-	517.50	-	0.13			1,499.09
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of advances have been shown based on behavioural pattern.

*Investments includes fixed deposits of ₹ 250.82 crore shown under Note 5 - cash and cash equivalents and Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.6 Exposure

53.2.6.1 Exposure to Real Estate Sector

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
a) Direct Exposure		
(i) Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	44,679.07	33,470.90
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	19,587.78	9,950.08
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure to Real Estate Sector*	**64,266.85**	**43,420.98**

* Exposure includes non-fund based (NFB) limits and undrawn loan commitment towards partially disbursed / sanctioned but not disbursed.

In addition to above, the Company has loan exposures amounting ₹ 2,737.91 crore as on 31 March 2023 (Previous year ₹ 3,028.69 crore) pertaining to commercial properties not required to be classified as commercial real estate exposure and on properties used for dual purpose of commercial and residential usage.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.6.2 Exposure to Capital Market

(₹ in crore)

		As at 31 March	
	Particulars	**2023**	**2022**
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
(ix)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds*	-	-
x)	Financing to stockbrokers for margin trading*	-	-
xi)	All exposures to Alternative Investment Funds:*		
	i. Category I	-	-
	ii. Category II	-	-
	iii. Category III	-	-
Total Exposure to Capital Market		**-**	**-**

* Disclosure pursuant to RBI Circular - RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs

53.2.6.3 Details of financing of parent company products

The Company does not have any financing of Parent Company products during the current and previous year.

53.2.6.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Company has not exceeded the prudential exposure limits during the current and previous year.

53.2.6.5 Unsecured Advances

The Company has unsecured advances of ₹ 2,076.84 crore (Previous year: ₹ 1,896.25 crore) which includes advances of ₹ 301.51 crore (Previous year: ₹ 292.77 crore) against intangible collateral.

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.2.6.6 Exposure to group companies engaged in real estate business

The Company does not have any exposure to group companies engaged in real estate business during the current and previous year.

53.3 Miscellaneous

53.3.1 Registration obtained from other financial sector regulators

The Company has obtained registration from Financial Intelligence Units, India vide Registration No. FIHFC00119.

53.3.2 Disclosure of penalties imposed by NHB/RBI and other regulators

During the financial year 2022-23, there were no penalties imposed by NHB or any other regulators. (Previous year 2021-22 : Nil)

53.3.3 Related party Transactions

Refer Note no. 43 Disclosure of transactions with related parties as required by Ind AS 24

53.3.4 Group Structure

Diagrammatic representation of group structure given below:

Bajaj Holdings and Investment Ltd.(BHIL) (Entities in which KMP and their relatives have significant influence)

- **Bajaj Finserv Ltd. (Ultimate Holding Company)(BHIL holds 39.12%)**
    - Bajaj Allianz General Insurance Company Ltd.(Ultimate Holding Company holds 74%)
    - Bajaj Allianz Life Insurance Company Ltd.(Ultimate Holding Company holds 74%)
    - Bajaj Finserv Direct Ltd (Ultimate Holding Company holds 80.10%)
    - Bajaj Finserv Health Ltd (Ultimate Holding Company holds 100%)
    - Bajaj Finserv Mutual Fund Trustee Ltd. (Ultimate Holding Company holds 100%)
    - Bajaj Finserv Asset Management Ltd. (Ultimate Holding Company holds 100%)
    - Bajaj Finserv Ventures Ltd. (Ultimate Holding Company holds 100%)
    - **Bajaj Finance Ltd. (Parent Company)(Ultimate Holding Company holds 52.49%)**
        - **Bajaj Housing Finance Ltd.(Parent Company holds 100%)**
        - Bajaj Financial Securities Ltd.(Parent Company holds 100%)
- Bajaj Auto Ltd.(BHIL holds 36.64%) (Entities in which KMP and their relatives have significant influence)

Above shareholding is as of 31 March 2023

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.3.5 Rating assigned by Credit Rating Agencies and migration of rating during the year

(₹ in crore)

				As at 31 March	
Rating Agency	**Instruments**	**Rating assigned**	**Migration in ratings during the year**	**2023**	**2022**
India Ratings	Non-Convertible Debenture and Subordinated debt	IND AAA/Stable	NIL	7,000.00	4,000.00
	Long-Term Bank Rating/ Short-Term Bank Rating	IND AAA(Stable) / IND A1+	NIL	40,000.00	31,000.00
	Commercial Paper	IND A1+	NIL	6,000.00	6,000.00
CRISIL	Non-Convertible Debenture	CRISIL AAA/Stable	NIL	27,717.80	22,969.70
	Subordinated debt	CRISIL AAA/Stable	NIL	1,000.00	1,000.00
	Long-Term / Short-Term Bank Rating	CRISIL AAA/(Stable) / CRISIL A1+	NIL	16,000.00	11,000.00
	Commercial Paper	CRISIL A1+	NIL	6,000.00	6,000.00

53.3.6 Remuneration of Directors

(₹ in crore)

	For the year ended 31 March	
Particulars	**2023**	**2022**
1. Sanjiv Bajaj	0.21	0.17
2. Rajeev Jain	0.26	-
3. Atul Jain	18.35	12.60
4. Lila Poonawala	0.24	0.17
5. Anami Narayan Roy	0.25	0.11
6. Dr. Arindam K Bhattacharya	0.12	-
7. Dr. Omkar Goswami	-	0.01

