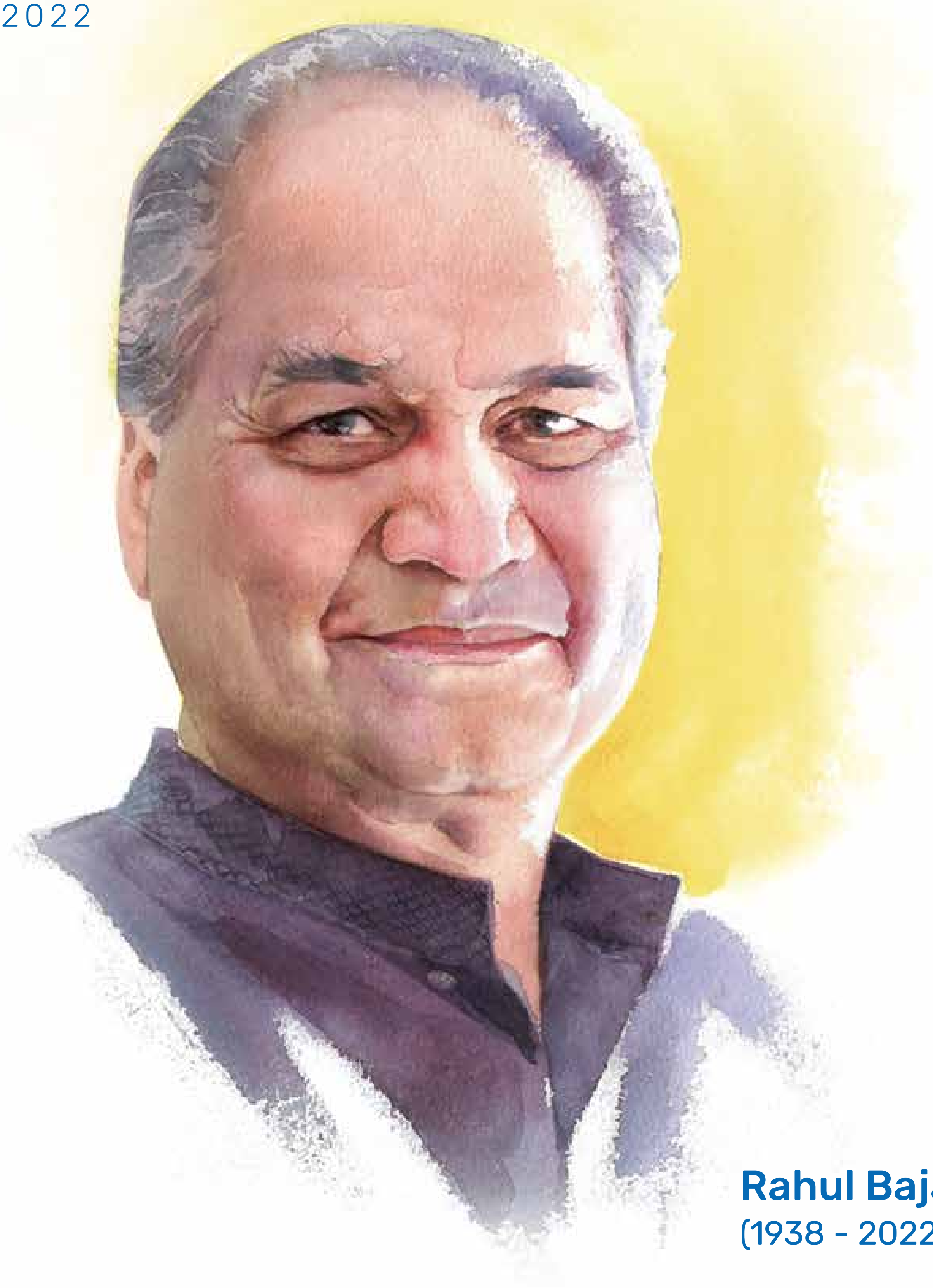
14TH

# ANNUAL REPORT

2021-2022

# BAJAJ HOUSING FINANCE LIMITED



Rahul Bajaj
(1938 - 2022)

## Independent Auditor's Report on the Audit of 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 March 31, 2022, 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 March 31, 2022, 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 'Auditor's 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.

### Emphasis of matter

We draw attention to Note 3 to the financial statements, which describes the uncertainty caused by the continuing COVID-19 pandemic and the related probable events which could impact the Company's estimates of impairment of loans to customers.

Our opinion is not modified in respect of this matter.

### 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 March 31, 2022. 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 Auditor's 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.

## Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

| Sr. No. | Key Audit Matters | How our audit addressed the key audit matter |
|---|---|---|
| 1. | Impairment of financial assets as at balance sheet date (expected credit losses):<br>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.<br><br>In the process, a significant degree of judgement has been applied by the management for:<br>• Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);<br>• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;<br>• Estimation of behavioural life;<br>• Determining macro-economic factors impacting credit quality of receivables;<br>• Estimation of losses for loan products with no/ minimal historical defaults. | • 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.<br>• Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 06, 2020, May 05, 2021 and June 04, 2021 and tested the implementation of such policy on a sample basis.<br>• 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.<br>• We have discussed with the management and evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.<br>• 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. |
| | **Additional considerations on account of COVID-19**<br><br>Considering the evolving nature of the COVID-19 pandemic, which has continued to impact the Company's business operations, resulting in higher loan losses, the Company has maintained a management overlay of ₹ 211 Crore as part of its ECL, to reflect among other things the increased risk of deterioration in macro-economic factors. Given the unique nature of the pandemic and the extent of its economic impact which depends on future developments including governmental and regulatory measures and the Company's responses thereto, the actual credit loss can be different than that being estimated. In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic and related events, it is a key audit matter. | • Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring.<br>• Tested the ECL model, including assumptions used, including capturing of PD and LGD and underlying computation. Assessed the floor / minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults<br>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).<br><br>Assessed disclosures included in the financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation. |

## Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

| Sr. No. | Key Audit Matters | How our audit addressed the key audit matter |
|---|---|---|
| 2 | **IT systems and controls**<br><br>Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Company.<br>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.<br>• 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.<br>• We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization.<br>• 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 Auditor's 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.

## Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

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

**Auditor's 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.

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 March 31, 2022 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.

## Independent Auditor's Report on the Audit of the Financial Statements (Contd.)

### Other Matter

The financial statements of the Company for the year ended March 31, 2021 were audited by S R B C & Co. LLP (the erstwhile statutory auditors) who had expressed an unmodified opinion on those statements vide their audit report dated April 26, 2021.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's 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, 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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) According to the information and explanations given to us and based on the audit procedures performed by us, we report that, no managerial remuneration has been paid / provided to its directors by the Company during the year ended March 31, 2022.

    (h) With respect to the other matters to be included in the Auditor's 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 39(a) to the financial statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

## Independent Auditor's Report on the Audit of 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.

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

**Umesh S. Abhyankar**
**Partner**
Membership Number: 113053
UDIN: 22113053AHSPJA4581

Pune, 25 April 2022

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

**Shailesh Shah**
**Partner**
Membership Number: 033632
UDIN: 22033632AHSPWI1343

Pune, 25 April 2022

## 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 to the Members of Bajaj Housing Finance Limited 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-of -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 March 31, 2022, aggregating ₹ 146.36 crore were categorised as credit impaired ("Stage 3") and ₹ 603.69 crore were categorised as those

## Annexure "1" to Independent Auditors' Report (Contd.)

where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note No. 8 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.

(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 ₹ 146.36 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 as applicable 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, we report that 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, we report that 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).

## **Annexure "1" to Independent Auditors' Report** (Contd.)

(ix) (a) According to the information and explanations given to us and based on the audit procedures performed by us, we report that 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, we report that 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.

(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, reporting under 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.

(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) According to the information and explanations given to us and procedures performed by us, we report that no whistle-blower complaints were received during the year by the Company.

(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.

## Annexure "1" to Independent Auditors' Report (Contd.)

(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 in determining the nature and extent of any audit procedures.

(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 him. Accordingly, the provisions section 192 of the Act are not applicable to the Company.

(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) According to the information and explanation given to us, in the group, there are 16 companies forming part of the promoter/promoter group of the Company which are Core Investment Companies (CICs), as defined in the Regulations.

(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 2021-22 or in the immediately preceding financial year 2020-21.

(xviii) During the year, the erstwhile statutory auditors of the Company have resigned consequent to completion of their tenure in terms of Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India. According to the information and explanations given to us and based on the no objection certificate obtained by us from the outgoing auditor, the outgoing statutory auditors do not have any issues, objections or concerns in respect of their resignation.

(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.

(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.

## Annexure "1" to Independent Auditors' Report (Contd.)

(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.

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

**Umesh S. Abhyankar**
**Partner**
Membership Number: 113053
UDIN: 22113053AHSPJA4581

Pune, 25 April 2022

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

**Shailesh Shah**
**Partner**
Membership Number: 033632
UDIN: 22033632AHSPWI1343

Pune, 25 April 2022

## Annexure 2 to Independent Auditor's Report

**(Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report to the Members of Bajaj Housing Finance Limited 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 March 31, 2022 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.

### Auditor's 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

## Annexure 2 to Independent Auditor's Report (Contd.)

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.

**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 March 31, 2022, 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 issued by the ICAI.

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

**Umesh S. Abhyankar**
**Partner**
Membership Number: 113053
UDIN: 22113053AHSPJA4581

Pune, 25 April 2022

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

**Shailesh Shah**
**Partner**
Membership Number: 033632
UDIN: 22033632AHSPWI1343

Pune, 25 April 2022

## Balance Sheet

(₹ in crore)

| Particulars | Note No. | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 5. | 407.03 | 461.78 |
| Bank balances other than cash and cash equivalents | 6. | 0.14 | 255.00 |
| Trade receivables | 7. | 237.33 | 310.66 |
| Loans | 8. | 46,482.07 | 33,418.90 |
| Investments | 9. | 1,248.27 | 3,266.04 |
| Other financial assets | 10. | 18.48 | 33.99 |
| | | **48,393.32** | **37,746.37** |
| **Non-financial assets** | | | |
| Current tax assets (net) | | 9.08 | 4.46 |
| Deferred tax assets (net) | 11. | 15.58 | 15.26 |
| Property, plant and equipment | 12. | 78.09 | 64.32 |
| Intangible assets under development | 12. | 1.46 | - |
| Intangible assets | 12. | 19.11 | 14.57 |
| Other non-financial assets | 13. | 10.44 | 13.40 |
| | | **133.76** | **112.01** |
| **Total assets** | | **48,527.08** | **37,858.38** |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **Financial liabilities** | | | |
| Payables | 14. | | |
| (I) Trade payables | | | |
| (i) Total outstanding dues to micro enterprises and small enterprises | | 0.18 | - |
| (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 36.23 | 20.90 |
| (II) Other payables | | | |
| (i) Total outstanding dues to micro enterprises and small enterprises | | - | - |
| (ii) Total outstanding dues to creditors other than micro enterprises and small enterprises | | 38.17 | 21.28 |
| Debt securities | 15. | 16,489.15 | 11,332.08 |
| Borrowings (other than debt securities) | 16. | 24,493.17 | 20,268.52 |
| Deposits | 17. | 510.00 | - |
| Other financial liabilities | 18. | 174.42 | 151.14 |
| | | **41,741.32** | **31,793.92** |

## Balance Sheet (Contd.)

(₹ in crore)

| Particulars | Note No. | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **Non-financial liabilities** | | | |
| Current tax liabilities (net) | | 20.06 | 7.39 |
| Provisions | 19. | 4.05 | 2.29 |
| Other non-financial liabilities | 20. | 20.29 | 22.56 |
| | | **44.40** | **32.24** |
| **EQUITY** | | | |
| Equity share capital | 21. | 4,883.33 | 4,883.33 |
| Other equity | 22. | 1,858.03 | 1,148.89 |
| | | **6,741.36** | **6,032.22** |
| **Total liabilities and equity** | | **48,527.08** | **37,858.38** |
| 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: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

## Statement of Profit and Loss

(₹ in crore)

| Particulars | Note No. | Year ended 31 March 2022 | 2021 |
|---|---|---|---|
| **Revenue from Operations** | | | |
| Interest income | 23. | 3,481.75 | 2,877.43 |
| Fees and commission income | 24. | 81.85 | 74.62 |
| Net gain on fair value changes | 25. | 58.97 | 59.85 |
| Sale of services | 26. | 142.02 | 142.15 |
| Other operating income | 27. | 2.07 | 0.65 |
| **Total Revenue from operations** | | **3,766.66** | **3,154.70** |
| Other Income | 28. | 0.47 | 0.58 |
| **Total Income** | | **3,767.13** | **3,155.28** |
| **Expenses** | | | |
| Finance costs | 29. | 2,155.31 | 1,965.87 |
| Fees and commission expense | 30. | 4.68 | 1.33 |
| Impairment on financial instruments | 31. | 181.07 | 247.21 |
| Employee benefits expenses | 32. | 348.80 | 245.76 |
| Depreciation, amortisation and impairment | 12. | 25.76 | 21.77 |
| Other expenses | 33. | 91.65 | 60.16 |
| **Total Expenses** | | **2,807.27** | **2,542.10** |
| **Profit before tax** | | **959.86** | **613.18** |
| Tax expense | | | |
| Current tax | | 250.40 | 187.00 |
| Deferred tax charge / (credit) | | (0.16) | (27.01) |
| **Total tax expense** | 11. | **250.24** | **159.99** |
| **Profit after tax** | | **709.62** | **453.19** |
| **Other Comprehensive Income** | | | |
| (A) Items that will not be reclassified to profit or loss: | | | |
| Re-measurement gains/(losses) on defined benefit plans | | (0.64) | 1.27 |
| Income tax effect relating to these items that will not be reclassified to profit or loss | | 0.16 | (0.32) |
| **Subtotal (A)** | | **(0.48)** | **0.95** |
| (B) Items that will be reclassified to profit or loss in subsequent periods: | | - | - |
| Income tax effect relating to these items that will be reclassified to profit or loss in subsequent periods | | - | - |
| **Subtotal (B)** | | **-** | **-** |
| **Other comprehensive income for the year, net of tax (A + B)** | | **(0.48)** | **0.95** |
| **Total comprehensive income for the year** | | **709.14** | **454.14** |

## **Statement of Profit and Loss** (Contd.)

(₹ in crore)

| Particulars | Note No. | Year ended 31 March 2022 | 2021 |
|---|---|---|---|
| Earnings per equity share | | | |
| (Nominal value per share ₹ 10/-) | | | |
| Basic (₹) | 34. | 1.45 | 0.93 |
| Diluted (₹) | 34. | 1.45 | 0.93 |
| 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: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

## Statement of Changes in Equity

### a. Equity share capital

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Balance at the beginning of the year | 4,883.33 | 4,883.33 |
| **Balance at the end of the year** | **4,883.33** | **4,883.33** |

### b. Other equity

For the year ended 31 March 2022

(₹ in crore)

| Particulars | Note No. | Reserves and Surplus: Securities Premium | Statutory reserve in terms of NHB Act | Retained earnings | Capital Contribution from Holding-ESOPs | Total other equity |
|---|---|---|---|---|---|---|
| **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) | - | - |
| Add: Recharge liability towards ESOP issued by holding company | | - | - | - | 19.23 | 19.23 |
| Less: Payment to holding on account of recharge liability | | - | - | - | (19.23) | (19.23) |
| **Balance as at 31 March 2022** | **22** | **166.67** | **365.95** | **1,325.41** | **-** | **1,858.03** |

For the year ended 31 March 2021

(₹ in crore)

| Particulars | Note No. | Reserves and Surplus: Securities Premium | Statutory reserve in terms of NHB Act | Retained earnings | Capital Contribution from Holding-ESOPs | Total other equity |
|---|---|---|---|---|---|---|
| **Balance as at 31 March 2020** | | 166.67 | 110.72 | 417.36 | 7.05 | 701.80 |
| Profit after tax | | - | - | 453.19 | - | 453.19 |
| Other comprehensive income (net of tax) | | - | - | 0.95 | - | 0.95 |
| **Total** | | **166.67** | **110.72** | **871.50** | **7.05** | **1,155.94** |
| Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987 | | - | 113.30 | (113.30) | - | - |
| Add: Recharge liability towards ESOP issued by holding company | | - | - | - | 13.36 | 13.36 |
| Less: Payment to holding on account of recharge liability | | - | - | - | (20.41) | (20.41) |
| **Balance as at 31 March 2021** | **22** | **166.67** | **224.02** | **758.20** | **-** | **1,148.89** |