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.4 Additional Disclosures

53.4.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years	442.26	250.24
3. Provision towards NPA / impairment loss allowance on stage 3 assets	7.87	34.27
4. Provision for Standard Assets / impairment loss allowance on stage 1 and 2 *	49.91	77.56
5. Provision for employee benefits	(3.10)	0.35
6. Other Provision and Contingencies	13.01	-
*** Breakup of provision for Standard Assets / impairment loss allowance on stage 1 and 2**		
Commercial Real Estate	35.56	7.73
Commercial Real Estate-Residential Housing	20.77	7.12
Others	(6.42)	62.71
Total	**49.91**	**77.56**

Break up of Loan and Advances and Provisions thereon

(₹ in crore)

Particulars	Housing As at 31 March 2023	Housing As at 31 March 2022	Non-Housing As at 31 March 2023	Non-Housing As at 31 March 2022
Standard Assets				
a) Total Outstanding Amount	37,718.59	27,150.25	24,783.34	19,653.05
b) Provisions made	233.98	205.07	204.05	183.05
Sub-Standard Assets				
a) Total Outstanding Amount	46.22	57.20	55.36	57.80
b) Provisions made	24.91	32.44	31.70	32.22
Doubtful Assets – Category-I				
a) Total Outstanding Amount	14.87	9.60	13.16	21.29
b) Provisions made	13.45	5.65	12.23	8.69
Doubtful Assets – Category-II				
a) Total Outstanding Amount	1.91	0.34	5.81	0.13
b) Provisions made	1.92	0.34	3.13	0.13
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets	-	-	-	-
Total				
a) Total Outstanding Amount	37,781.59	27,217.39	24,857.67	19,732.27
b) Provisions made	274.26	243.50	251.11	224.09

Notes to financial statements for the year ended 31 March 2023 (Contd.)

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.4.2 Draw Down from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987

The Company has not drawn any amount from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987 during the current year.

53.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

53.4.3.1 Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

The Company is non public deposit taking housing finance company and has not accepted any public deposits during the current year.

53.4.3.2 Concentration of Loans and Advances

(₹ in crore)

	As at 31 March	
Particulars	2023	2022
Total Loans and Advances to twenty largest borrowers	5,613.23	3,980.29
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the HFC	8.96%	8.48%

53.4.3.3 Concentration of all Exposure (including off-Balance Sheet exposure)

(₹ in crore)

	As at 31 March	
Particulars	2023	2022
Total Exposure to twenty largest borrowers / customers	6,140.49	4,186.56
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.92%	8.14%

53.4.3.4 Concentration of NPAs

(₹ in crore)

	As at 31 March	
Particulars	2023	2022
Total Exposure to top ten NPA accounts	15.29	16.02

53.4.3.5 Sector-wise NPAs

(₹ in crore)

	As at 31 March 2023			As at 31 March 2022		
Sector	Total Advances in the sector	Gross NPAs	Gross NPAs% to total advances in the sector	Total Advances in the sector	Gross NPAs	Gross NPAs% to total advances in the sector
Housing Loans:						
Individuals	32,883.58	62.97	0.19%	24,801.83	66.07	0.27%
Builders/Project Loans	4,898.01	0.03	0.00%	2,415.56	1.07	0.04%
Non-Housing Loans:						
Individuals	13,590.11	69.95	0.51%	12,906.46	71.12	0.55%
Builders/Project Loans	2,657.15	-	0.00%	1,933.46	3.70	0.19%
Corporates	8,610.41	4.38	0.05%	4,892.35	4.40	0.09%

53. Disclosures as required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN HFC CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended) (Contd.)

53.4.4 Movement of NPAs

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(I) Net NPAs to Net Advances (%)	0.08%	0.14%
(II) Movement of NPAs (Gross)		
a) Opening balance	146.36	119.13
b) Additions during the year	135.91	153.26
c) Reductions during the year	144.94	126.03
d) Closing balance	137.33	146.36
(III) Movement of Net NPAs		
a) Opening balance	66.89	73.93
b) Additions during the year	35.73	46.81
c) Reductions during the year	52.63	53.85
d) Closing balance	49.99	66.89
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	79.47	45.20
b) Provisions made during the year	100.18	106.45
c) Write-off/write-back of excess provisions	92.31	72.18
d) Closing balance	87.34	79.47

53.4.5 Overseas Assets

The Company has not held any overseas assets as on reporting date (P.Y.Nil).

53.4.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

The Company does not have any SPVs sponsored in current year and previous year which were required to be consolidated as per accounting Norms.

53.4.7 Disclosure of Complaints

Customers Complaints*

Particulars	As at 31 March 2023	As at 31 March 2022
a) No. of complaints pending at the beginning of the year	0	0
b) No. of complaints received during the year	417	505
c) No. of complaints redressed during the year	417	505
d) No. of complaints pending at the end of the year	0	0

*includes complaints reported through NHB - GRIDS Portal is 111 (previous year 415)

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently.