The accompanying notes are an integral part of the financial statements

As per our report of even date

On behalf of the Board of Directors

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

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

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Umesh S. Abhyankar
Partner
Membership No.: 113053

Shailesh Shah
Partner
Membership No.: 033632

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Pune: 25 April, 2022

## Statement of cash flows

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| Profit before tax | 959.86 | 613.18 |
| Adjustments for: | | |
| Interest income | (3,481.75) | (2,877.43) |
| Depreciation, amortisation and impairment | 25.76 | 21.77 |
| Impairment on financial instruments | 181.07 | 247.21 |
| Finance Cost | 2,155.31 | 1,965.87 |
| Share based payment expenses | 19.23 | 13.36 |
| Net loss on disposal of property, plant and equipment and intangible assets | 0.48 | 0.44 |
| Provision no longer required written back | (0.05) | - |
| Service fees for management of assigned portfolio of loans | (112.53) | (103.74) |
| Net gain on fair value changes | (58.97) | (59.85) |
| | **(311.59)** | **(179.19)** |
| Cash inflow from interest on loans | 3,476.05 | 2,840.61 |
| Cash inflow from service asset | 57.13 | 38.52 |
| Cash outflow towards finance cost | (2,502.59) | (1,669.72) |
| **Cash generated from operations before working capital changes** | **719.00** | **1,030.22** |
| | | |
| **Working capital changes:** | | |
| (Increase)/decrease in trade receivables | 3.73 | (1.97) |
| (Increase)/decrease in loans | (13,256.65) | (5,698.50) |
| (Increase)/decrease in other financial assets | 265.40 | (275.64) |
| (Increase)/decrease in other non-financial assets | 3.32 | (8.59) |
| Increase/(decrease) in trade payables | 15.56 | (9.69) |
| Increase/(decrease) in other payables | 16.89 | 3.45 |
| Increase/(decrease) in other financial liabilities | 14.95 | 80.79 |
| Increase/(decrease) in provisions | 1.12 | 1.28 |
| Increase/(decrease) in other non-financial liabilities | (2.27) | (17.08) |
| | (12,218.95) | (4,895.73) |
| Income taxes paid (net of refunds) | (242.35) | (180.04) |
| **Net cash used in operating activities (A)** | **(12,461.30)** | **(5,075.77)** |
| | | |
| Carried forward | (12,461.30) | (5,075.77) |

## Statement of cash flows (Contd.)

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Brought forward | (12,461.30) | (5,075.77) |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant and equipment | (18.41) | (6.60) |
| Sale of property, plant and equipment | 1.63 | 1.51 |
| Purchase of intangible assets and intangible assets under development | (10.71) | (8.43) |
| Investments measured under FVTPL (net) | 1,698.08 | (314.45) |
| Purchase of investments measured under amortised cost | (4,900.00) | (3,475.00) |
| Sale of investments measured under amortised cost | 5,400.00 | 2,975.00 |
| Interest received on investments | 26.73 | 30.93 |
| **Net cash generated from / (used) in investing activities (B)** | **2,197.32** | **(797.04)** |
| **C. Cash flow from financing activities** | | |
| Payment to holding on account of recharge liability | (19.23) | (20.41) |
| Proceeds from long term borrowings | 15,597.40 | 7,302.31 |
| Repayments towards long term borrowings | (6,923.39) | (3,026.88) |
| Short term borrowings (net) | 1,054.99 | 1,428.58 |
| Deposits accepted (other than public deposits) (net) | 510.00 | - |
| Payment towards principal portion of lease liability | (10.54) | (7.73) |
| **Net cash generated from financing activities (C)** | **10,209.23** | **5,675.87** |
| **Net decrease in cash and cash equivalents (A+B+C)** | **(54.75)** | **(196.94)** |
| **Cash and cash equivalents at the beginning of the year** | **461.78** | **658.72** |
| **Cash and cash equivalents at the end of the year** | **407.03** | **461.78** |

**Notes:**
1) The above statement of cash flows has been prepared under the indirect method as set out in Indian Accounting Standard 7 - Statement of cash flows.
2) Refer note no. 40 for change in liabilities arising from financing activities.
3) Components of cash and cash equivalents are disclosed in note no. 5.

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: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Notes to standalone financial statements for the year ended 31 March 2022

## 1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') (Corporate ID No.: U65910PN2008PLC132228) was incorporated as a subsidiary of Bajaj Finserv Limited ('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 Limited (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 Limited (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 (FY2018). 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 5$^{th}$ floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune Maharashtra, India.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 25 April 2022, Board of Directors of the Company approved and recommended the audited 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 per 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 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') and 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') issued by RBI. 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 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. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

## 3. Presentation of Financial Statements

The Company presents its balance sheet in the order of liquidity.

The Company prepares and present 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 as amended from time to time. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 'Statement of Cash Flows' as amended from time to time.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 3. Presentation of Financial Statements (Contd.)

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 Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS.

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.:

i) Business model assessment (Refer note no. 4.4.(i))
ii) Fair value of financial instruments (Refer note no. 4.14, 46 and 47)
iii) Impairment of financial assets (Refer note no. 4.4.(i), 8, 48)
iv) Provisions and other contingent liabilities (Refer note no. 4.9 and 39(a))
v) Provision for tax expenses (Refer note no. 4.5)

Estimation of impairment allowance on financial assets amidst COVID-19 pandemic

Estimates and associated assumptions used for determining the impairment allowance on the Company's financial assets, are based on historical experience and other emerging factors emanating from the COVID-19 pandemic which may also influence the expected credit loss. The Company has used One Time Restructuring (OTR 1 and 2) and repayment moratorium on loans as early indicators suggesting higher flow rates and loss given default and accordingly accounted for commensurate expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances and information available. However, the uncertainty caused by resurgence of the COVID-19 pandemic and related events could further influence the estimate of credit losses.

## 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.

## 4. Summary of significant accounting policies (Contd.)

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 measured at fair value of the consideration received or receivable.

(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.

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 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 for a fee is retained, recognises the fair value of future service fee income and service obligations cost on net basis as service fee income in the statement of profit and loss and, correspondingly creates a service asset in balance sheet. Any subsequent increase in the fair value of service assets is recognised as service income and any decrease is recognised as an reversal in the period in which it occurs. The embedded interest component in the service asset is recognised as interest income in line with Ind AS 109 - 'Financial instruments'.

(d) 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

**(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.

### 4.2 Expenditures

**(i) Finance Cost**

Borrowing costs 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 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. Trade receivables and payables, loan receivables, investments in securities, debt securities and other borrowings, equity capital etc. are some examples of financial instruments.
All financial instruments are at amortised cost, unless otherwise specified."

**Date of recognition**

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. 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. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

**Initial measurement**

All financial assets are recognised initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss. Generally, the transaction price is treated as fair value unless proved to the contrary.

## 4. Summary of significant accounting policies (Contd.)

**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

a) Debt instruments at amortised cost:

The Company measures its financial assets 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.

The Company determines its business model at the level 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 financial assets 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 recognized in the Other Comprehensive Income (OCI). The interest

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

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 and dividend income is recorded in interest income and dividend income respectively 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.

The Company's investments into mutual funds, Government securities (trading portfolio), commercial papers and certificate of deposits for trading and short term cash flow management have been classified under this category.

**Derecognition of Financial Assets:**

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

a) The rights to receive cash flows from the asset have expired; or

b) 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 for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognised at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the 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.

## 4. Summary of significant accounting policies (Contd.)

**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 on 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.

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 instrument ('lifetime ECL').

One time restructuring of loan accounts allowed by RBI vide circular resolution framework for COVID-19 related stress to the extent having no overdues have been considered to have a significant increase in credit risk and accordingly classified under stage 2.

Financial assets (and the related impairment allowances) 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.

The treatment of the different stages of financial assets and the methodology of determination of ECL is set out below.

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:

a) Contractual payments of either principal or interest are past due for more than 90 days;

b) 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 continue to be in stage 3 until they exhibit regular payment of

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

renegotiated principal and interest over a minimum observation period, typically 12 months post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

Interest income is recognised by applying the effective interest rate to the net amortised cost amount i.e. gross carrying amount less ECL allowance.

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 upto 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 of Covid-19 related stress of Individuals and Small Businesses' and 'Resolution Framework 2.0 – Resolution of Covid-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- post renegotiation 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.

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 instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application / behavioural score cards 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 reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL takes into account the time value of money. 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.

## 4. Summary of significant accounting policies (Contd.)

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 recaliberates 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. 48.

### 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 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. Few examples of financial liabilities are trade payables, debt securities and other borrowings.

**Initial measurement:**

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

**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 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 if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

### 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.

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. Summary of significant accounting policies (Contd.)

### 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

### 4.7 Intangible assets and amortization thereof

Intangible assets, representing softwares, licenses etc. are initially recognised at cost and subsequently carried at cost less accumulated amortization 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 from use or disposal. 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. 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

**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.

### 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 & 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

### 4.13 Leases

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

(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 payment discounted using the Company's incremental cost of borrowing rate and directly attributable cost. Subsequently, the lease liability is –

(i) increased by interest on lease liability;

(ii) reduce by lease payment made; and

(iii) 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 payment discounted using the Company's incremental cost of borrowing rate 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. Short-term leases and leases of low-value assets :The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(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.

### 4.14 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. 46 and 47.

## 4. Summary of significant accounting policies (Contd.)

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.

### 4.15 Earnings Per Share

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.

### 4.16 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.

### 4.17 Recent Indian Accounting Standards / Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

a) Ind AS 103 – Reference to Conceptual Framework
The amendments specifiy that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

b) Ind AS 16 – Proceeds before intended use
The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

c) Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract
The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.
d) Ind AS 109 – Annual Improvements to Ind AS (2021)

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 4. Summary of significant accounting policies (Contd.)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

e) Ind AS 106 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements."

### 4.18 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.

### 4.19 Statement of cash flow

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of: (i) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; (ii) changes during the period in operating receivables and payables; and (iii) all other items for which the cash effects are investing or financing cash flows. Cash and cash equivalents shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

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 standalone financial statements for the year ended 31 March 2022 (Contd.)

## 5 Cash and cash equivalents

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Cash on hand | - | - |
| Balances with banks: | | |
| In current accounts* | 156.35 | 211.61 |
| Fixed deposits (with original maturity of 3 months or less) | 250.68 | 250.17 |
| | **407.03** | **461.78** |

*includes ₹ 0.13 crore in current account maintained for employees care fund.

## 6 Bank balances other than cash and cash equivalents

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Balances with banks | | |
| In fixed deposits (with orignal maturity more than 3 months) | 0.14 | 255.00 |
| | **0.14** | **255.00** |

## 7 Trade receivables

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Considered good - Unsecured** | | |
| Service asset | 235.45 | 180.05 |
| Fees, commission and others | 1.88 | 130.61 |
| | **237.33** | **310.66** |

Impairment allowance recognised on trade and other receivables is ₹ Nil (Previous year: ₹ Nil).
- 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 respectively in which any director is a partner, a director or a member.

### Trade receivables ageing schedule as at 31 March 2022

| Particular | 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** | | | | | | | | |
| Considered good | 235.45 | - | 1.88 | - | - | - | - | 237.33 |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 7 Trade receivables (Contd.)

**Trade receivables ageing schedule as at 31 March 2021**

| Particular | 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** | | | | | | | | |
| Considered good | 305.07 | - | 5.59 | - | - | - | - | 310.66 |

## 8 Loans

(₹ in crore)

| Particulars | As at 31 March 2022: At amortised Cost | At FVOCI* | Total | As at 31 March 2021: At amortised Cost | At FVOCI* | Total |
|---|---|---|---|---|---|---|
| **Term Loan** | | | | | | |
| **Secured** | | | | | | |
| Against equitable mortgage of immovable property | 9,937.77 | 35,384.75 | 45,322.52 | 6,993.76 | 25,462.46 | 32,456.22 |
| Less: Impairment loss allowance | 104.02 | 339.91 | 443.93 | 53.54 | 283.54 | 337.08 |
| | **9,833.75** | **35,044.84** | **44,878.59** | **6,940.22** | **25,178.92** | **32,119.14** |
| **Unsecured** | | | | | | |
| Unsecured loans | 1,627.14 | - | 1,627.14 | 1,318.44 | - | 1,318.44 |
| Less: Impairment loss allowance | 23.66 | - | 23.66 | 18.68 | - | 18.68 |
| | **1,603.48** | **-** | **1,603.48** | **1,299.76** | **-** | **1,299.76** |
| | **11,437.23** | **35,044.84** | **46,482.07** | **8,239.98** | **25,178.92** | **33,418.90** |
| **Out of above (i):** | | | | | | |
| **Loans in India** | | | | | | |
| Public sector | - | - | - | - | - | - |
| Less: Impairment loss allowance | - | - | - | - | - | - |
| | **-** | **-** | **-** | **-** | **-** | **-** |
| Others | 11,564.91 | 35,384.75 | 46,949.66 | 8,312.20 | 25,462.46 | 33,774.66 |
| Less: Impairment loss allowance | 127.68 | 339.91 | 467.59 | 72.22 | 283.54 | 355.76 |
| | **11,437.23** | **35,044.84** | **46,482.07** | **8,239.98** | **25,178.92** | **33,418.90** |
| **Loans outside India** | - | - | - | - | - | - |
| | **11,437.23** | **35,044.84** | **46,482.07** | **8,239.98** | **25,178.92** | **33,418.90** |
| **Out of above (ii):** | | | | | | |
| (a) Secured by tangible | 9,524.20 | 35,044.84 | 44,569.04 | 6,520.37 | 25,178.92 | 31,699.29 |
| (b) Secured by intangible assets | - | - | - | - | - | - |
| (c) Covered by Bank/ Government Guarantee | 309.55 | - | 309.55 | 419.85 | - | 419.85 |
| (d) Unsecured | 1,603.48 | - | 1,603.48 | 1,299.76 | - | 1,299.76 |
| | **11,437.23** | **35,044.84** | **46,482.07** | **8,239.98** | **25,178.92** | **33,418.90** |

* The net value is the fair value of these loans

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 8 Loans (Contd.)

### Summary of loans by stage distribution

(₹ in crore)

| Particulars | As at 31 March 2022 Stage 1 | Stage 2* | Stage 3 | Total | As at 31 March 2021 Stage 1 | Stage 2* | Stage 3 | Total |
|---|---|---|---|---|---|---|---|---|
| Gross carrying amount | 46,199.61 | 603.69 | 146.36 | 46,949.66 | 32,996.17 | 659.36 | 119.13 | 33,774.66 |
| Less: Impairment loss allowance | 259.95 | 128.17 | 79.47 | 467.59 | 178.68 | 131.88 | 45.20 | 355.76 |
| **Net carrying amount** | **45,939.66** | **475.52** | **66.89** | **46,482.07** | **32,817.49** | **527.48** | **73.93** | **33,418.90** |

* Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related stress of ₹ 286 crore (previous year ₹ 366 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 2022 Stage 1 Term loans (Gross) | Stage 1 Impairment loss allowance | Stage 2 Term loans (Gross) | Stage 2 Impairment loss allowance | Stage 3 Term loans (Gross) | Stage 3 Impairment loss allowance | Total Term loans (Gross) | Total 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** |

(₹ in crore)

| Particulars | For the year ended 31 March 2021 Stage 1 Term loans (Gross) | Stage 1 Impairment loss allowance | Stage 2 Term loans (Gross) | Stage 2 Impairment loss allowance | Stage 3 Term loans (Gross) | Stage 3 Impairment loss allowance | Total Term loans (Gross) | Total Impairment loss allowance |
|---|---|---|---|---|---|---|---|---|
| **Balance as at the beginning of the year** | **27,778.42** | **89.01** | **293.91** | **22.60** | **23.70** | **9.01** | **28,096.03** | **120.62** |
| Transfer during the year | | | | | | | | |
| Transfer to stage 1 | 11.19 | 1.17 | (10.59) | (1.05) | (0.60) | (0.12) | - | - |
| Transfer to stage 2 | (413.53) | (1.33) | 416.16 | 2.23 | (2.63) | (0.90) | - | - |
| Transfer to stage 3 | (102.54) | (0.38) | (33.86) | (4.02) | 136.40 | 4.40 | - | - |
| | **(504.88)** | **(0.54)** | **371.71** | **(2.84)** | **133.17** | **3.38** | **-** | **-** |
| Impact of changes in credit risk on account of stage movements | | (1.11) | | 89.72 | | 34.68 | - | 123.29 |
| Changes in opening credit exposures (additional disbursement net of repayments) | (7,855.31) | 15.86 | (79.03) | 8.62 | (30.91) | 8.09 | (7,965.25) | 32.57 |
| New credit exposures during the year, net of repayments | 13,577.94 | 75.46 | 72.77 | 13.78 | 4.87 | 1.74 | 13,655.58 | 90.98 |
| Amounts written off during the year | - | - | - | - | (11.70) | (11.70) | (11.70) | (11.70) |
| **Balance as at the end of the year** | **32,996.17** | **178.68** | **659.36** | **131.88** | **119.13** | **45.20** | **33,774.66** | **355.76** |

The Company has not given any loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties, either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 8 Loans (Contd.)