54.1 Exposure to real estate sector and capital market (Refer Note no. 53.2.6.1 and 53.2.6.2)

54.2 Sectoral exposure

		As at 31 March 2023			As at 31 March 2022		
Sector	Type of Loan	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector*	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector*
Agriculture and allied activities							
	Loan against property	23.63	-	0.00%	20.35	-	0.00%
Industries							
	Loan against property	1,219.97	4.41	0.36%	940.03	6.93	0.74%
Services							
	Commercial Real estate (including CRE-RH)	19,208.49	0.03	0.00%	9,964.67	4.77	0.05%
	Loan against property-professionals	807.97	2.68	0.33%	811.26	1.72	0.21%
	Loan against property-others	2,596.08	33.19	1.28%	3,336.06	34.75	1.04%
Personal loans							
	Housing loans (including Top-up)	42,016.10	82.38	0.20%	33,272.44	86.99	0.26%
	Loan against property	1,132.51	5.63	0.50%	1,441.49	4.45	0.31%
Others							
	Unsecured loans	1,813.08	9.01	0.50%	1,643.20	6.75	0.41%
Total		**68,817.83**	**137.33**	**0.20%**	**51,429.50**	**146.36**	**0.28%**

*Gross NPA ratio is computed on the total exposure (includes on-balance sheet and off-balance sheet exposure) i.e Percentage of Gross NPAs to total exposure of respective sectors. However, actual Gross NPA ratio of the Company is computed on the basis of on-balance sheet exposure and accordingly both are not comparable.

54.3 Intra-group exposures

The Company does not have any Intra-group exposures during the current year and previous year.

54.4 Unhedged foreign currency exposure

The Company does not has unhedged foreign currency exposure during the current year and previous year.

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently. (Contd.)

54.5 Related Party Disclosure

(₹ in crore)

Related Party	Parent		Fellow Subsidiary		Directors		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
Items	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance Sheet														
Borrowings														
Outstanding at the year end	(550.00)	(350.00)	(1,018.00)	(751.00)	-	-	-	-	-	-	(50.00)	(50.00)	(1,618.00)	(1,151.00)
Maximum during the year	(550.00)	(350.00)	(1,118.00)	(801.00)	-	-	-	-	-	-	(50.00)	(200.00)	(1,718.00)	(1,351.00)
Deposits														
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum during the year													-	-
Advances														
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum during the year													-	-
Investments														
Outstanding at the year end	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum during the year													-	-
Contribution to Equity Share Capital	(6,712.16)	(4,883.33)	-	-	-	-	-	-	-	-	-	-	(6,712.16)	(4,883.33)
Other Payables	(3.21)	(0.08)	-	(0.91)	(0.40)	(1.14)	(0.77)	(0.63)	-	-	-	(0.18)	(4.38)	(2.94)
Other Receivables	0.37	-	1.28	4.84	-	-	-	-	-	-	0.03	0.03	1.68	4.87
Transactions during the year														
Purchase of fixed assets	0.79	0.27	0.09	0.01	-	-	-	-	-	-	-	-	0.88	0.28
Purchase of other assets (loan portfolio)	-	738.79	-	-	-	-	-	-	-	-	-	-	-	738.79
Sale of fixed assets	0.48	0.38	-	-	-	-	-	-	-	-	-	-	0.48	0.38
Purchase of investments	-	4,900.00	-	-	-	-	-	-	-	-	-	-	-	4,900.00
Sale of investments	-	4,900.00	-	-	-	-	-	-	-	-	-	-	-	4,900.00
Borrowings	-	750.00	217.00	217.00	-	-	-	-	-	-	-	-	217.00	967.00
Borrowings repaid	-	750.00	100.00	50.00	-	-	-	-	-	-	-	150.00	100.00	950.00
Loan repayment received	-	-	-	-	-	-	-	-	-	0.15	-	13.00	-	13.15
Interest paid	20.81	9.00	58.04	44.56	-	-	-	-	-	-	2.90	11.91	81.75	65.47
Interest received	-	3.82	-	-	-	-	-	-	-	0.00	-	1.07	-	4.89

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54.5 Related Party Disclosure (Contd.)

(₹ in crore)

Related Party	Parent		Fellow Subsidiary		Directors		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March		As at 31 March	
Items	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Others														
Business Support Charges Paid	20.46	7.86	0.66	1.05	-	-	-	-	-	-	2.78	-	23.90	8.91
Business support charges received	0.81	1.14	-	-	-	-	-	-	-	-	-	-	0.81	1.14
Fees and commission received	66.30	44.64	-	-	-	-	-	-	-	-	-	-	66.30	44.64
Equity Contribution received (including Premium)	2,500.00	-	-	-	-	-	-	-	-	-	-	-	2,500.00	-
Security deposit received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security deposit (paid)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct assignment of loan portfolio	1,789.90	1,503.69	-	-	-	-	-	-	-	-	-	-	1,789.90	1,503.69
ESOP recharge	26.77	19.23	-	-	-	-	-	-	-	-	-	-	26.77	19.23
Rent income	0.20	0.19	-	-	-	-	-	-	-	-	-	-	0.20	0.19
Insurance expense	-	-	13.52	15.40	-	-	-	-	-	-	-	-	13.52	15.40
Sitting Fees	-	-	-	-	0.68	0.46	-	-	-	-	-	-	0.68	0.46
Commission	-	-	-	-	0.40	-	-	-	-	-	-	-	0.40	-
Short term employee benefit	-	-	-	-	10.29	8.14	2.71	1.64	-	-	-	-	13.00	9.78
Share based payment	-	-	-	-	8.06	4.46	0.80	0.64	-	-	-	-	8.86	5.10
Rent expense	-	-	-	-	-	-	-	-	-	-	0.06	0.06	0.06	0.06
Services received	-	-	-	-	-	-	-	-	-	-	4.06	1.25	4.06	1.25
Manpower supply services	-	-	-	-	-	-	-	-	-	-	12.79	-	12.79	-
Company's contribution towards NPS	-	-	0.45	-	-	-	-	-	-	-	-	-	0.45	-
Gratuity	-	-	-	-	-	-	-	-	-	-	3.02	2.00	3.02	2.00

- Amount in bracket denotes credit balance.
- The Company has allotted 1,828,822,235 equity shares having face value of ₹ 10/- each under right issue to its parent company viz. Bajaj Finance Ltd on 7 April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.
- Disclosure of transactions made in compliance with RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and RBI Circular for Disclosures in Financial Statements- Notes to Accounts of NBFC dated 19 April 2022 which includes Key managerial personnel as per section 2(51) of the Companies Act, 2013.

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently. (Contd.)

54.6 Disclosure of complaints

54.6.1 Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

S.N.	Particulars	As at 31 March 2023	As at 31 March 2022
Complaints received by the NBFC from its customers			
(a)	Number of complaints pending at beginning of the year	0	0
(b)	Number of complaints received during the year	417	505
(c)	Number of complaints disposed during the year	417	505
	- of which, number of complaints rejected by the NBFC	0	0
(d)	Number of complaints pending at the end of the year	0	0

Disclosure on complaints received from Office of Ombudsman and Awards unimplemented not given as the Company, being a HFC, is not included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

54.6.2 Top five grounds of complaints received by the NBFCs from customer

For the year ended 31 March 2023

	Grounds of complaints	Number of complaints pending as at 1 April 2022	Number of complaints received during the year	% increase/ (decrease) in the number of complaints received over the previous year	Number of complaints pending as at 31 March 2023	number of complaints pending beyond 30 days as at 31 March 2023
1	Part payment related	0	104	(30%)	0	0
2	Foreclosure of loan related	0	119	40%	0	0
3	EMI/Loan related	0	52	(40%)	0	0
4	Value added services related	0	60	(37%)	0	0
5	Levy of charges related	0	29	(40%)	0	0
6	Others	0	53	29%	0	0
		0	**417**		**0**	**0**

For the year ended 31 March 2022

	Grounds of complaints	Number of complaints pending as at 1 April 2021	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending as at 31 March 2022	number of complaints pending beyond 30 days as at 31 March 2022
1	Part payment related	0	149	NA	0	0
2	EMI/Loan related	0	87	NA	0	0
3	Value added services related	0	95	NA	0	0
4	Foreclosure of loan related	0	85	NA	0	0
5	Levy of charges related	0	48	NA	0	0
6	Others	0	41	NA	0	0
		0	**505**	**NA**	**0**	**0**

54.7 There were no breach of covenant of loan availed or debt securities issued in current year and previous year.

54.8 There were no divergence in respect of provisioning requirements and identification of Gross NPAs assessed by RBI/ NHB in current year and previous year.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

54. Disclosure pursuant to RBI Notification RBI/2021-22/112 DOR.CRE.REC No.60/03.10.001/2021-22 dated 22 October 2021 - Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs and Circular - RBI/2022-23/26 DOR.ACC.REC No.20/21.04.018/2022-23 dated 19 April 2022 - Disclosures in Financial Statements- Notes to Accounts of NBFCs issued subsequently. (Contd.)

54.9 Loans to Directors, Senior Officers and relatives of Directors

(₹ in crore)

	Year ended 31 March	
Particulars	**2023**	**2022**
Directors and their relatives	-	N.A.
Entities associated with directors and their relatives	-	N.A.
Senior Officers and their relatives	2.61	N.A.

The circular on Loans and Advances-Regulatory Restrictions-NBFC is effective from 1 October 2022. The above disclosure is provided for loans/contracts entered on or after 1 October 2022.

55. Disclosure of Frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019

There was one case of fraud amounting to ₹ 35.44 lakhs as reported to NHB during the financial year ended 31 March 2023 (Previous year: nil)

56. The Company has not granted any loans against collateral of gold jewellery in current year and previous year.

57. Disclosures in respect of Liquidity Risk Management Framework as referred in para 3.1.1 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

57.1 Funding Concentration based on significant counterparty (both deposits and borrowings)

		As at 31 March	
Particulars		**2023**	**2022**
i)	Number of Significant Counterparties*	19	25
ii)	Amount (₹ in crore)	41,978.99	35,583.91
iii)	Percentage of funding concentration to total deposits#	NA	NA
iv)	Percentage of funding concentration to total liabilities	77.52%	85.16%

*Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

Total public deposits

Total liabilities are excluding Equity share capital and Other equity.