**Details of impairment of financial instruments disclosed in the statement of profit and loss :**

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Net impairment loss allowance charge/ (release) for the year | 111.83 | 235.14 |
| Amounts written off during the year | 69.24 | 11.70 |
| Impairment on loans | 181.07 | 246.84 |
| Add: Impairment on other assets | - | 0.37 |
| **Impairment on financial instruments** | **181.07** | **247.21** |

## 9 Investments

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| **(i) At fair value through profit or loss** | | |
| In mutual funds* | 580.62 | 2,755.34 |
| Add: Fair value gain | 0.20 | 1.98 |
| | **580.82** | **2,757.32** |
| In Government Securities / T-Bill | 666.90 | - |
| Add: Fair value gain | 0.55 | - |
| | 667.45 | - |
| **Total (i)** | 1,248.27 | 2,757.32 |
| **(ii) At Amortised cost** | | |
| In Fixed deposits | - | 508.72 |
| **Total (ii)** | **-** | **508.72** |
| **Total (i) + (ii)** | **1,248.27** | **3,266.04** |

**Out of above:**

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| In India | 1,248.27 | 3,266.04 |
| Outside India | - | - |
| | **1,248.27** | **3,266.04** |

* Includes investment in mutual fund towards employee care ₹ 0.56 crore (Previous year ₹ Nil).

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 10 Other financial assets

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Security deposits | 6.98 | 5.53 |
| Others* | 11.50 | 28.46 |
| | **18.48** | **33.99** |

Impairment allowance recognised on other financial assets is ₹ Nil (Previous year: ₹ Nil).

* Includes receivable from assignment pool and amount refundable from Government of India towards Scheme for grant of ex-gratia payment of difference between compound interest and simple interest to borrowers.

## 11 Deferred tax assets (net)

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

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Profit before tax** | 959.86 | 613.18 |
| **At corporate tax rate of 25.17% (Previous year: 25.17%)** | 241.60 | 154.34 |
| Tax on expenditure not considered for tax provision (net of allowance) | 8.78 | 5.76 |
| Tax on additional deductions | (0.14) | (0.11) |
| **Tax expense (effective tax rate of 26.12%, Previous year 26.09%)** | **250.24** | **159.99** |

### Deferred tax assets (net) recorded in Balance Sheet

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| **Deferred tax assets** | | |
| Disallowance u/s 43B of the Income Tax Act, 1961 | 1.01 | 0.22 |
| Depreciation, amortisation and impairment | 0.92 | 0.97 |
| Impairment on Financial Instruments | 105.38 | 76.91 |
| EIR impact on financial instruments measured at amortised cost | 0.77 | 0.76 |
| Lease liability | 1.03 | 0.94 |
| **Total of deferred tax assets** | 109.11 | 79.80 |
| **Deferred tax liabilities** | | |
| Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961 | 33.82 | 18.72 |
| Service fees for management of assigned portfolio of loans | 59.26 | 45.32 |
| Unrealised net gain on fair value changes | 0.45 | 0.50 |
| **Total of deferred tax liabilities** | 93.53 | 64.54 |
| **Deferred tax assets/ (liabilities), net** | **15.58** | **15.26** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 11 Deferred tax assets (net) (Contd.)

### Changes in deferred tax assets recorded in profit or Loss

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| Disallowance u/s 43B of the Income Tax Act, 1961 | (0.63) | (0.02) |
| Impairment on financial instruments | (28.47) | (52.68) |
| Depreciation, amortisation and impairment | 0.05 | 0.14 |
| EIR impact on financial instruments measured at amortised cost | (0.01) | 0.44 |
| Service fees for management of assigned portfolio of loans | 13.94 | 16.42 |
| Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961 | 15.10 | 10.57 |
| Lease liability | (0.09) | (0.48) |
| Unrealised net gain/(loss) on fair value changes | (0.05) | (1.40) |
| **Total** | **(0.16)** | **(27.01)** |

### Changes in deferred tax recorded in other comprehensive income

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Deferred tax relates to the following:** | | |
| Disallowance u/s 43B of the Income Tax Act, 1961 | (0.16) | 0.32 |
| | **(0.16)** | **0.32** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 12 Property, plant and equipment and intangible assets

For the year ended 31 March 2022

(₹ in crore)

| | Gross Block | | | | Depreciation, amortisation and impairment | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **As at 1 April 2021** | **Additions** | **Deductions/ adjustments** | **As at 31 March 2022** | **As at 1 April 2021** | **Deductions/ adjustments** | **For the year** | **As at 31 March 2022** | **As at 31 March 2022** |
| **Property, plant and equipment** [a] | | | | | | | | | |
| Buildings | 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** [b] | | | | | | | | | |
| 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** |

For the year ended 31 March 2021

(₹ in crore)

| | Gross Block | | | | Depreciation, amortisation and impairment | | | | Net block |
|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **As at 1 April 2020** | **Additions** | **Deductions/ adjustments** | **As at 31 March 2021** | **As at 1 April 2020** | **Deductions/ adjustments** | **For the year** | **As at 31 March 2021** | **As at 31 March 2021** |
| **Property, plant and equipment** [a] | | | | | | | | | |
| Buildings | 2.39 | - | - | 2.39 | 0.34 | - | 0.04 | 0.38 | 2.01 |
| Computers | 15.96 | 0.14 | 1.40 | 14.70 | 6.13 | 0.58 | 1.60 | 7.15 | 7.55 |
| Furniture and Fixtures | 10.64 | 0.26 | 0.09 | 10.81 | 3.43 | 0.04 | 0.85 | 4.24 | 6.57 |
| Vehicles | 6.92 | 2.15 | 0.63 | 8.44 | 2.33 | 0.31 | 0.76 | 2.78 | 5.66 |
| Office equipment | 11.79 | 3.03 | 1.28 | 13.54 | 3.01 | 0.70 | 3.59 | 5.90 | 7.64 |
| Lease hold improvement | 12.23 | 1.02 | 0.47 | 12.78 | 3.71 | 0.27 | 2.67 | 6.11 | 6.67 |
| Right-of-use - Premises | 44.91 | 0.96 | 0.05 | 45.82 | 8.09 | 0.09 | 9.60 | 17.60 | 28.22 |
| **Total (i)** | **104.84** | **7.56** | **3.92** | **108.48** | **27.04** | **1.99** | **19.11** | **44.16** | **64.32** |
| **Intangible assets** [b] | | | | | | | | | |
| Computer Software | 9.77 | 9.25 | - | 19.02 | 1.79 | - | 2.66 | 4.45 | 14.57 |
| **Total (ii)** | **9.77** | **9.25** | **-** | **19.02** | **1.79** | **-** | **2.66** | **4.45** | **14.57** |
| **Total (i) + (ii)** | **114.61** | **16.81** | **3.92** | **127.50** | **28.83** | **1.99** | **21.77** | **48.61** | **78.89** |

Notes

(a) See note no. 4.6 and 4.13

(b) See note no. 4.7

(c) 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 12 Property, plant and equipment and intangible assets (Contd.)

### 12.A Intangible assets under development aging as at 31 March 2022

(₹ in crore)

| Intangible assets under development | Period | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| Projects in porgress | 1.46 | - | - | - | 1.46 |

### Intangible assets under development aging as at 31 March 2021

(₹ in crore)

| Intangible assets under development | Period | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | more than 3 years | Total |
| Projects in porgress | - | - | - | - | - |

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

## 13 Other non-financial assets

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Capital advances | 0.98 | 0.62 |
| Advances to suppliers and others* | 9.46 | 12.78 |
| **Total** | **10.44** | **13.40** |

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

## 14 Payables

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Trade payables** | | |
| Total outstanding dues of micro enterprises and small enterprises# | 0.18 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 36.23 | 20.90 |
| **Total** | **36.41** | **20.90** |
| **Other Payables** | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 38.17 | 21.28 |
| **Total** | **38.17** | **21.28** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 14 Payables (Contd.)

### Trade Payable aging schedule as at 31 March 2022

| 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 |

### Trade Payable aging schedule as at 31 March 2021

| 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 | - | - | - | - | - | - | - |
| (ii) Others | - | 19.92 | 0.96 | 0.01 | 0.01 | - | 20.90 |

# 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 2022 | As at 31 March 2021 |
|---|---|---|
| Principal amount due to suppliers under MSMED Act, as at the year end (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 | 4.62 | 0.04 |
| Interest paid to suppliers under MSMED Act (other than Section 16) | - | - |
| Interest paid to suppliers under MSMED Act (Section 16) | 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 | - | - |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 15 Debt securities

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **At amortised cost** | | |
| **Secured** | | |
| Privately placed redeemable non-convertible debentures* | 11,730.67 | 7,963.33 |
| | 11,730.67 | 7,963.33 |
| **Unsecured** | | |
| Borrowings by issue of commercial paper | 3,997.23 | 2,861.41 |
| Privately placed partly paid redeemable non-convertible debentures | 761.25 | 507.34 |
| | 4,758.48 | 3,368.75 |
| **Total** | **16,489.15** | **11,332.08** |
| **Out of above** | | |
| In India | 16,489.15 | 11,332.08 |
| Outside India | - | - |
| **Total** | **16,489.15** | **11,332.08** |

* Privately placed redeemable non-convertible debentures are secured by a first pari-passu charge by mortgage of Company's office at Unit No.804, admeasuring 2,610 sq. ft. 8th Floor, Block-A of Wing Delta, bearing old Door nos. 113 to 122 and 128 to 134 and New No.177, Raheja Towers, Anna Salai, Mount Road, Chennai – 600 002 of nominal value and debts/ loan receivables under financing activity as stated in the respective information memorandum.
Quarterly returns or statements of current assets filed by the Company with banks or financial institutions or debenture trustees are in agreement with the books of accounts.
The Company has no pending charges or satisfaction which are required to be registered with ROC.

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

(₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at par and redeemable at par** | | | | | |
| 366-730 | 900.00 | 3,225.52 | - | - | 4,125.52 |
| 731-1095 | 165.00 | 1,075.00 | - | - | 1,240.00 |
| 1096-1460 | 960.00 | - | 2,999.00 | 330.00 | 4,289.00 |
| More than 1460 | - | - | - | 1,321.67 | 1,321.67 |
| **Issued at par and redeemable at premium** | | | | | |
| 1096-1460 | 834.26 | - | - | - | 834.26 |
| **Issued at discount and redeemable at par** | | | | | |
| 1096-1460 | 24.34 | - | 113.89 | - | 138.22 |
| Interest accrued | 544.45 | - | 6.33 | - | 550.77 |
| Impact of EIR | | | | | (7.54) |
| **Total** | | | | | **12,491.92** |

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2022.
As at 31 March 2022, partly called and paid unsecured debentures of ₹ 761.25 crore.
Amount to be called and paid is ₹105 crore each in Feb 2023, Feb 2024, Feb 2025 and ₹120 crore in Feb 2026.
Amount to be called and paid is ₹147 crore each Mar 2023, Mar 2024 and ₹168 crore in Mar 2025.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 15 Debt securities (Contd.)

### Terms of repayment of non convertible debenture (NCDs) as at 31 March 2021

(₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at par and redeemable at par** | | | | | |
| 366-730 | - | 900.00 | - | - | 900.00 |
| 731-1095 | 758.06 | 165.00 | 1,075.00 | - | 1,998.06 |
| 1096-1460 | 79.51 | 960.00 | - | - | 1,039.51 |
| More than 1460 | - | - | - | 504.00 | 504.00 |
| **Issued at par and redeemable at premium** | | | | | |
| 366-730 | 428.29 | - | - | - | 428.29 |
| 731-1095 | 1,848.51 | 834.26 | - | - | 2,682.77 |
| **Issued at discount and redeemable at par** | | | | | |
| 731-1095 | - | 24.34 | - | - | 24.34 |
| Interest accrued | 730.72 | 174.90 | - | - | 905.62 |
| Impact of EIR | | | | | (11.91) |
| **Total** | | | | | **8,470.67** |

Interest rate ranges from 4.85 % p.a. to 9.21 % p.a. as at 31 March 2021.
As at 31 March 2021, partly called and paid unsecured debentures of ₹ 507.35 crore.
Amount to be called and paid is ₹105 crore each in Feb 2022,Feb 2023, Feb 2024, Feb 2025 and ₹120 crore in Feb 2026.
Amount to be called and paid is ₹147 crore each in Mar 2022,Mar 2023, Mar 2024 and ₹168 crore in Mar 2025.

### Terms of repayment of commercial paper as at 31 March 2022

(₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at discount and redeemable at par** | | | | | |
| Upto 365 | 3,998.13 | - | - | - | 3,998.13 |
| Interest accrued | - | - | - | - | - |
| Impact of EIR | | | | | (0.90) |
| **Total** | | | | | **3,997.23** |

Interest rate ranges from 3.91 % p.a. to 5.15 % p.a. as at 31 March 2022.
Face value of commercial paper is ₹ 4,075 crore as at 31 March 2022 (Previous year ₹ 2,925 crore).

### Terms of repayment of commercial paper as at 31 March 2021

(₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **Issued at discount and redeemable at par** | | | | | |
| Upto 365 | 2,861.98 | - | - | - | 2,861.98 |
| Interest accrued | - | - | - | - | - |
| Impact of EIR | | | | | (0.57) |
| **Total** | | | | | **2,861.41** |

Interest rate ranges from 3.65 % p.a. to 4.55 % p.a.as at 31 March 2021.
Face value of commercial paper is ₹ 2,925 crore as at 31 March 2021 (Previous year ₹ 1,515 crore).

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 16 Borrowings (other than debt securities)

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **At amortised cost** | | |
| **Secured*** | | |
| Term loans from banks | 24,493.17 | 20,187.36 |
| Loans repayable on demand from banks | | |
| Cash credit / Overdraft facility | - | 61.16 |
| Working capital demand loan | - | 20.00 |
| **Total** | **24,493.17** | **20,268.52** |
| **Out of above:** | | |
| In India | 24,493.17 | 20,268.52 |
| Outside India | - | - |
| **Total** | **24,493.17** | **20,268.52** |

* Secured against hypothecation of book debts, loan receivables and other receivables.
Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
The Company has no pending charges or satisfaction which are required to be registered with ROC.