57.2 Disclosures on Top 20 large deposits is not applicable being non deposit taking NBFCs

57.3 Top 10 borrowings

(₹ in crore)

		As at 31 March	
Particulars		**2023**	**2022**
i)	Total amount of top 10 borrowings	34,898.10	26,333.26
ii)	Percentage of amount of top 10 borrowings to total borrowings	64.93%	63.47%

Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

57. Disclosures in respect of Liquidity Risk Management Framework as referred in para 3.1.1 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (Contd.)

57.4 Funding Concentration based on significant instrument/product*

(₹ in crore)

Particulars		As at 31 March 2023	Percentage of total liabilities	As at 31 March 2022	Percentage of total liabilities
i)	Non-convertible debentures	19,491.43	35.99%	12,491.92	29.90%
ii)	Loans from bank	31,654.70	58.46%	24,493.17	58.62%
iii)	Loans from NHB	2,000.00	3.69%	-	0.00%
iv)	Commercial paper	423.49	0.78%	3,997.23	9.57%
v)	Deposits (Inter Corporate Deposits)	175.77	0.32%	510.00	1.22%

* Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

Total liabilities are excluding Equity share capital and Other equity.

57.5 Stock ratio

Particulars		As at 31 March 2023	2022
(i)	Commercial paper as a percentage of total public funds*	0.79%	9.63%
(ii)	Commercial paper as a percentage of total liabilities	0.78%	9.57%
(iii)	Commercial paper as a percentage of total assets	0.66%	8.24%
(iv)	Non convertible debentures (original maturity of less than 1 year) as a percentage of total public funds*	NA	NA
(v)	Non convertible debentures (original maturity of less than 1 year) as a percentage of total liabilities	NA	NA
(vi)	Non convertible debentures (original maturity of less than 1 year) as a percentage of total assets	NA	NA
(vii)	Other short term liabilities as a percentage of total public funds*#	22.33%	20.98%
(viii)	Other short term liabilities as a percentage of total liabilities #	22.16%	20.83%
(ix)	Other short term liabilities as a percentage of total assets #	18.56%	17.93%

Total liabilities are excluding equity share capital and other equity.

* Public funds are considered as total of borrowings from NCD, CP, Bank Loans and ICDs.

#Other short term liabilities are residual maturities with in 12 months of Bank loan, NCDs and other liabilities(excl. CPs).

57.6 Institutional set-up for liquidity risk management

The Company manages its Liquidity Risk Management Framework through various means like liquidity buffers, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks and assignment of loans under the guidance of ALCO and Board. For qualitative disclosure on liquidity risk management, refer note no. 50.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

58. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions,2016.

Quarter on quarter LCR for the year ended 31 March 2023

(₹ in crore)

	Q1 FY23		Q2 FY23		Q3 FY23		Q4 FY23	
Particulars	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets								
1. **Total High Quality Liquid Assets (HQLA)	**852.14**	**852.14**	**1,069.38**	**1,069.38**	**1,035.87**	**1,035.87**	**1,519.63**	**1,519.63**
Cash Outflows								
2. Deposits (for deposit taking companies)							-	-
3. Unsecured wholesale funding	456.38	524.84	788.18	906.41	349.33	401.72	640.72	736.83
4. Secured wholesale funding	998.49	1,148.26	899.78	1,034.75	1,299.06	1,493.92	1,084.41	1,247.07
5. Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities								
6. Other contractual funding obligations#	1,420.23	1,633.27	2,315.01	2,662.26	1,940.28	2,193.83	2,367.38	2,722.48
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
8. TOTAL CASH OUTFLOWS	**2,875.10**	**3,306.37**	**4,002.97**	**4,603.42**	**3,588.67**	**4,089.47**	**4,092.51**	**4,706.38**
Cash Inflows								
9. Secured lending	-	-	-	-	-	-	-	-
10. Inflows from fully performing exposures	482.98	362.23	560.14	420.11	538.97	404.23	613.83	460.37
11. Other cash inflows*	5,148.21	3,861.16	8,871.38	6,653.54	8,126.95	6,095.21	6,268.75	4,701.56
12. TOTAL CASH INFLOWS	**5,631.19**	**4,223.39**	**9,431.52**	**7,073.65**	**8,665.92**	**6,499.44**	**6,882.58**	**5,161.93**
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13. TOTAL HQLA		852.14		1,069.38		1,035.87		1,519.63
14. TOTAL NET CASH OUTFLOWS		826.59		1,150.86		1,022.37		1,176.59
15. LIQUIDITY COVERAGE RATIO (%)		103.09%		92.92%		101.32%		129.15%
16. NHB Requirement (%)		50.00%		50.00%		60.00%		60.00%
17. NHB Requirement Amount (E in crore)		413.30		575.43		511.18		588.30
****Components of HQLA**								
	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow	Actual Cashflow	Stressed Cashflow
1. Assets to be included as HQLA without any haircut	852.14	852.14	1,069.38	1,069.38	1,035.87	1,035.87	1,519.63	1,519.63
2. Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
3. Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
4. Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-	-	-	-	-
Total HQLA	**852.14**	**852.14**	**1,069.38**	**1,069.38**	**1,035.87**	**1,035.87**	**1,519.63**	**1,519.63**

58. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Contd.)