### Terms of repayment of term loans as at 31 March 2022

(₹ in crore)

| Original maturity of loan (as per Sanction) (In no.of days) | Due within 1 year: Total No. of instalments | Due within 1 year: ₹ in crore | Due 1 to 2 Years: Total No. of instalments | Due 1 to 2 Years: ₹ in crore | Due 2 to 3 Years: Total No. of instalments | Due 2 to 3 Years: ₹ in crore | More than 3 years: Total No. of instalments | More than 3 years: ₹ in crore | Total: ₹ in crore |
|---|---|---|---|---|---|---|---|---|---|
| **Quarterly Principal Payment** | | | | | | | | | |
| 1096-1460 | 4 | 62.50 | 4 | 181.25 | 5 | 350.00 | - | - | 593.75 |
| More than 1460 | 121 | 2,359.25 | 107 | 2,229.25 | 66 | 1,512.57 | 75 | 2,447.59 | 8,548.66 |
| **Half yearly Principal Payment** | | | | | | | | | |
| 1096-1460 | 2 | 142.86 | 2 | 142.86 | 2 | 142.86 | - | - | 428.57 |
| More than 1460 | 27 | 1,250.95 | 38 | 1,529.29 | 33 | 1,203.33 | 79 | 3,244.36 | 7,227.92 |
| **Yearly Principal Payment** | | | | | | | | | |
| More than 1460 | 14 | 875.00 | 13 | 850.00 | 8 | 830.00 | 7 | 600.00 | 3,155.00 |
| **Bullet Payment on maturity** | | | | | | | | | |
| Upto 1095 | 4 | 50.00 | 1 | 175.00 | - | - | - | - | 225.00 |
| 1096-1460 | 1 | 211.25 | 2 | 961.25 | 5 | 2,000.00 | - | - | 3,172.50 |
| More than 1460 | - | - | 3 | 650.00 | - | - | 1 | 500.00 | 1,150.00 |
| Interest accrued | 6 | 1.03 | | | | | | | 1.03 |
| Impact of EIR | | | | | | | | | (9.26) |
| **Total** | | | | | | | | | **24,493.17** |

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

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 16. Borrowings (other than debt securities) (Contd.)

### Terms of repayment of term loans as at 31 March 2021

(₹ in crore)

| Original maturity of loan (as per Sanction) (In no.of days) | 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 | ₹ in crore |
| **Monthly Principal Payment** | | | | | | | | | |
| Upto 1095 | 12 | 150.00 | 4 | 50.00 | - | - | - | - | 200.00 |
| **Quarterly Principal Payment** | | | | | | | | | |
| Upto 1095 | 2 | 50.00 | - | - | - | - | - | - | 50.00 |
| 1096-1460 | 2 | 31.25 | 4 | 62.50 | 2 | 31.25 | 2 | 200.00 | 325.00 |
| More than 1460 | 88 | 1,395.83 | 109 | 2,079.17 | 95 | 1,949.17 | 114 | 3,540.42 | 8,964.58 |
| **Half yearly Principal Payment** | | | | | | | | | |
| More than 1460 | 15 | 717.62 | 22 | 1,167.62 | 26 | 1,342.62 | 47 | 2,067.69 | 5,295.54 |
| **Yearly Principal Payment** | | | | | | | | | |
| 1096-1460 | 1 | 33.32 | - | - | - | - | - | - | 33.32 |
| More than 1460 | 11 | 575.00 | 13 | 775.00 | 12 | 750.00 | 8 | 730.00 | 2,830.00 |
| **Bullet Payment on maturity** | | | | | | | | | |
| Upto 1095 | 2 | 450.00 | - | - | - | - | - | - | 450.00 |
| 1096-1460 | 1 | 227.50 | 1 | 211.25 | 2 | 961.25 | - | - | 1,400.00 |
| More than 1460 | - | - | - | - | 3 | 650.00 | - | - | 650.00 |
| Interest accrued | 6 | 0.48 | - | - | - | - | - | - | 0.48 |
| Impact of EIR | | | | | | | | | (11.56) |
| **Total** | | | | | | | | | **20,187.36** |

Interest rate ranges from 5.17 % p.a. to 8.35 % p.a. as at 31 March 2021.

### Terms of repayment of working capital demand loan as at 31 March 2021

(₹ in crore)

| Original maturity of loan (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **On maturity (Bullet)** | | | | | |
| Upto 365 | 20.00 | - | - | - | 20.00 |
| Interest accrued | - | - | - | - | - |
| Impact of EIR | - | - | - | - | - |
| **Total** | | | | | **20.00** |

Interest rate ranges from 6.70 % p.a. to 7.20 % p.a. as at 31 March 2021.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 17. Deposits

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| **Unsecured** | | |
| **At Amortised Cost** | | |
| From Others (Inter corporate deposit) | 510.00 | - |
| **Total** | **510.00** | **-** |

### Terms of repayment of Deposits as at 31 March 2022

(₹ in crore)

| Original maturity (In no. of days) | Due within 1 year | Due 1 to 2 Years | Due 2 to 3 Years | More than 3 years | Total |
|---|---|---|---|---|---|
| **On maturity (Bullet)** | | | | | |
| Upto 365 | 65 | - | - | - | 65.00 |
| 366-730 | - | 445.00 | - | - | 445.00 |
| Interest accrued | - | - | - | - | - |
| Impact of EIR | | | | | - |
| **Total** | | | | | **510.00** |

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

## 18. Other financial liabilities

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Security deposits | 0.08 | 0.08 |
| Lease Liability* | 40.29 | 31.96 |
| Others** | 134.05 | 119.10 |
| **Total** | **174.42** | **151.14** |

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

** Includes amount payable to assignment partners and insurance partners.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 18. Other financial liabilities (Contd.)

### a. Lease Liability Movement

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Opening Balance / Transition adjustment | 31.96 | 38.70 |
| Add : | | |
| Addition during the year | 19.24 | 0.96 |
| Interest on Lease Liability | 2.46 | 2.58 |
| Lease modification/ adjustments | - | 0.34 |
| Less : | | |
| Deletion during the year | 0.37 | 0.31 |
| Lease rental payments | 13.00 | 10.31 |
| Balance at the end of the year | **40.29** | **31.96** |

b. Lease rentals of ₹ 0.89 crores (Previous year ₹ 0.96 crores) pertaining to short-term leases and low value assets has been charged to statement of profit and loss.

c. Future Lease Cash Outflow for all leased assets :

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| - Not later than one year | 15.45 | 11.23 |
| - Later than one year but not later than five years | 30.25 | 22.90 |
| - Later than five years | 1.79 | 2.72 |

d. Maturity Analysis of Lease Liability:

(₹ in crore)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Within 12 months | After 12 months | Within 12 months | After 12 months |
| Lease Liability | 11.57 | 28.72 | 9.23 | 22.73 |

## 19. Provisions

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Provision for employee benefits | | |
| Gratuity | 1.03 | - |
| Compensated absences | 1.37 | 0.88 |
| Other long term service benefits | 1.65 | 1.41 |
| **Total** | **4.05** | **2.29** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 20. Other non-financial liabilities

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Statutory Dues | 15.08 | 13.93 |
| Others | 5.21 | 8.63 |
| **Total** | **20.29** | **22.56** |

## 21. Equity share capital

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| **Authorised** | | |
| 8,000,000,000 (6,000,000,000) equity shares of ₹ 10 each | 8,000.00 | 6,000.00 |
| **Issued** | | |
| 4,883,333,329 (4,883,333,329) equity shares of ₹ 10 each | 4,883.33 | 4,883.33 |
| **Subscribed and paid up** | | |
| 4,883,333,329 (4,883,333,329) equity shares of ₹ 10 each fully called up and paid up | 4,883.33 | 4,883.33 |
| | **4,883.33** | **4,883.33** |

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

| Equity share capital issued, subscribed and fully paid up | As at 31 March 2022 Nos. | ₹ in crore | As at 31 March 2021 Nos. | ₹ in crore |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 4,883,333,329 | 4,883.33 | 4,883,333,329 | 4,883.33 |
| **Outstanding at the end of the year** | **4,883,333,329** | **4,883.33** | **4,883,333,329** | **4,883.33** |

### 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)

| Particulars | As at 31 March 2022 Nos. | ₹ in crore | As at 31 March 2021 Nos. | ₹ in crore |
|---|---|---|---|---|
| Bajaj Finance Limited* | 4,883,333,329 | 4,883.33 | 4,883,333,329 | 4,883.33 |

* A subsidiary of Bajaj Finserv Ltd.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 21. Equity share capital (Contd.)

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

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Nos. | % Holding | Nos. | % Holding |
| Bajaj Finance Limited (Holding Company) | 4,883,333,329 | 100.00% | 4,883,333,329 | 100.00% |

### e. Details of shareholding of promoters

**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 Limited | 4,883,333,329 | 100.00% | 0.00% |

**Shares held by promoters at the year ended 31 March 2021**

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

### f. Refer note 43. on Capital

## 22. Other equity

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| **(i) Securities premium** | | |
| Balance as at the beginning of the year | 166.67 | 166.67 |
| **Balance as at the end of the year (i)** | **166.67** | **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 | 126.96 | 78.32 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 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 | 74.40 | 32.40 |
| **Total** | **224.02** | **110.72** |
| **Addition / appropriation / withdrawal during the year** | | |
| Add: | | |
| a) Amount transferred u/s 29C of the NHB Act, 1987 | 81.93 | 48.64 |
| b) Additional amount transferred u/s 29C of the NHB Act, 1987 | - | 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 | 60.00 | 42.00 |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 22. Other equity (Contd.)

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| | | |
| 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 as at the end 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 |
| **Balance as at the end of the year (ii)** | **365.95** | **224.02** |
| | | |
| **(iii) Retained earnings** | | |
| **Balance as at the beginning of the year** | 758.20 | 417.36 |
| Profit for the year | 709.62 | 453.19 |
| Item of other comprehensive income recognised directly in retained earnings | | |
| On defined benefit plan | (0.48) | 0.95 |
| | **1,467.34** | **871.50** |
| Less: Appropriations: | | |
| Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987 | 81.93 | 48.64 |
| Transfer to additional statutory reserve in terms of Section 29C of the NHB Act, 1987 | - | 22.66 |
| 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 | 60.00 | 42.00 |
| **Total appropriations** | **141.93** | **113.30** |
| **Balance as at the end of the year (iii)** | **1,325.41** | **758.20** |
| | | |
| **(iv) Capital Contribution from Holding-ESOPs** | | |
| **Balance as at the beginning of the year** | - | 7.05 |
| Add: fair value of stock options issued by holding company | 19.23 | 13.36 |
| Less: Payment to holding company towards employee stock option plan (Refer Note no 49) | (19.23) | (20.41) |
| **Balance as at the end of the year (iv)** | **-** | **-** |
| | | |
| **Total (i) to (iv)** | **1,858.03** | **1,148.89** |

### 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 22. Other equity (Contd.)

**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 five 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).

**iv. Capital Contribution from Holding-ESOPs**

Represents fair value of ESOPs issued by the Holding Company to the employees of the Company.

**v. Other comprehensive income**

On loans

The Comapny 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. The table gives details of movement of fair value changes:

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Balance as at the beginning of the year** | - | - |
| Fair value changes | 56.37 | 200.62 |
| Impairment loss allowances transferred to profit or loss | (56.37) | (200.62) |
| **Balance as at the end of the year** | **-** | **-** |

## 23. Interest income

(₹ in crore)

| Particulars | Year ended 31 March 2022 | | | | Year ended 31 March 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | On financial assets measured at | | | | On financial assets measured at | | | |
| | Amortised Cost | FVOCI | FVTPL | Total | Amortised Cost | FVOCI | FVTPL | Total |
| On loans* | 1,031.58 | 2,432.06 | - | 3,463.64 | 816.96 | 2,015.85 | - | 2,832.81 |
| On investments | - | - | 7.15 | 7.15 | - | - | 1.53 | 1.53 |
| On deposits with Banks | 10.96 | - | - | 10.96 | 43.09 | - | - | 43.09 |
| **Total** | **1,042.54** | **2,432.06** | **7.15** | **3,481.75** | **860.05** | **2,015.85** | **1.53** | **2,877.43** |

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

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 24. Fees and commission income

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Distribution income | 33.23 | 14.75 |
| Fees on value added services and products | 7.63 | 4.94 |
| Service and administration charges | 30.69 | 50.40 |
| Foreclosure income | 10.30 | 4.53 |
| **Total** | **81.85** | **74.62** |

## 25. Net gain on fair value changes

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Net gain/ (loss) on financial instruments measured at fair value through profit or loss | | |
| On trading portfolio | | |
| Realised gain/(loss) on investments at FVTPL | 60.21 | 65.44 |
| Unrealised gain/(loss) on investments at FVTPL | (1.24) | (5.59) |
| **Total** | **58.97** | **59.85** |

## 26. Sale of services

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Service charges | 29.49 | 38.41 |
| Service fees for management of assigned portfolio of loans | 112.53 | 103.74 |
| **Total** | **142.02** | **142.15** |

## 27. Other operating income

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Recoveries against financial assets | 1.44 | 0.58 |
| Miscellaneous charges and receipts | 0.63 | 0.07 |
| **Total** | **2.07** | **0.65** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 28. Other income

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Sundry credit balances appropriated | 0.05 | - |
| Income from Rent | 0.19 | 0.19 |
| Interest on income tax refund | 0.10 | 0.37 |
| Miscellaneous income | 0.13 | 0.02 |
| **Total** | **0.47** | **0.58** |

## 29. Finance costs

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| **On financial liabilities measured at amortised cost:** | | |
| On debt securities | 745.20 | 623.89 |
| On borrowings other than debt securities | 1,400.13 | 1,335.04 |
| On Deposits | 7.52 | - |
| On lease liability | 2.46 | 2.58 |
| On others | - | 4.36 |
| **Total** | **2,155.31** | **1,965.87** |

## 30. Fees and commission expense

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Commission and incentives | 0.11 | 0.04 |
| Loan portfolio management service charges | 4.57 | 1.29 |
| **Total** | **4.68** | **1.33** |

## 31. Impairment on financial instruments

(₹ in crore)

| Particulars | Year ended 31 March 2022 | | | Year ended 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | At Amortised Cost | At FVOCI | FVTPL | At Amortised Cost | At FVOCI | Total |
| On loans | 50.11 | 130.96 | 181.07 | 40.82 | 206.02 | 246.84 |
| On Others | - | - | - | 0.37 | - | 0.37 |
| **Total** | **50.11** | **130.96** | **181.07** | **41.19** | **206.02** | **247.21** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 32. Employee benefits expenses

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Employees emoluments | 304.72 | 209.23 |
| Contribution to provident fund and other funds | 14.93 | 12.01 |
| Share based payments to employees | 19.23 | 13.36 |
| Staff welfare expenses | 9.92 | 11.16 |
| **Total** | **348.80** | **245.76** |

## 33. Other expenses

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Travelling expenses | 17.34 | 7.05 |
| Information technology expenses | 13.97 | 11.44 |
| Repairs and maintenance | 8.06 | 7.50 |
| Communication expenses | 7.31 | 5.54 |
| Advertisement, branding and promotion | 5.16 | 5.91 |
| Outsourcing / back office expenses | 5.08 | 3.75 |
| Rent, taxes and energy cost | 4.43 | 3.41 |
| Legal and professional charges | 3.73 | 1.79 |
| Bank charges | 1.93 | 1.64 |
| Printing and stationery | 1.43 | 0.98 |
| Director's fees | 0.50 | 0.22 |
| Net loss on sale of property, plant and equipment | 0.48 | 0.44 |
| Business support services | 0.34 | 0.21 |
| Insurance | 0.19 | 0.12 |
| Customer experience | 0.11 | 0.71 |
| Auditor's fees and expenses* | 0.52 | 0.10 |
| Expenditure towards Corporate Social Responsibility activities ** | 7.67 | 3.91 |
| Miscellaneous expenses | 13.40 | 5.44 |
| **Total** | **91.65** | **60.16** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 33. Other expenses (Contd.)

### * Payment to auditor

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **As auditor** | | |
| Audit fee | 0.30 | 0.01 |
| Tax audit fee ₹ 25,000 (Previous year ₹ 25,000) | | |
| Limited review fee | 0.04 | 0.01 |
| **In other capacity** | | |
| Other services | 0.12 | 0.07 |
| Reimbursement of expenses | 0.02 | 0.01 |
| **Total** | **0.48** | **0.09** |
| **Total including GST disallowance** | **0.52** | **0.10** |

### ** Corporate Social Responsibility expenditure

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| (a) Gross amount required to be spent by the Company during the year | 7.67 | 3.91 |
| (b) Amount spent in cash during the year on: | | |
| (i) Construction/acquisition of any asset | 7.38 | - |
| (ii) On purposes other than (i) above | 0.29 | 3.91 |
| (c) Excess / (Shortfall) at the end of the year | - | - |
| (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 and ii | 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 standalone financial statements for the year ended 31 March 2022 (Contd.)

## 34. 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:

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Net profit attributable to equity shareholders (₹ in crore) (A) | 709.62 | 453.19 |
| Weighted average number of equity shares for basic and diluted earnings per share (B) | 4,883,333,329 | 4,883,333,329 |
| Weighted average number of equity shares for diluted earnings per share (C) | 4,883,333,329 | 4,883,333,329 |
| **Earning Per Share (basic) (₹) (A/B)** | **1.45** | **0.93** |
| **Earning Per Share (diluted) (₹) (A/C)** | **1.45** | **0.93** |

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 7th April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45 These shares would be considered for computing 'Earnings per share' from the quarter ending June 30, 2022 onwards.

## 35. 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.

## 36. 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.

## 37. Revenue from contract with customers

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Type of Services** | | |
| Distribution income | 33.23 | 14.75 |
| Fees on value added services and products | 7.63 | 4.94 |
| Service and administration charges | 30.69 | 50.40 |
| Foreclosure income | 10.30 | 4.53 |
| **Total** | **81.85** | **74.62** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 37. Revenue from contract with customers (Contd.)

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Geographical markets** | | |
| India | 81.85 | 74.62 |
| Outside India | - | - |
| **Total** | **81.85** | **74.62** |
| **Timing of revenue recognition** | | |
| Services transferred at a point in time | 81.85 | 74.62 |
| Services transferred over time | - | - |
| **Total** | **81.85** | **74.62** |

### Contract balances

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Fees, commission and other receivables | 1.34 | 0.56 |

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

## 38. 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 | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| **Defined benefit obligation as at the beginning of the year** | 21.25 | 17.13 |
| Current service cost | 3.91 | 3.70 |
| Interest on defined benefit obligation | 1.44 | 1.14 |
| Remeasurement (gain)/ loss: | | |
| Actuarial (gain)/ loss arising from change in financial assumptions | (0.72) | (0.32) |
| Actuarial (gain)/ loss arising from change in demographic assumptions | - | - |
| Actuarial (gain)/ loss arising on account of experience changes | 1.08 | (1.03) |
| Benefits paid | (1.37) | (0.34) |
| Liabilities assumed / (settled)* | - | 0.98 |
| **Defined benefit obligation as at the end of the year** | **25.58** | **21.25** |

* On account of business combination within the group

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 38. Employee benefits plan (Contd.)

### (ii) Movement in plan assets

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| **Fair value of plan asset as at the beginning of the year** | 22.66 | 17.37 |
| Employer contributions | 1.95 | 3.53 |
| Interest on plan assets | 1.59 | 1.20 |
| Remeasurements due to: | | |
| Actual return on plan assets less interest on plan assets | (0.28) | (0.08) |
| Benefits paid | (1.37) | (0.34) |
| Assets acquired / (settled)* | - | 0.98 |
| **Fair value of plan asset as at the end of the year** | **24.55** | **22.66** |

* On account of business combination within the group

### (iii) Reconciliation of net liability/ (asset)

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| **Net defined benefit liability/ (asset) as at the beginning of the year** | (1.41) | (0.24) |
| Expense charged to statement of profit & loss | 3.76 | 3.63 |
| Amount recognised in other comprehensive income | 0.64 | (1.27) |
| Employers contribution | (1.95) | (3.53) |
| **Net defined benefit liability/ (asset) as at the end of the year** | **1.03** | **(1.41)** |

### (iv) Expenses charged to the statement of profit and loss

(₹ in crore)

| Particulars | Year ended 31 March 2022 | 2021 |
|---|---|---|
| Current service cost | 3.91 | 3.70 |
| Interest cost | (0.15) | (0.07) |
| **Total** | **3.76** | **3.63** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 38. Employee benefits plan (Contd.)

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

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Opening amount recognised in other comprehensive income | 3.41 | 4.68 |
| Changes in financial assumptions | (0.72) | (0.32) |
| Changes in demographic assumptions | - | - |
| Experience adjustments | 1.08 | (1.03) |
| Actual return on plan assets less interest on plan assets | 0.28 | 0.08 |
| **Closing amount recognized in other comprehensive income** | **4.04** | **3.41** |

### (vi) Amount recognised in Balance Sheet

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Present value of funded defined benefit obligation | 25.58 | 21.25 |
| Fair value of plan assets | 24.55 | 22.66 |
| **Net defined benefit liability recognised in balance sheet** | **1.03** | **(1.41)** |

### (vii) Key actuarial assumptions

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Discount rate | 7.25% | 6.95% |
| Salary escalation rate (p.a.) | 11.00% | 11.00% |
| **Category of plan assets** | | |
| Insurer managed funds | 100.00% | 100.00% |

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

(₹ in crore)

| Particulars | As at 31 March 2022 | | As at 31 March 2021 | |
|---|---|---|---|---|
| | Discount rate | Salary Escalation Rate | Discount rate | Salary Escalation Rate |
| Impact of increase in 50 bps on defined benefit obligation | (0.04) | 0.05 | (0.05) | 0.05 |
| Impact of decrease in 50 bps on defined benefit obligation | 0.05 | (0.04) | 0.05 | (0.05) |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 38. Employee benefits plan (Contd.)

### Code on Social Security, 2020

The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

### (ix) Projected plan cash flow

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| **Maturity Profile** | | |
| Expected benefits for year 1 | 1.64 | 1.15 |
| Expected benefits for year 2 | 1.84 | 1.30 |
| Expected benefits for year 3 | 1.94 | 1.48 |
| Expected benefits for year 4 | 1.99 | 1.58 |
| Expected benefits for year 5 | 2.07 | 1.60 |
| Expected benefits for year 6 | 2.07 | 1.60 |
| Expected benefits for year 7 | 2.06 | 1.62 |
| Expected benefits for year 8 | 2.28 | 1.63 |
| Expected benefits for year 9 | 2.11 | 1.87 |
| Expected benefits for year 10 and above | 38.92 | 34.86 |

### (x) Expected contribution to fund in the next year

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Expected contribution to fund in the next year | 3.00 | 3.00 |

### B) Long-term service benefit liability

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Present value of unfunded obligations | 1.65 | 1.41 |
| Expense recognised in the statement of profit and loss | 0.29 | 0.29 |
| Discount rate (p.a.) | 7.25% | 6.95% |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 39. Contingent liabilities and commitments

### (a) Contingent liabilities not provided for in respect of :

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| Disputed claims against the company not acknowledged as debts | 4.23 | 1.85 |

### (b) Capital and other commitments

(₹ in crore)

| Particulars | As at 31 March 2022 | 2021 |
|---|---|---|
| (i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances)) | | |
| Tangible | 1.64 | 0.25 |
| Intangible | 0.13 | 0.24 |
| (ii) Other commitments (towards partially disbursed / sanctioned but not disbursed) | 4,479.84 | 2,903.08 |

## 40. (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 2022

(₹ in crore)

| Particulars | 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 |
| | **31,632.56** | **10,228.46** | **(328.41)** | **41,532.61** |

For the year ended 31 March 2021

(₹ in crore)

| Particulars | As at 1 April 2020 | Cash flows | Other* | As at 31 March 2021 |
|---|---|---|---|---|
| Debt Securities | 7,823.59 | 3,217.18 | 291.31 | 11,332.08 |
| Borrowing other than Debt Securities | 17,776.85 | 2,486.83 | 4.84 | 20,268.52 |
| Deposits | - | - | - | - |
| Lease Liability | 38.70 | (7.73) | 0.99 | 31.96 |
| | **25,639.14** | **5,696.28** | **297.14** | **31,632.56** |

* Other includes Interest accrued and EIR adjustments

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 41. 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 | 2022 Transaction Value | 2022 Outstanding amounts carried in Balance Sheet | 2021 Transaction Value | 2021 Outstanding amounts carried in Balance Sheet |
|---|---|---|---|---|---|
| **A. Holding Company, Subsidiaries & Fellow Subsidiaries :** | | | | | |
| 1 Bajaj Finserv Limited (Ultimate Holding company) | Secured non-convertible debentures issued | - | (350.00) | - | (150.00) |
| | Interest paid on non-convertible debentures | 9.00 | - | - | - |
| 2 Bajaj Finance Limited (Holding company) | Contribution to Equity (4,883,333,329 shares of ₹10 each) | - | (4,883.33) | - | (4,883.33) |
| | Security deposit received | - | (0.08) | - | (0.08) |
| | Rent received | 0.19 | - | 0.19 | - |
| | Assets purchased | 0.27 | - | 0.09 | - |
| | Assets sale | 0.38 | - | 0.07 | - |
| | Purchase of loan portfolio | 738.79 | - | 300.13 | - |
| | Direct assignment of loan portfolio | 1,503.69 | - | - | - |
| | Business support charges paid | 7.86 | - | 4.72 | - |
| | Business support charges received | 1.14 | - | 1.50 | - |
| | Fees and commission received | 44.64 | - | 61.28 | - |
| | ESOP recharge cost | 19.23 | - | 20.41 | - |
| | 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 Allianz General Insurance Company Ltd. | Insurance expense | 3.79 | 4.54 | 2.63 | 3.25 |
| (Fellow subsidiary) | Interest paid on non-convertible debentures | 10.57 | - | 10.51 | - |
| | Asset Purchased | 0.01 | - | - | - |
| | Secured non-convertible debentures issued | - | (100.00) | - | (150.00) |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 41. 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 | 2022 Transaction Value | 2022 Outstanding amounts carried in Balance Sheet | 2021 Transaction Value | 2021 Outstanding amounts carried in Balance Sheet |
|---|---|---|---|---|---|
| | Secured non-convertible debentures repaid | 50.00 | - | - | - |
| 4. Bajaj Allianz Life Insurance Company Ltd. | Insurance expense | 11.61 | 0.30 | 15.22 | 3.06 |
| (Fellow subsidiary) | Interest paid on non-convertible debentures | 33.99 | - | 16.96 | - |
| | Unsecured non-convertible debentures issued | 217.00 | (651.00) | - | (434.00) |
| 5. Bajaj Finserv Direct Limited | Business support charges paid | 1.05 | (0.91) | 0.09 | - |
| (Fellow subsidiary) | Assets purchased | - | - | 0.12 | - |
| | Assets sale | 0.00 | - | (0.02) | - |
| | Other Receipts | - | - | 0.07 | - |
| **B. Key Management Personnel and their relatives** | | | | | |
| 1. Sanjiv Bajaj (Non Executive Director) | Sitting Fees | 0.17 | - | 0.07 | - |
| 2. Lila Poonawalla | Sitting Fees | 0.17 | - | 0.07 | - |
| (Non Executive Director) | | | | | |
| 3. Anami N Roy | Sitting Fees | 0.11 | - | 0.03 | - |
| (Non Executive Director) | | | | | |
| 4. Dr. Omkar Goswami | Sitting Fees | 0.01 | - | 0.04 | - |
| (Non Executive Director) | | | | | |
| 5. Atul Jain (Chief Executive Officer) | Remuneration (including perquisites) | 8.14 | (1.14) | 7.51 | (1.80) |
| | Fair value of stock options granted by Holding Company | 4.46 | - | 3.23 | - |
| 6. Gaurav Kalani (Chief Financial Officer) | Remuneration (including perquisites) | 1.64 | (0.63) | 0.99 | (0.25) |
| | Fair value of stock options granted by Holding Company | 0.64 | - | 0.47 | - |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 41. 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 | Year ended 31 March 2022 Transaction Value | 2022 Outstanding amounts carried in Balance Sheet | 2021 Transaction Value | 2021 Outstanding amounts carried in Balance Sheet |
|---|---|---|---|---|---|
| **C. Entities in which KMP & their relatives have significant influence** | | | | | |
| 1. Bajaj Auto Ltd. | Security deposit (paid) | 0.00 | 0.03 | - | 0.02 |
| | Rent expense | 0.06 | - | 0.05 | - |
| 2. Bajaj Holdings and Investment Limited | Secured non-convertible debentures issued | - | - | - | (150.00) |
| | Secured non-convertible debentures repaid | 150.00 | - | - | - |
| | Interest paid on non-convertible debentures | 10.41 | - | 10.41 | - |
| 3. Maharashtra Scooters Limited | Secured non-convertible debentures issued | - | (50.00) | - | (25.00) |
| | Interest paid on non-convertible debentures | 1.50 | - | - | - |
| 4. Hind Musafir Agency Ltd. | Services received | 1.25 | (0.18) | 0.73 | (0.04) |
| 5. Poddar Housing And Development Limited | Interest Income | 1.07 | - | 1.56 | 0.13 |
| | Loan given | - | - | - | 13.00 |
| | Loan repayment received | 13.00 | - | - | - |
| 6. Ashwin Vijaykumar Jain | Interest Income | 0.00 | - | 0.01 | 0.00 |
| | Loan given | - | - | 0.15 | 0.15 |
| | Loan repayment received | 0.15 | - | - | - |
| **D. Post employment benefit entity** | | | | | |
| 1. Bajaj Auto Employees Group Gratuity Fund | Gratuity contribution | 2.00 | - | 3.65 | - |

Note: -

1. Transactions value are excluding taxes and duties.
2. Amount in bracket denotes credit balance.
3. 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.
4. 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.
5. 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.
6. NCD transaction includes only issuance from primary market, and outstanding balance is balances of NCDs held by related parties as on reporting dates.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 42. Relationship with Struck off Companies

(₹ in crore)

| Name of struck off Company | Nature of transactions with struck-off Company | Relationship with the Struck off company | Balance outstanding 31st March 2022 | Balance outstanding 31st March 2021 |
|---|---|---|---|---|
| Gayathri Technocrats Private Limited | Loan Given | No | 0.15 | 0.21 |
| CSE Computer Solutions East Pvt Ltd | Loan Given | No | 0.37 | 0.38 |

## 43. Capital

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

### (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 the risks inherent to its business and its growth strategy. The Company endeavors 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 endeavors 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.

### (ii) Regulatory capital

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Tier I capital | 6,469.01 | 5,820.36 |
| Tier II capital | 259.95 | 178.68 |
| **Total capital** | **6,728.96** | **5,999.04** |
| **Total risk weighted assets** | **34,126.15** | **28,119.67** |
| Tier I CRAR | 18.95% | 20.70% |
| Tier II CRAR | 0.76% | 0.63% |
| **Total CRAR** | **19.71%** | **21.33%** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 44. Analytical Ratios

| Ratio | Numerator | Denominator | As at 31 March 2022 | As at 31 March 2021 | % Variance | Reason for variance (if above 25%) |
|---|---|---|---|---|---|---|
| Capital to risk-weighted assets ratio (CRAR) | 6,728.96 | 34,126.15 | 19.71% | 21.33% | -8.22% | NA |
| Tier I CRAR | 6,469.01 | 34,126.15 | 18.95% | 20.70% | -9.23% | NA |
| Tier II CRAR | 259.95 | 34,126.15 | 0.76% | 0.63% | 17.11% | NA |
| Debt Equity Ratio | 41,492.32 | 6,741.36 | 6.15 | 5.24 | 14.89% | NA |
| Liquidity Coverage Ratio | 1,074.48 | 818.95 | 131.20% | NA | NA | NA |

Note : Liquidity Coverage Ratio was not appliable as at 31 March 2021.

## 45. Events after reporting date

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

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 7th April 2022 at a premium of ₹ 3.67/- per share involving aggregate amount of ₹ 24,999,999,952.45.

## 46. 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.

**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 46) using quoted market prices of the underlying instruments;

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 46. Fair values (Contd.)

- 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.