Quarter on quarter LCR for the year ended 31 March 2022

(₹ in crore)

Particulars	Q3 FY22 Total unweighted value (average)	Q3 FY22 Total weighted value (average)	Q4 FY22 Total unweighted value (average)	Q4 FY22 Total weighted value (average)
High Quality Liquid Assets				
1. **Total High Quality Liquid Assets (HQLA)	571.15	571.15	896.65	896.65
Cash Outflows				
2. Deposits (for deposit taking companies)			-	-
3. Unsecured wholesale funding	500.00	575.00	932.47	1,072.34
4. Secured wholesale funding	409.85	471.34	674.20	775.33
5. Additional requirements, of which	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-
(iii) Credit and liquidity facilities				
6. Other contractual funding obligations#	1,165.04	1,339.79	1,271.68	1,462.43
7. Other contingent funding obligations	-	-	-	-
8. TOTAL CASH OUTFLOWS	**2,074.89**	**2,386.13**	**2,878.35**	**3,310.10**
Cash Inflows				
9. Secured lending	-	-	-	-
10. Inflows from fully performing exposures	415.22	311.41	478.03	358.52
11. Other cash inflows*	5,711.26	4,283.44	4,421.18	3,315.89
12. TOTAL CASH INFLOWS	**6,126.48**	**4,594.85**	**4,899.21**	**3,674.41**
		Total Adjusted Value		**Total Adjusted Value**
13. TOTAL HQLA		571.15		896.65
14. TOTAL NET CASH OUTFLOWS		596.53		827.52
15. LIQUIDITY COVERAGE RATIO (%)		95.75%		108.35%
16. NHB Requirement w.e.f. Dec 21 (%)		50.00%		50.00%
17. NHB Requirement Amount		298.27		413.76
****Components of HQLA**				
	Actual Cashflow	**Stressed Cashflow**	**Actual Cashflow**	**Stressed Cashflow**
1. Assets to be included as HQLA without any haircut	571.15	571.15	896.65	896.65
2. Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-
3. Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-
4. Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-
Total HQLA	**571.15**	**571.15**	**896.65**	**896.65**

##Other contractual funding obligations includes outflows from sanctioned but not disbursed and partially disbursed cases in next 30 Days as per ALM.

*Other cash inflows includes undrawn sanctioned term loan and CC lines from banks and other parties.

Notes to financial statements for the year ended 31 March 2023 (Contd.)

58. Disclosures in respect of Guidelines on Maintenance of Liquidity Coverage Ratio (LCR) as referred in para 3.1.2 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and Annex II referred in para 15A of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. (Contd.)

The Liquidity Coverage Ratio (LCR) is one of the key parameters closely monitored by RBI to enable a more resilient financial sector. The objective of the LCR is to promote an environment wherein Balance Sheet carry a strong liquidity for short term cash flow requirements. To ensure strong liquidity HFCs are required to maintain adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash to meet their stressed liquidity needs for 30 calendar days. The LCR is expected to improve the ability of financial sector to absorb the shocks arising from financial and/or economic stress, thus reducing the risk of spill over from financial sector to real economy.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Framework and Asset Liability Management policy. The LCR levels for the Balance Sheet date is derived by arriving the stressed expected cash inflow and outflow for the next 30 calendar days. To compute stressed cash outflow, all expected and contracted cash outflows are considered by applying a stress of 15%. Similarly, inflows for the Company is arrived at by considering all expected and contracted inflows by applying a haircut of 25%.

Company for purpose of computing outflows, has considered: (1) all the contractual debt repayments, (2) expected outflows from credit facilities contracted with customers, and (3) other expected or contracted cash outflows. Inflows comprise of: (1) expected receipt from all performing loans and other receivables, (2) liquid investment which are unencumbered and have not been considered as part of HQLA and (3) CC/OD/ Committed credit line from Banks and parent company.

For the purpose of HQLA the Company considers: (1) Unencumbered government securities, (2) Cash and Bank balances.

The LCR is computed by dividing the stock of HQLA by its total net stressed cash outflows over next 30 days. LCR guidelines have become effective from 1 December 2021, requiring HFCs to maintain minimum LCR of 50%, LCR is gradually required to be increased to 100% by 1 December 2025. HFCs are required to maintain LCR of 60% as on 31 March 2023.

59. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20 Dated 13 March 2020

59.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i)

59.2 A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'

As at 31 March 2023

(₹ in crore)

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
(a) Performing Assets						
Standard	Stage 1	62,142.02	359.66	61,782.36	312.16	47.50
	Stage 2	359.91	78.37	281.54	15.33	63.04
Subtotal (a)		**62,501.93**	**438.03**	**62,063.90**	**327.49**	**110.54**
(b) Non-Performing Assets (NPA)						
(i) Substandard	Stage 3	101.58	56.61	44.97	15.84	40.77
(ii) Doubtful up to:						
1 year	Stage 3	28.03	25.68	2.35	8.60	17.08
1 to 3 years	Stage 3	7.72	5.05	2.67	3.31	1.74
More than 3 years	Stage 3	-	-	-	-	-
Subtotal (ii)		35.75	30.73	5.02	11.91	18.82
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		**137.33**	**87.34**	**49.99**	**27.75**	**59.59**
(c) Other items						
Others including Loan commitments and derivatives	Stage 1	5,246.98	12.32	5,234.66	0.01	12.31
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (c)		**5,246.98**	**12.32**	**5,234.66**	**0.01**	**12.31**
Total (a+b+c)	Stage 1	67,389.00	371.98	67,017.02	312.17	59.81
	Stage 2	359.91	78.37	281.54	15.33	63.04
	Stage 3	137.33	87.34	49.99	27.75	59.59
	Total	**67,886.24**	**537.69**	**67,348.55**	**355.25**	**182.44**

* Computed on the value as per the IRACP norms

Notes to financial statements for the year ended 31 March 2023 (Contd.)