## 47. 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 2022:**

(₹ in crore)

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

**Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2021:**

(₹ in crore)

| | | Fair value measurement using | | | |
|---|---|---|---|---|---|
| **Particulars** | **Date of valuation** | **Quoted prices in active markets (Level 1)** | **Significant observable inputs (Level 2)** | **Significant unobservable inputs (Level 3)** | **Total** |
| Investments held for trading designated under FVTPL | 31 March 2021 | 2,757.32 | - | - | 2,757.32 |
| Loans designated under FVOCI | 31 March 2021 | - | 25,178.92 | - | 25,178.92 |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 47. Fair value hierarchy (Contd.)

**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 | 237.33 | - | - | 237.33 | 237.33 |
| Loans at amortised cost* | 11,437.23 | - | - | 11,437.23 | 11,437.23 |
| Other financial assets | 18.48 | - | - | 18.48 | 18.48 |
| **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.

**Fair value of financial instruments not measured at fair value as at 31 March 2021:**

(₹ 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 | 461.78 | 461.78 | - | - | 461.78 |
| Bank balances other than cash and cash equivalents | 255.00 | 255.00 | - | - | 255.00 |
| Trade receivables | 310.66 | - | - | 310.66 | 310.66 |
| Loans at amortised cost* | 8,239.98 | - | - | 8,239.98 | 8,239.98 |
| Investments | 508.72 | 508.72 | - | - | 508.72 |
| Other financial assets | 33.99 | - | - | 33.99 | 33.99 |
| **Total financial assets** | **9,810.13** | **1,225.50** | **-** | **8,584.63** | **9,810.13** |
| **Financial liabilities** | | | | | |
| Trade payables | 20.90 | - | - | 20.90 | 20.90 |
| Other payables | 21.28 | - | - | 21.28 | 21.28 |
| Debt Securities | 11,332.08 | - | 11,491.68 | - | 11,491.68 |
| Borrowings (other than debt securities) | 20,268.52 | - | - | 20,268.52 | 20,268.52 |
| Other financial liabilities | 151.14 | - | - | 151.14 | 151.14 |
| **Total financial liabilities** | **31,793.92** | **-** | **11,491.68** | **20,461.84** | **31,953.52** |

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

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. Risk management objectives and policies

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

| Nature of risk | Arising from | Executive governance structure | Measurement, monitoring and management of risk |
|---|---|---|---|
| Liquidity and funding risk | Liquidity risk arises from mismatches in the timing of cash flows.<br><br>Funding risk arises from:<br>• inability to raise incremental borrowings to fund business requirement or repayment obligations<br>• when long term assets cannot be funded at the expected term resulting in cashflow mismatches;<br>• Amidst volatile market conditions impacting sourcing of funds from banks and money markets | Board appointed Risk Management Committee (RMC) and Asset Liability Committee (ALCO) | Liquidity and funding risk is:<br>• measured by<br>- identification of gaps in the structural and dynamic liquidity statements.<br>- assessment of incremental borrowings required for meeting the repayment obligation, the Company's business plan and prevailing market conditions.<br>- liquidity coverage ratio (LCR) in accordance with guidelines issued by RBI and board approved liquidity risk framework.<br>• monitored by<br>- assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory framework for HFCs.<br>- a constant calibration of sources of funds in line with emerging market conditions in banking and money markets.<br>- 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.<br>• managed by the Company's treasury team under 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. |
| Market risk | 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. | Board appointed RMC and ALCO | Market risk is:<br>• measured using basis point value (PV01), modified duration analysis and other measures to determine movements in our portfolios and impact on our income, including the sensitivity of net interest income. Market risks for the Company encompass, Interest rate risks on investment portfolios as well as the floating rate assets and liabilities with differing maturities.<br>• monitored by assessments of fluctuation in the interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both fixed and floating assets and liabilities; and<br>• managed by the Company's treasury team under the guidance of ALCO and Investment Committee. |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. 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:<br>• 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, instalment moratorium, restructuring, one time resolution plan, debt management efficiency, credit bureau information, contribution of stage 2 and stage 3 assets etc. are used as leading indicators to assess credit risk.<br>• monitored by RMC and CRO using level of credit exposures, 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.<br>• 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 reviews 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:<br>• measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud.<br>• 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 2021-22 (FY2022) - the

## 48. Risk management objectives and policies (Contd.)

weighted average cost of borrowing was 6.18% versus 7.73% despite highly uncertain market conditions. The overall borrowings including debt securities stood at ₹ 41,492 crore as of 31 March 2022.

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 8% of its overall borrowings in normal market scenario. The Company continued to maintain significantly higher amount of liquidity buffer to safeguard itself against any significant liquidity risk emanating from economic volatility owing to continued Covid pandemic. The average liquidity buffer for FY2022 was ₹ 2276 crore. With easing of economic volatility, the Company has brought down its liquidity buffer in a calibrate manner to ₹ 1655 crore as on 31 March 2022.

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 policy on 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 mandated maintaining 50% of expected net cash outflows for a stressed scenario in high quality liquid assets (HQLA) by December 2021; which has to be increased to 100% by December 2025 in a phased manner. Currently, the LCR requirement is at 50% for the Company, which and will move to 60% from 1 December 2022. As of 31 March 2022, the Company maintained a LCR of 131.20%, well in excess of the RBI's stipulated norm of 50%.

The Company focuses on funding the balance sheet through long term liabilities against relatively shorter tenor assets. This practice lends itself to having an inherent ALM advantage due to large EMI inflow emanating from short tenor businesses which puts it in an advantageous position for servicing of its near term obligations.

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

(₹ in crore)

| | As at 31 March 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Within 12 months** | **After 12 months** | **Total** | **Within 12 months** | **After 12 months** | **Total** |
| Debt securities | 7,963.53 | 11,267.77 | 19,231.30 | 6,979.24 | 5,517.74 | 12,496.98 |
| Borrowings (other than debt securities) | 6,369.90 | 21,750.95 | 28,120.85 | 4,943.42 | 18,724.77 | 23,668.19 |
| Deposits | 85.03 | 456.55 | 541.58 | - | - | - |
| Trade payables | 36.41 | - | 36.41 | 20.90 | - | 20.90 |
| Other payables | 38.17 | - | 38.17 | 21.28 | - | 21.28 |
| Other financial liabilities | 149.50 | 32.12 | 181.62 | 130.33 | 25.70 | 156.03 |
| **Total** | **14,642.54** | **33,507.39** | **48,149.93** | **12,095.18** | **24,268.20** | **36,363.38** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. 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 2022 | | | As at 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | Within 12 months | After 12 months | Total | Within 12 months | After 12 months | Total |
| **Assets** | | | | | | |
| **Financial assets** | | | | | | |
| Cash and cash equivalents | 407.03 | - | 407.03 | 461.78 | - | 461.78 |
| Bank balances other than cash and cash equivalents | 0.01 | 0.13 | 0.14 | 254.98 | 0.02 | 255.00 |
| Trade receivables | 55.43 | 181.90 | 237.33 | 167.55 | 143.11 | 310.66 |
| Loans | 2,660.43 | 43,821.64 | 46,482.07 | 1,736.52 | 31,682.38 | 33,418.90 |
| Investments | 1,248.27 | - | 1,248.27 | 3,266.04 | - | 3,266.04 |
| Other financial assets | 13.16 | 5.32 | 18.48 | 27.05 | 6.94 | 33.99 |
| **Non-financial assets** | | | | | | |
| Current tax assets (net) | - | 9.08 | 9.08 | - | 4.46 | 4.46 |
| Deferred tax assets (net) | - | 15.58 | 15.58 | - | 15.26 | 15.26 |
| Property, plant and equipment | - | 78.09 | 78.09 | - | 64.32 | 64.32 |
| Intangible assets under development | - | 1.46 | 1.46 | - | - | - |
| Other intangible assets | - | 19.11 | 19.11 | - | 14.57 | 14.57 |
| Other non-financial assets | 10.44 | - | 10.44 | 13.40 | - | 13.40 |
| **Total assets** | 4,394.77 | 44,132.31 | 48,527.08 | 5,927.32 | 31,931.06 | 37,858.38 |
| **LIABILITIES** | | | | | | |
| **Financial liabilities** | | | | | | |
| Trade payables | 36.41 | - | 36.41 | 20.90 | - | 20.90 |
| Other payables | 38.17 | - | 38.17 | 21.28 | - | 21.28 |
| Debt securities | 7,423.27 | 9,065.88 | 16,489.15 | 6,704.50 | 4,627.58 | 11,332.08 |
| Borrowings (other than debt securities) | 4,950.26 | 19,542.91 | 24,493.17 | 3,709.49 | 16,559.03 | 20,268.52 |
| Deposits | 65.00 | 445.00 | 510.00 | - | - | - |
| Other financial liabilities | 145.62 | 28.80 | 174.42 | 128.33 | 22.81 | 151.14 |
| **Non-financial liabilities** | | | | | | |
| Current tax liabilities (net) | 20.06 | - | 20.06 | 7.39 | - | 7.39 |
| Provisions | 1.44 | 2.61 | 4.05 | 0.88 | 1.41 | 2.29 |
| Other non-financial liabilities | 20.29 | - | 20.29 | 22.56 | - | 22.56 |
| **Total Liabilities** | **12,700.52** | **29,085.20** | **41,785.72** | **10,615.33** | **21,210.83** | **31,826.16** |

### (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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. Risk management objectives and policies (Contd.)

### Interest rate risk

### On Investments

The Company holds shorter duration investment portfolio and thus it has a minimum fair value change impact on its investment portfolio. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using VaR and the parameters for monitoring the same are defined in its investment policy.

**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 | - | - | - | - |

**Sensitivity analysis as at 31 March 2021 :**

(₹ in crore)

| Particulars | Carrying value | Fair value | Sensitivity to fair value | |
|---|---|---|---|---|
| | | | 1 % increase | 1 % decrease |
| Investment at FVTPL | 2,757.32 | 2,757.32 | (3.09) | 3.09 |
| Investment at amortised cost | 508.72 | 508.72 | - | - |

### 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 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 | - | - |

**Sensitivity analysis as at 31 March 2021 :**

(₹ in crore)

| Particulars | Carrying value | Fair value | Sensitivity to fair value | |
|---|---|---|---|---|
| | | | 1 % increase | 1 % decrease |
| Loans | 33,418.90 | 33,418.90 | - | - |
| Debt Securities | 11,332.08 | 11,491.68 | (115.51) | 122.72 |
| Borrowings (other than debt securities) | 20,268.52 | 20,268.52 | - | - |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. 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."

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 2 day past due (DPD) on the reporting date and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month point in time probability of default (PD). For stage 2 and 3 assets, a life time ECL is calculated based on a lifetime PD.

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 of Covid-19 related stress of Individuals and Small Businesses' and 'Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)'. The Company has considered OTR as an indicator of significant increase in credit risk and accordingly classified such loans as stage 2. Further, the Company has, on demonstration of regular payment of 12 instalments of principal and/or interest- post renegotiation and subject to no overdues and no other indicators of significant increase in credit risk on the reporting date, reclassified such loans to stage 1.

**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 3.4 (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. The incremental information of the portfolio performance, in both FY2021 and FY2022, was not considered appropriate for recalibration of ECL model. This was due to continued distortion caused by multiple wave of covid pandemic leading to lockdowns which resulted in very low economic activity, distortion of customers financial position and volitile repayment behaviour, leading to RBI announcing EMI moratorium and OTR. Given the temporary distortion of input variables, the Company has not recalibrated components of its ECL model.

Trade receivables and other financial assets were subjected to simplified ECL approach under Ind AS 109 'Financial instruments'.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. Risk management objectives and policies (Contd.)

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:

| Lending verticals | PD Stage 1 | PD Stage 2 | PD Stage 3 | EAD | LGD |
|---|---|---|---|---|---|
| Home loans<br>Loan against property<br>Rural mortgage loans<br>Lease rental discounting<br>Developer loans<br>Other loans | Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers, and also basis DPD bucket apprach. for retail loans and management evaluation/ judgement for wholesale loans. | | 100% | EAD is ascertained based on past trends of proportion of outstanding at time of default to the opening outstanding of the analysis period. | LGD is ascertaiend 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:

### As at 31 March 2022

(₹ in crore)

| Particulars | Secured Stage 1 | Secured Stage 2 | Secured Stage 3 | Unsecured Stage 1 | Unsecured Stage 2 | Unsecured Stage 3 |
|---|---|---|---|---|---|---|
| Gross Carrying Value | 44,601.52 | 581.39 | 139.61 | 1,598.09 | 22.30 | 6.75 |
| Allowance for ECL | 246.56 | 122.48 | 74.89 | 13.39 | 5.69 | 4.58 |
| ECL Coverage ratio | 0.55% | 21.07% | 53.64% | 0.84% | 25.52% | 67.85% |

### As at 31 March 2021

(₹ in crore)

| Particulars | Secured Stage 1 | Secured Stage 2 | Secured Stage 3 | Unsecured Stage 1 | Unsecured Stage 2 | Unsecured Stage 3 |
|---|---|---|---|---|---|---|
| Gross Carrying Value | 31,706.12 | 633.98 | 116.12 | 1,290.05 | 25.38 | 3.01 |
| Allowance for ECL | 169.91 | 123.81 | 43.36 | 8.77 | 8.07 | 1.84 |
| ECL Coverage ratio | 0.54% | 19.53% | 37.34% | 0.68% | 31.80% | 61.13% |

### 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. Risk management objectives and policies (Contd.)

**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.

### Measurement uncertainty and sensitivity analysis of ECL estimates

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.

### Methodology

The global as well as the Indian economy has passed through a difficult phase in FY2022. The macro numbers have been a reflection of the impact which multiple waves of COVID-19 had on the industry, prices, employment and economy as a whole. The Company has adopted the use of three scenarios, representative of its view of forecast economic conditions, required to calculate unbiased expected loss. 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 use multiple economic factors and test their correlations with past loss trends witnessed. These were 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 were the two factors with acceptable correlation with past loss trends which were in line with Management views on the drivers of portfolio trends. These factors were assigned appropriate weights to measure ECL in forecast economic conditions.

During the year, the macro variables have been tested for their resilience in the difficult operating conditions of lockdown, loss of business on account of continued COVID-19 scare and social distancing norms. The first half of the year saw the second Covid wave hitting the country. While the GDP numbers on a y-o-y basis

## **48. Risk management objectives and policies** (Contd.)

might not be a correct indicator due to the Covid base impact of FY21, the Q-o-Q GDP growth registered a decline of 16.9% in Q1 FY22. The Unemployment rate which had touched a peak of 23% in Apr'20, again went up to double digit in 2nd Covid wave and touched a high of 12% in May'21 and remained elevated in Jun'21 as well. For these two months, the consumer price index (CPI or inflation) crossed the RBI comfort level of 6%. Later again in Jan'22, it crossed 6%. Even IIP, which due to base effect of FY21, remained positive, in double digits till Aug'21 moved to a mrginal growth of just 1% from Nov'21 to Feb'22. While FY21 could be considered as a period of immense stress, the current year too was a period of low recovery.

The central scenario taken by the Company takes into account the stress and the downside risk prevalent during most part of the year, by capturing the macro variables numbers of the most difficult period of COVID-19 pandemic i.e. the second wave.

Amongst the list of macro indicators, unemployment and inflation are the two variables which are very critical from the perspective of individual and corporates financial health. 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. Both these macro-variables directly and indirectly impact the disposable income of the people, which eventually drives the economy.

For Unemployment, the Company has considered data published by a leading business information (BI) company engaged in monitoring of Indian economic indicators. The Unemployment rate, which after removing the extreme Covid impact of first quarter from FY21 and FY22, shows an increase from 7.2% to 7.44%. In the current scenario, while due to multiple factors including the ongoing Ukraine-Russia stand-off and the situation has become uncertain, forecasting these numbers could lead to biased outcomes. It is acknowledged that there is no reliably ascertainable direct impact of these crisis on the Indian economy and accordingly the estimates have been arrived at.

- While formulating the Central Scenario, the Company has considered that the unemployment number may see an increase in the immediate short run and may remain at an average of 7% over the next few years. The geo-political uncertainty has to be watched closely for evaluating its impact on the macro fundamental in the long run.
- For the downside scenario, the Company believes that the downside risks might have passed, however, there are uncertainties creeping in and that may take the current expected levels of 6.7% cross the double digit by the first half of next financial year, which would be the peak unemployment rate. Going forwards, however, the ownside 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. While forecasting, a cautious stance is adopted that the unemployment levels after reaching the peak in June 2022 quarter, though may improve to a best case of 4% by the end of June 2023 but may come back to an historical (excluding COVID period) 4 year average of 7.1%. The unemployment numbers as such captured the impact of potential disruption that multiple waves of Covid may cause in short run.

CPI had started to improve significantly in Q4 FY21 ranging from 4.06% to 5.52%, soared significantly to nearly 6.3% for two succesive months of May and June 2021 owing to the advent of second wave of Covid-19. Post decline of second wave, CPI normalised to 4.5% to 5% corridor between September to November 2021. CPI again went up to upwards of 6% in Q4 FY22 and closed at a high of 6.95% in March 2022. Elevated level of inflation poses significant challenges from credit risk perspective.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. Risk management objectives and policies (Contd.)

- While the Central Scenario assumed by the Company considers the high inflation in Q4 FY22. Considering RBI projections, disruption on the supply side, and possible impact of future Covid-19 waves, the Company expects inflation to range between 5.1% to 6.35% during FY23, suggesting inflation to remain moderately elevated compared to pre-Covid long term average.
- For the downside scenario, the Company considers that the inflation risk still remains and, therefore, assumes the inflation to see a increase on account of demand-supply imbalances and touch a peak of around 8.88% in Q1 FY23, before easing off to the average of pre-COVID period in the eight year time horizon.
- For the upside scenario, we believe that there would be certain factors which might come into play viz, base effect, higher food grain production, better supply chain management and improving trade scenario etc, and, therefore, inflation may see easing to a base of around 3% before averaging back to the pre-COVID levels.

### Risk management amidst Covid-19

The country faced the second wave of Covid in the April-June 2022 quarter. It led to higher levels of infections and fatality causing severe toll on life. Fortunately, the curtailment actions by the government were more localised and well calibrated at city and specific zone levels enabling continuity and minimal disruption to economic activity throughout the country. Though this caused a marginal uptick in instalment default rate and compression in debt management efficiencies for a period of three months, the revival was quick and strong. As a result, unlike the first wave, the impact on the portfolio and loan losses was not as severe for the Company. Adequate investment in debt management services in FY2021 has helped in curtailing the impact on the portfolio amidst the second wave as well.

In a calibrated manner throughout the year, the Company continued to relax the underwriting norms it had tightened during the first wave. It has brought back its underwriting norms to pre-Covid standards from the second half of the year. The gradual relaxation of underwriting and sharp vigilance on portfolio quality have ensured that risk performance of portfolio remains in line or better than the pre-Covid metrics. Further, this agile, calibrated and closely monitored approach to credit risk and timely investment in deepening of debt management services have enabled the Company to weather the pandemic well.
The third wave which started in mid-December 2021 had no significant impact on risk metrics both for new business and the overall portfolio.

The Company carried out multiple risk simulations to assess the potential impact of the second and third wave of the pandemic on portfolio risk and absorbed additional credit costs based on these simulations. The Company saw elevated level of loan losses of ₹ 181 crores in FY2022 owing to the disruption caused by the second and third waves. Given the risk of potential future waves of pandemic and other factors which could impact the Company's risk performance, the Company is carrying management overlay for macro economics factors and COVID-19 of ₹ 211 crore as on 31 March 2022 to account for any tail risk which may emerge from the pandemic and other uncertainities.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 48. Risk management objectives and policies (Contd.)

**ECL sensitivity to future economic conditions**

(₹ in crore)

| ECL coverage of financial instruments under forecast economic conditions | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Gross carrying amount of loans | 46,949.66 | 33,774.66 |
| Reported ECL | 467.59 | 355.76 |
| Reported ECL coverage | 1.00% | 1.05% |
| **Assumptions for stressed central scenario** | | |
| Base ECL without macro overlay (based on emperical evidences) | 256.59 | 187.56 |
| Add : Management overlay for Covid-19 | 177.00 | 118.20 |
| ECL before management overlay for macro economic factors | 433.59 | 305.76 |
| **ECL amounts for alternate scenario** | | |
| Central Scenario (80%) | 459.49 | 305.76 |
| Downside scenario (10%) | 606.49 | 903.06 |
| Upside scenario (10%) | 393.49 | 208.46 |
| **Reported ECL** | 467.59 | 355.76 |
| **Management overlay for Macro economics factors and COVID-19** | | |
| Management overlay representing COVID-19 stress | 177.00 | 118.20 |
| Management overlay for macro economic factors | 34.00 | 50.00 |
| **ECL coverage ratios by scenario** | | |
| Central scenario (80%) | 0.98% | 0.91% |
| Downside scenario (10%) | 1.29% | 2.67% |
| Upside scenario (10%) | 0.84% | 0.62% |

### (d) Operational risk

Operational risk is the risk arising from inadequate or failed internal processes, people or systems, or from external events. The Company manages operational risks through comprehensive internal control systems and procedures laid down around various key activities in the Company 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, this helps to identify process gaps on timely basis. Further IT and Operations have a dedicated compliance and control units within the function 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 put in place a robust Disaster Recovery (DR) plan and Business Continuity Plan (BCP) to ensure continuity of operations including services to customers, if any eventuality is to happen such as natural disasters, technological outage etc. Robust periodic testing is carried, and results are analysed to address gaps in the framework, if any. DR and BCP audits are conducted on a periodical basis to provide assurance regarding the effectiveness of the Company's readiness.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 49. 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 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** |

**As on 31 March 2021**

| 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 | 23,929 | 98,127 | 10,430 | 5,064 | 122,056 |
| 19-May-20 | 1,938.60 | 255,000 | - | 245,450 | - | 9,550 | 245,450 |
| **Total** | | **392,550** | **23,929** | **343,577** | **10,430** | **14,614** | **367,506** |

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

(₹ in crore)

| Particulars | Year ended 31 March 2022 | Year ended 31 March 2021 |
|---|---|---|
| Grant date | 27-Apr-21 | 19-May-20 |
| No. of options granted | 115,446 | 255,000 |
| Weighted average fair value (₹) | 2,108.92 | 787.24 |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 49. Employee stock option plan (Contd.)

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

**As on 31 March 2022**

| Total for all grants | 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 |

**As on 31 March 2021**

| Total for all grants | No. of options | Range of exercise prices (₹) | Weighted average exercise price (₹) | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 137,550 | 3,002.75 | 3,002.75 | 3.98 |
| Granted during the year | 255,000 | 1,938.60 | 1,938.60 | - |
| Cancelled during the year | 14,614 | 1938.60-3002.75 | 2,307.35 | - |
| Exercised during the year | 10,430 | 3,002.75 | 3,002.75 | - |
| Outstanding at the end of the year | 367,506 | 1938.60-3002.75 | 2,292.03 | 4.51 |
| Exercisable at the end of the year | 23,929 | 1938.60-3002.75 | 3,002.75 | 2.40 |

The weighted average market price of equity shares for options exercised during the year is ₹ 6,158.33 (Previous year ₹ 4,642.40).

**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:

| Grant date | 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 (₹)* |
|---|---|---|---|---|---|
| 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 |

For the year ended 31 March 2022, the Company has accounted expense of ₹ 19.23 crore as employee benefit expenses (note no.32) on the aforesaid employee stock option plan (Previous year ₹ 13.36 crore).

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 50. 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.

(₹ 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<br>**Address:** Second floor, Plot No. 30, Galaxy, 1st Main road, JP Nagar, 3rd Phase, Bangalore Urban, Karnataka, 560078<br>**PAN:** AADCK7179G<br>**CIN:** U74110KA2009PTC050575 | 07-Dec-21 | 65.00 | Tenshi Kaizen Private Limited<br>**Address:** Plot no. 46, Higher pharmatech pvt. Ltd., 1st phase, KIADB industrial area, Harohalli, Ramanagar, Karnataka, 562112<br>**PAN:** AABCH8821J<br>**CIN:** U24230KA2007PTC042337 | 09-Dec-21 | 61.50 |
| Premsagar Infra Realty Private Limited<br>**Address:** 191/A/2A/1/2, Tower E, tech Park One, Next to don bosco school, off airport road Yerwada pune 411006<br>**PAN:** AAACP5702B<br>**CIN:** U55701PN1991PTC134103 | 18-Nov-21 | 445.00 | A2Z Online Services Private Limited<br>**Address:** Third floor Tower E Tech Park One, Next to Don Bosco School, Yerwada, Pune-411006<br>**PAN:** AACCA5376J<br>**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).

## 51. 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)

### 51.1 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 2022* | % as at 31 March 2021* |
|---|---|---|
| Percentage of total assets towards housing finance | 55.90% | 48.05% |
| Percentage of total assets towards housing finance for individuals | 50.93% | 44.13% |

*Minimum regulatory percentage to be complied as on March 31, 2022 is 50% and 40% respectively.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.2 Disclosures:

### 51.2.1 Capital

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| (i) CRAR (%) | **19.71%** | **21.33%** |
| (ii) CRAR Tier I capital (%) | 18.95% | 20.70% |
| (iii) CRAR Tier II capital (%) | 0.76% | 0.63% |
| (iv) Amount of subordinated debt raised as Tier- II Capital | - | - |
| (v) Amount raised by issue of Perpetual Debt instruments | - | - |

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

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Balance at the beginning of the year:** | | |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 126.96 | 78.32 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | 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 | 74.40 | 32.40 |
| **Total** | **224.02** | **110.72** |
| **Addition / Appropriation / Withdrawal during the year** | | |
| Add: | | |
| a) Amount transferred u/s 29C of the NHB Act, 1987 | 81.93 | 48.64 |
| b) Additional statutory Reserve u/s 29C of the NHB Act, 1987 | - | 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 | 60.00 | 42.00 |
| 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 | 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** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.2.3 Investments

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **Value of investments** | | |
| (i) Gross value of investments | | |
| (a) In India | 1,247.52 | 3,264.06 |
| (b) Outside India | | |
| (ii) Provisions for (depreciation) / appreciation* | | |
| (a) In India | 0.75 | 1.98 |
| (b) Outside India | - | - |
| (iii) Net value of investments | | |
| (a) In India | 1,248.27 | 3,266.04 |
| (b) Outside India | - | - |
| **Movement of provisions held towards (depreciation)/appreciation on investments** | | |
| (i) Opening balance | 1.98 | 7.57 |
| (ii) Add: Provisions made during the year (Net of appreciation) | - | - |
| (iii) Less: Write-off / Written-back of excess provisions during the year | 1.23 | 5.59 |
| (iv) Closing balance | 0.75 | 1.98 |

* Represents unrealised gain due to fair value change

### 51.2.4 Derivatives

The Company has not entered into any derivative / forward rate agrement / interest rate swap / exchange traded interest rate derivative during the current year and previous year.

### 51.2.5Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) 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 upto 2 months | Over 2 month & upto 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 |
| 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 & Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.2.5 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2021

(₹ in crore)

| Particulars | 1 day to 7days | 8 to 14 days | 15 days to 30/31 days | Over one month upto 2 months | Over 2 month & upto 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 | - | - | 65.63 | 286.31 | 653.70 | 937.80 | 1,766.05 | 10,043.68 | 4,611.41 | 1,903.94 | 20,268.52 |
| Deposits | - | - | - | - | - | - | - | - | - | - | - |
| Market borrowing | 1,291.15 | - | 598.54 | 1,599.35 | 812.36 | 512.23 | 1,890.87 | 4,124.23 | - | 503.35 | 11,332.08 |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | - |
| **Assets** | | | | | | | | | | | |
| Advances | 397.04 | 173.01 | 404.21 | 763.37 | 738.07 | 2,092.12 | 3,716.74 | 10,465.55 | 6,081.89 | 8,586.91 | 33,418.90 |
| Investments* | 2,757.32 | 254.98 | - | 758.89 | - | - | - | 0.02 | - | - | 3,771.21 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | - |

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

* Investments includes fixed deposits of ₹ 505.17 crore shown under Note 5 - cash and cash equivalents & Note 6 - Bank balances other than cash and cash equivalents to the financial statements.

### 51.2.6 Exposure

### 51.2.6.1 Exposure to Real Estate Sector

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **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 | 33,470.90 | 24,495.15 |
| (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.). Exposure would also include non-fund based (NFB) limits; | 9,950.08 | 7,022.72 |
| (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** | **43,420.98** | **31,517.87** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.2.6.2 Exposure to Capital Market

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| (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) | - | - |
| **Total Exposure to Capital Market** | **-** | **-** |

### 51.2.6.3 Details of financing of parent company products

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

### 51.2.6.4 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.

### 51.2.6.5 Unsecured Advances

The Company has unsecured advances of ₹ 1603.48 crore (Previous year: ₹ 1299.76 crore). The Company has not granted any advances against intangible collateral.

### 51.2.6.6 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.

### 51.3 Miscellaneous

### 51.3.1 Registration obtained from other financial sector regulators

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

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.3.2 Disclosure of penalties imposed by NHB/RBI and other regulators

During the financial year 2021-22, there were no penalties imposed by NHB or any other regulators. (Previous year 2020-21 : ₹ 50,000/-)

### 51.3.3 Related party Transactions

Refer Note no. 41 Disclosure of transactions with related parties as required by Ind AS 24

### 51.3.4 Group Structure

Diagrammatic representation of group structure given below:

**Bajaj Holdings & Investment Limited (BHIL) (Entities in which KMP and their relatives have significant influence)**

- **Bajaj Finserv Limited (BHIL holds 39.16%) (Ultimate Holding Company)**
  - Bajaj Allianz General Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Allianz Life Insurance Company Limited (Ultimate Holding Company holds 74%)
  - Bajaj Finserv Direct Ltd (Ultimate Holding Company holds 80.13%)
  - 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 Limited (Parent Company holds 52.49%)**
    - **Bajaj Housing Finance Limited (Parent Company holds 100%)**
    - Bajaj Financial Securities Limited (Parent Company holds 100%)
- Bajaj Auto Limited (BHIL holds 33.43%) (Entities in which KMP and their relatives have significant influence)

Above shareholding is as of 31 March 2022

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

(₹ in crore)

| Rating Agency | Instruments | Rating assigned | Migration in ratings during the year | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|---|---|
| India Ratings | Non-Convertible Debenture & Subordinated debt | IND AAA/Stable | NIL | 4,000.00 | 500.00 |
| | | | | | |
| | Long-Term Bank Rating | IND AAA/Stable | NIL | 30,000.00 | 15,600.00 |
| | Short-Term Bank Rating | IND A1+ | NIL | 1,000.00 | 1,400.00 |
| | Commercial Paper | IND A1+ | NIL | 6,000.00 | 5,000.00 |
| CRISIL | Non-Convertible Debenture | CRISIL AAA/Stable | NIL | 22,969.70 | 10,580.00 |
| | Subordinated debt | CRISIL AAA/Stable | NIL | 1,000.00 | 500.00 |
| | Long-Term / Short-Term Bank Rating | CRISIL AAA/Stable | NIL | 11,000.00 * | 9,000.00* |
| | Commercial Paper | CRISIL A1+ | NIL | 6,000.00 | 5,000.00 |

* Combined limit for long-term and short-term bank rating

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.3.6 Remuneration of Directors

The Company has paid sitting fees of ₹ 0.50 crore (previous year: ₹ 0.22) to the directors during the current year.