59. Disclosure pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD No.109/22.10.106/2019-20 Dated 13 March 2020 - A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments' (Contd.)

As at 31 March 2022

(₹ in crore)

Asset classification as per RBI Norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowance (Provisions) as required under Ind AS 109	Net carrying amount	Provision required as per IRACP norms*	Difference between Ind AS 109 provision and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
(a) Performing Assets						
Standard	Stage 1	46,199.61	259.95	45,939.66	210.32	49.63
	Stage 2	603.69	128.17	475.52	43.28	84.89
Subtotal (a)		**46,803.30**	**388.12**	**46,415.18**	**253.60**	**134.52**
(b) Non-Performing Assets (NPA)						
(i) Substandard	Stage 3	114.99	64.66	50.33	18.48	46.18
(ii) Doubtful up to:						
1 year	Stage 3	30.90	14.34	16.56	8.86	5.48
1 to 3 years	Stage 3	0.47	0.47	-	0.22	0.25
More than 3 years	Stage 3	-	-	-	-	-
Subtotal (ii)		31.37	14.81	16.56	9.08	5.73
(iii) Loss	Stage 3	-	-	-	-	-
Subtotal (b)		**146.36**	**79.47**	**66.89**	**27.56**	**51.91**
(c) Other items	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal (c)		-	-	-	-	-
Total (a+b+c)	Stage 1	46,199.61	259.95	45,939.66	210.32	49.63
	Stage 2	603.69	128.17	475.52	43.28	84.89
	Stage 3	146.36	79.47	66.89	27.56	51.91
	Total	**46,949.66**	**467.59**	**46,482.07**	**281.16**	**186.43**

* Computed on the value as per the IRACP norms

60. Disclosures pursuant to RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August 2020

For the half year ended 30 September 2022

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 22 (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year#	Of (A) amount paid by the borrowers during the half-year*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2022
	(A)	(B)	(C)	(D)	(E)
Personal Loans	524.36	24.15	0.75	44.07	456.14
Corporate persons	3.84	0.28	-	0.02	3.54
Of which, MSMEs	2.29	0.28	-	0.03	1.98
Others	1.55	-	-	(0.01)	1.56
Total	**528.20**	**24.43**	**0.75**	**44.09**	**459.68**

For the half year ended 31 March 2023

(₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 22 (A)$	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year#	Of (A) amount paid by the borrowers during the half-year*	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 31 March 2023
	(A)	(B)	(C)	(D)	(E)
Personal Loans	456.14	30.31	0.37	39.23	386.60
Corporate persons	3.54	0.25	-	0.76	2.53
Of which, MSMEs	1.97	-	-	0.74	1.23
Others	1.57	0.25	-	0.02	1.30
Total	**459.68**	**30.56**	**0.37**	**39.99**	**389.13**

represents debt that slipped into NPA and was subsequently written off during the half-year.

* represents receipts net of interest accruals and drawdown, if any and account roll back to standard during the half year.

$ Includes account restructured under OTR 2.0 up to 31 March 2023.

61. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR REC.51/21.04.048/2021-22 dated 24 September 2021

(₹ in crore)

Details of transfer through assignment in respect of loans not in default	For the year ended 31 March			
	2023		2022	
Entity	Bank	NBFC	Banks	NBFC
Count of loan accounts assigned (in numbers)	1964	6257	9468	2063
Amount of loan account assigned	444.81	1,789.89	1,367.41	1,503.68
Retention of beneficial economic interest (MRR)	10%	1%	5%/10%	1%
Weighted average maturity (residual maturity in months)	133.74	126.71	189.97	139.56
Weighted average holding period (in months)	18.24	18.15	20.57	18.45
Coverage of tangible security	100%	100%	1	1
Rating-wise distribution of rated loans	N/A	N/A	N/A	N/A

Notes to financial statements for the year ended 31 March 2023 (Contd.)

61. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR REC.51/21.04.048/2021-22 dated 24 September 2021 (Contd.)

(₹ in crore)

Details of acquired through assignment in respect of loans not in default	For the year ended 31 March 2023	2022
Entity	HFC	NBFC
No. of accounts acquired through Direct Assignment (in numbers)	299	2855
Amount of loan account acquired	24.64	738.78
Beneficial economic interest acquired	10%	1%
Weighted average maturity (residual maturity in months)	192.54	184.99
Weighted average holding period (in months)	43.19	54.76
Coverage of tangible security	100%	100%
Rating-wise distribution of rated loans	N/A	N/A

(₹ in crore)

Details of stressed loans transferred during the year	For the year ended 31 March 2023 To ARC	To permitted transferees	To other transferees	For the year ended 31 March 2022 To ARC	To permitted transferees	To other transferees
No. of accounts	-	-	-	797.00	-	-
Aggregate principal outstanding of loans transferred	-	-	-	107.56	-	-
Weighted average residual tenor of the loans transferred (in years)	-	-	-	6.36	-	-
Net book value of loans transferred (at the time of transfer)	-	-	-	70.67	-	-
Aggregate consideration	-	-	-	53.19	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-	-	-	-

Previous year includes 12 written off accounts with aggregate outstanding of ₹ 2.70 crore and consideration received thereon ₹ 1.07 crore.

62. Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/85 DOR.STR REC.53/21.04.177/2021-22 dated 24 September 2021

The Company has not entered into any Securitisation transactions during the current year and previous year.

63. Amounts less than ₹ 50,000 have been shown at actual against respective line items which are statutorily required to be disclosed.

As per our report of even date

For G. D. Apte & Co.
Chartered Accountants
Firm Registration No.: 100515W

Umesh S. Abhyankar
Partner
Membership No.: 113053

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No.: 105049W

Shailesh Shah
Partner
Membership No.: 033632

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Pune: 24 April 2023

Schedule to the Balance Sheet

As required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN. HFC CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021.

(₹ in crore)

		Particulars	Amount outstanding as at 31 March 2023	Amount overdue as at 31 March 2023	Amount outstanding as at 31 March 2022	Amount overdue as at 31 March 2022
Liabilities Side						
1		**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**				
	(a)	Debentures				
		Secured	18,476.39	–	11,730.67	–
		Unsecured	1,015.04	–	761.25	
		(other than falling within the meaning of public deposits*)				–
	(b)	Deferred Credits	–	–	–	–
	(c)	Term Loans	33,495.22	–	24,493.17	–
	(d)	Inter-corporate loans and borrowing	175.77	–	510.00	–
	(e)	Commercial Paper	423.49	–	3,997.23	–
	(f)	Public Deposits (As defined in Paragraph 4.1.30 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21, updated as on 28 December, 2021.)	–	–	–	–
	(g)	Other Loans (Cash credit and working capital demand loan)	159.48	–	–	
2		**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a)	In the form of Unsecured debentures				–
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security.	–	–	–	–
	(c)	Other public deposits	–	–	–	–
			–	–	–	–

Annexure (Forming part of the financial statements) (Contd.)

Schedule to the Balance Sheet (Contd.)

(₹ in crore)

Particulars				Amount outstanding as at 31 March 2023	Amount outstanding as at 31 March 2022
Assets side					
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**				
	(a)	Secured		60,037.05	44,585.82
	(b)	Unsecured		2,076.84	1,896.25
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**				
	(i)	Lease assets including lease rentals under sundry debtors			
		(a)	Financial lease	-	-
		(b)	Operating lease	-	-
	(ii)	Stock on hire including hire charges under sundry debtors			
		(a)	Assets on hire	-	-
		(b)	Repossessed Assets	-	-
	(iii)	Other loans counting towards asset financing activities			
		(a)	Loans where assets have been repossessed	-	-
		(b)	Loans other than (a) above	-	-
5	**Break-up of Investments**				
	Current Investments				
	1	Quoted			
		(i)	Shares		
			(a) Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	-	-
		(iii)	Units of mutual funds	578.49	580.82
		(iv)	Government Securities	1,422.42	667.45
		(v)	Others (Certificate of Deposits and Commercial Paper)		
	2	Unquoted			
		(i)	Shares		
			(a)Equity	-	-
			(b) Preference	-	-
		(ii)	Debentures and Bonds	-	-
		(iii)	Units of mutual funds	-	-
		(iv)	Government Securities	-	-
		(v)	Others (please specify)	-	-

Schedule to the Balance Sheet (Contd.)

(₹ in crore)

Particulars	Amount outstanding as at 31 March 2023	Amount outstanding as at 31 March 2022
Long Term investments		
1 Quoted		
(i) Share	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted		
(i) Shares	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

(₹ in crore)

Category	Amount net of provisions as at 31 March 2023		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	60,037.05	2,076.84	62,113.89
	60,037.05	**2,076.84**	**62,113.89**

(₹ in crore)

Category	Amount net of provisions as at 31 March 2022		
	Secured	Unsecured	Total
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	44,585.82	1,896.25	46,482.07
	44,585.82	**1,896.25**	**46,482.07**

Annexure (Forming part of the financial statements) (Contd.)

Schedule to the Balance Sheet (Contd.)

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

(₹ in crore)

Category	Amount as at 31 March 2023	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	2,000.91	2,000.91
	2,000.91	**2,000.91**

(₹ in crore)

Category	Amount as at 31 March 2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	1,248.27	1,248.27
	1,248.27	**1,248.27**

8 Other information

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	137.33	146.36
(ii) Net Non-Performing Assets*		
(a) Related parties	-	-
(b) Other than related parties	49.99	66.89
(iii) Assets acquired in satisfaction of debt	-	-

* Provision for ECL Stage 3 has been considered.

On behalf of the Board of Directors

Atul Jain
Managing Director
DIN: 09561712

Sanjiv Bajaj
Chairman
DIN: 00014615

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Vice Chairman
DIN: 01550158

Atul Patni
Company Secretary
F10094

Anami Roy
Director
DIN: 01361110

Pune: 24 April 2023