### 51.4 Additional Disclosures

### 51.4.1 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 2022 | As at 31 March 2021 |
|---|---|---|
| 1. Provisions for depreciation on Investment | - | - |
| 2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years | 250.24 | 159.99 |
| 3. Provision towards NPA / impairment loss allowance on stage 3 assets | 34.27 | 36.19 |
| 4. Provision for Standard Assets / impairment loss allowance on stage 1&2 * | 77.56 | 198.95 |
| 5. Other Provision and Contingencies | - | - |
| *** Breakup of provision for Standard Assets / impairment loss allowance on stage 1&2** | | |
| Commercial Real Estate | 7.73 | 14.77 |
| Commercial Real Estate-Residential Housing | 7.12 | 4.31 |
| Others | 62.71 | 179.87 |
| | **77.56** | **198.95** |

## 51. 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.)

**Break up of Loan & Advances and Provisions thereon**

(₹ in crore)

| Particulars | Housing | | Non-Housing | |
|---|---|---|---|---|
| | As at 31 March | | As at 31 March | |
| | 2022 | 2021 | 2022 | 2021 |
| **Standard Assets** | | | | |
| a) Total Outstanding Amount | 27,150.25 | 18,219.90 | 19,653.05 | 15,435.63 |
| b) Provisions made | 205.07 | 164.36 | 183.05 | 146.20 |
| **Sub-Standard Assets** | | | | |
| a) Total Outstanding Amount | 57.20 | 52.49 | 57.80 | 64.07 |
| b) Provisions made | 32.44 | 19.93 | 32.22 | 23.79 |
| **Doubtful Assets – Category-I** | | | | |
| a) Total Outstanding Amount | 9.60 | 1.27 | 21.29 | 1.30 |
| b) Provisions made | 5.65 | 0.73 | 8.69 | 0.75 |
| **Doubtful Assets – Category-II** | | | | |
| a) Total Outstanding Amount | 0.34 | - | 0.13 | - |
| b) Provisions made | 0.34 | - | 0.13 | - |
| **Doubtful Assets – Category-III** | | | | |
| a) Total Outstanding Amount | - | - | - | - |
| b) Provisions made | - | - | - | - |
| **Loss Assets** | | | | |
| a) Total Outstanding Amount | - | - | - | - |
| b) Provisions made | - | - | - | - |
| **Total** | | | | |
| a) Total Outstanding Amount | 27,217.39 | 18,273.66 | 19,732.27 | 15,501.00 |
| b) Provisions made | 243.50 | 185.02 | 224.09 | 170.74 |

### 51.4.2 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.

### 51.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

### 51.4.3.1 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.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.4.3.2 Concentration of Loans & Advances

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total Loans & Advances to twenty largest borrowers | 3,980.29 | 2,381.91 |
| Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC | 8.48% | 7.05% |

### 51.4.3.3 Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total Exposure to twenty largest borrowers / customers | 4,186.56 | 2,556.47 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers | 8.14% | 6.97% |

### 51.4.3.4 Concentration of NPAs

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| Total Exposure to top ten NPA accounts | 16.02 | 13.25 |

### 51.4.3.5 Sector-wise NPAs

| Sector | Percentage of NPAs to Total Advances in that sector As at 31 March 2022 | Percentage of NPAs to Total Advances in that sector As at 31 March 2021 |
|---|---|---|
| **Housing Loans:** | | |
| Individuals | 0.27% | 0.31% |
| Builders/Project Loans | 0.04% | 0.08% |
| Corporates | 0.00% | 0.00% |
| Others | 0.00% | 0.00% |
| **Non-Housing Loans:** | | |
| Individuals | 0.55% | 0.56% |
| Builders/Project Loans | 0.19% | 0.00% |
| Corporates | 0.09% | 0.20% |
| Others | 0.00% | 0.00% |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 51. 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.)

### 51.4.4 Movement of NPAs

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| **(I) Net NPAs to Net Advances (%)** | 0.14% | 0.22% |
| **(II) Movement of NPAs (Gross)** | | |
| a) Opening balance | 119.13 | 23.70 |
| b) Additions during the year | 153.26 | 115.82 |
| c) Reductions during the year | 126.03 | 20.39 |
| d) Closing balance | 146.36 | 119.13 |
| **(III) Movement of Net NPAs** | | |
| a) Opening balance | 73.93 | 14.69 |
| b) Additions during the year | 46.81 | 66.72 |
| c) Reductions during the year | 53.85 | 7.48 |
| d) Closing balance | 66.89 | 73.93 |
| **(IV) Movement of provisions for NPAs (excluding provisions on standard assets)** | | |
| a) Opening balance | 45.20 | 9.01 |
| b) Provisions made during the year | 106.45 | 49.10 |
| c) Write-off/write-back of excess provisions | 72.18 | 12.91 |
| d) Closing balance | 79.47 | 45.20 |

### 51.4.5 Overseas Assets

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

### 51.4.6 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.

### 51.4.7 Disclosure of Complaints

**Customers Complaints***

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| a) No. of complaints pending at the beginning of the year | 0 | 27 |
| b) No. of complaints received during the year | 505 | 2126 |
| c) No. of complaints redressed during the year | 505 | 2153 |
| 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 standalone financial statements for the year ended 31 March 2022 (Contd.)

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

There was no fraud reported to NHB/RBI during the financial year ended 31 March 2022 (Previous year: NIL)

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

## 54. 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

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

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| i) Number of Significant Counterparties* | 25 | 25 |
| ii) Amount(in ₹ crore) | 35,583.91 | 28,334.15 |
| iii) Percentage of funding concentration to total deposits# | NA | NA |
| iv) Percentage of funding concentration to total liabiities | 85.16% | 89.03% |

* 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

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

### 54.3 Top 10 borrowings

(₹ in crore)

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| i) Total amount of top 10 borrowings | 26,333.26 | 18,689.10 |
| ii) Percentage of amount of top 10 borrowings to total borrowings | 63.47% | 59.14% |

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

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 54. 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.)

### 54.4 Funding Concentration based on significant instrument/product*

(₹ in crore)

| Particulars | As at 31 March 2022 | Percentage of total liabilities | As at 31 March 2021 | Percentage of total liabilities |
|---|---|---|---|---|
| i) Non-convertible debentures | 12,491.92 | 29.90% | 8,470.67 | 26.62% |
| ii) Loans from bank | 24,493.17 | 58.62% | 20,268.52 | 63.69% |
| iii) Commercial paper | 3,997.23 | 9.57% | 2,861.41 | 8.99% |
| iv) Deposits | 510.00 | 1.22% | - | 0.00% |

* 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.

### 54.5 Stock ratio

| Particulars | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|
| (i) Commercial paper as a percentage of total public funds* | 9.63% | 9.05% |
| (ii) Commercial paper as a percentage of total liabilities | 9.57% | 8.99% |
| (iii) Commercial paper as a percentage of total assets | 8.24% | 7.56% |
| (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*# | 20.98% | 24.54% |
| (viii) Other short term liabilities as a percentage of total liabilities # | 20.83% | 24.36% |
| (ix) Other short term liabilities as a percentage of total assets # | 17.93% | 20.48% |

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).

### 54.6 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. 48.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 55. 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.

**Appendix I**

| | Q3 FY22 | | Q4 FY22 | |
|---|---|---|---|---|
| | **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) | 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 | 409.86 | 471.33 | 674.20 | 775.33 |
| 5. Additional requirements, of which | - | - | - | - |
| (i) Outflows related to derivative exposures and other collateral requirements | - | - | - | - |
| (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 Requirment w.e.f. Dec 21 (%)** | | **50.00%** | | **50.00%** |
| **17. NHB Requirment Amount** | | **298.27** | | **413.76** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 55. 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.)

****Components of HQLA**

| High Quality Liquid Assets (HQLA) | Total unweighted value (average) | Total weighted value (average) | Total unweighted value (average) | Total weighted value (average) |
|---|---|---|---|---|
| 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** |

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) committed credit facilities contracted with customers, and (3) other expected or contracted cash outflows. Inflows comprise of: (1) expected receipt from all performing loans, (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 50% as on 31 March 2022.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 56. 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'

### 56.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i) (b)

### 56.2 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 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** | **-** | **-** | **-** | **-** | **-** |
| **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

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 56. 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 2021

(₹ 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 | 32,996.17 | 178.68 | 32,817.49 | 142.95 | 35.73 |
| | Stage 2 | 659.36 | 131.88 | 527.48 | 50.25 | 81.63 |
| **Subtotal (a)** | | **33,655.53** | **310.56** | **33,344.97** | **193.20** | **117.36** |
| **(b) Non-Performing Assets (NPA)** | | | | | | |
| (i) Substandard | Stage 3 | 116.56 | 43.72 | 72.84 | 17.49 | 26.23 |
| (ii) Doubtful up to: | | | | | | |
| 1 year | Stage 3 | 2.57 | 1.48 | 1.09 | 0.71 | 0.77 |
| 1 to 3 years | Stage 3 | - | - | - | - | - |
| More than 3 years | Stage 3 | - | - | - | - | - |
| Subtotal (ii) | | 2.57 | 1.48 | 1.09 | 0.71 | 0.77 |
| (iii) Loss | Stage 3 | - | - | - | - | - |
| **Subtotal (b)** | | **119.13** | **45.20** | **73.93** | **18.20** | **27.00** |
| **(c) Other items** | Stage 1 | - | - | - | - | - |
| | Stage 2 | - | - | - | - | - |
| | Stage 3 | - | - | - | - | - |
| | **Subtotal** | **-** | **-** | **-** | **-** | **-** |
| **Total (a+b+c)** | Stage 1 | 32,996.17 | 178.68 | 32,817.49 | 142.95 | 35.73 |
| | Stage 2 | 659.36 | 131.88 | 527.48 | 50.25 | 81.63 |
| | Stage 3 | 119.13 | 45.20 | 73.93 | 18.20 | 27.00 |
| | **Total** | **33,774.66** | **355.76** | **33,418.90** | **211.40** | **144.36** |

* Computed on the value as per the IRACP norms

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

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

### For the half year ended 30 September 2021

(₹ 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 21 (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 2021 |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| Personal Loans | 501.90 | 41.59 | 10.20 | 31.54 | 428.77 |
| Corporate persons | - | - | - | - | - |
| Of which, MSMEs | - | - | - | - | - |
| Others | - | - | - | - | - |
| **Total** | **501.90** | **41.59** | **10.20** | **31.54** | **428.77** |

### For the half year ended 31 March 2022

(₹ 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 21 (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 2022 |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) |
| Personal Loans | 573.78 | 27.16 | 0.92 | 26.81 | 519.81 |
| Corporate persons | - | - | - | - | - |
| Of which, MSMEs | 2.22 | - | - | (0.07) | 2.29 |
| Others | 1.47 | - | - | (0.08) | 1.55 |
| **Total** | **577.47** | **27.16** | **0.92** | **26.66** | **523.65** |

# 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 upto 30 September 2021.

There were 415 borrower accounts having an aggregate exposure of ₹ 90.68 crore to the Company as at 31 March 2022, where resolution plans had been implemented under OTR1.0 and now modified under RBI's Resolution Framework 2.0 dated 5 May 2021.

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 58. 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 acquried through assignment in respect of loans not in default | Year ended 31 March 2022 | | Year ended 31 March 2021 |
|---|---|---|---|
| Entity | Banks | NBFC | Banks |
| Count of loan accounts assigned (in numbers) | 9468 | 2063 | 12,864 |
| Amount of loan account assigned | 1,367.41 | 1,503.68 | 1,881.63 |
| Retention of beneficial economic interest (MRR) | 5%/10% | 1% | 10% |
| Weighted average maturity (residual maturity in months) | 189.97 | 139.56 | 193.80 |
| Weighted average holding period (in months) | 20.57 | 18.45 | 21.41 |
| Coverage of tangible security | 1 | 1 | 1.00 |
| Rating-wise distribution of rated loans | N/A | N/A | N/A |

(₹ in crore)

| Details of transfer through assignment in respect of loans not in default | Year ended 31 March | |
|---|---|---|
| | 2022 | 2021 |
| Entity | HFC | NBFC |
| Count of loan accounts assigned (in numbers) | 2,855 | 1,171 |
| Amount of loan account assigned | 738.78 | 300.13 |
| Retention of beneficial economic interest (MRR)* | 1% | 10% |
| Weighted average maturity (residual maturity in months) | 184.99 | 158.93 |
| Weighted average holding period (in months) | 54.76 | 41.1 |
| Coverage of tangible security | 100% | 100% |
| Rating-wise distribution of rated loans | N/A | N/A |

* Retained by the originator

(₹ in crore)

| Details of stressed loans transferred during the year | Year ended 31 March 2022 | | | Year ended 31 March 2021 | | |
|---|---|---|---|---|---|---|
| | To ARC | To permitted transferees | To other transferees | To ARC | To permitted transferees | To other transferees |
| No. of accounts | 797 | - | - | - | - | - |
| 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 | - | - | - | - | - | - |

Includes 12 written off accounts (Previous year Nil) with aggregate outstanding of ₹ 2.70 crore (Previous year ₹ Nil) and consideration received thereon ₹ 1.07 (Previous year ₹ Nil).

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 59. 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 Securitisiation transactions during the current year and previous year.

**60.** 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

Pune: 25 April, 2022

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 61. Annexure 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.

### Schedule to the Balance Sheet

(₹ in crore)

| Particulars | | | Amount outstanding as at 31 March 2022 | Amount overdue as at 31st March 2022 | Amount outstanding as at 31 March 2021 | Amount overdue as at 31st March 2021 |
|---|---|---|---|---|---|---|
| **Liabilities Side** | | | | | | |
| **1** | **Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:** | | | | | |
| | (a) | Debentures | | | | |
| | | Secured | 11,730.67 | - | 7,963.33 | - |
| | | Unsecured | 761.25 | - | 507.34 | - |
| | | (other than falling within the meaning of public deposits*) | | | | |
| | (b) | Deferred Credits | - | - | - | - |
| | (c) | Term Loans | 24,493.17 | - | 20,187.36 | - |
| | (d) | Inter-corporate loans and borrowing | 510.00 | - | - | - |
| | (e) | Commercial Paper | 3,997.23 | - | 2,861.41 | - |
| | (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) | - | - | 81.16 | - |
| **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 | - | - | - | - |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 61. Annexure 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. (Contd.)

(₹ in crore)

| Particulars | Amount outstanding as at 31 March 2022 | Amount outstanding as at 31 March 2021 |
|---|---|---|
| **Assets side** | | |
| **3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:** | | |
| (a) Secured | 44,878.59 | 32,119.14 |
| (b) Unsecured | 1,603.48 | 1,299.76 |
| **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 | 580.82 | 2,757.32 |
| (iv) Government Securities | 667.45 | - |
| (v) Others (Certificate of Deposits and Commercial Paper) | - | - |
| 2 Unquoted | | |
| (i) Shares | | |
| (a) Equity | - | - |
| (b) Preference | - | - |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 61. Annexure 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. (Contd.)

(₹ in crore)

| Particulars | Amount outstanding as at 31 March 2022 | Amount outstanding as at 31 March 2021 |
|---|---|---|
| | | |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | 508.72 |
| | | |
| **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) | - | - |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 61. Annexure 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. (Contd.)

### 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 2022 | | |
|---|---|---|---|
| | **Secured** | **Unsecured** | **Total** |
| 1 Related Parties: | | | |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | - | - |
| (c) Other related parties | - | - | - |
| 2 Other than related parties | 44,878.59 | 1,603.48 | 46,482.07 |
| | **44,878.59** | **1,603.48** | **46,482.07** |

(₹ in crore)

| Category | Amount net of provisions as at 31 March 2021 | | |
|---|---|---|---|
| | **Secured** | **Unsecured** | **Total** |
| 1 Related Parties: | | | |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | - | - |
| (c) Other related parties | 13.00 | - | 13.00 |
| 2 Other than related parties | 32,106.14 | 1,299.76 | 33,405.90 |
| | **32,119.14** | **1,299.76** | **33,418.90** |

### 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 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** |

Notes to standalone financial statements for the year ended 31 March 2022 (Contd.)

## 61. Annexure 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. (Contd.)

(₹ in crore)

| Category | Amount as at 31 March 2021 | |
|---|---|---|
| | **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 | 3,266.04 | 3,266.04 |
| | **3,266.04** | **3,266.04** |

### 8 Other information

(₹ in crore)

| Particulars | Amount as at 31 March | |
|---|---|---|
| | **2022** | **2021** |
| (i) Gross Non-Performing Assets | | |
| (a) Related parties | - | - |
| (b) Other than related parties | 146.36 | 119.13 |
| (ii) Net Non-Performing Assets* | | |
| (a) Related parties | - | - |
| (b) Other than related parties | 66.89 | 73.93 |
| (iii) Assets acquired in satisfaction of debt | - | - |

* Provision for ECL Stage 3 has been considered.

On behalf of the Board of Directors

Atul Jain
Chief Executive Officer

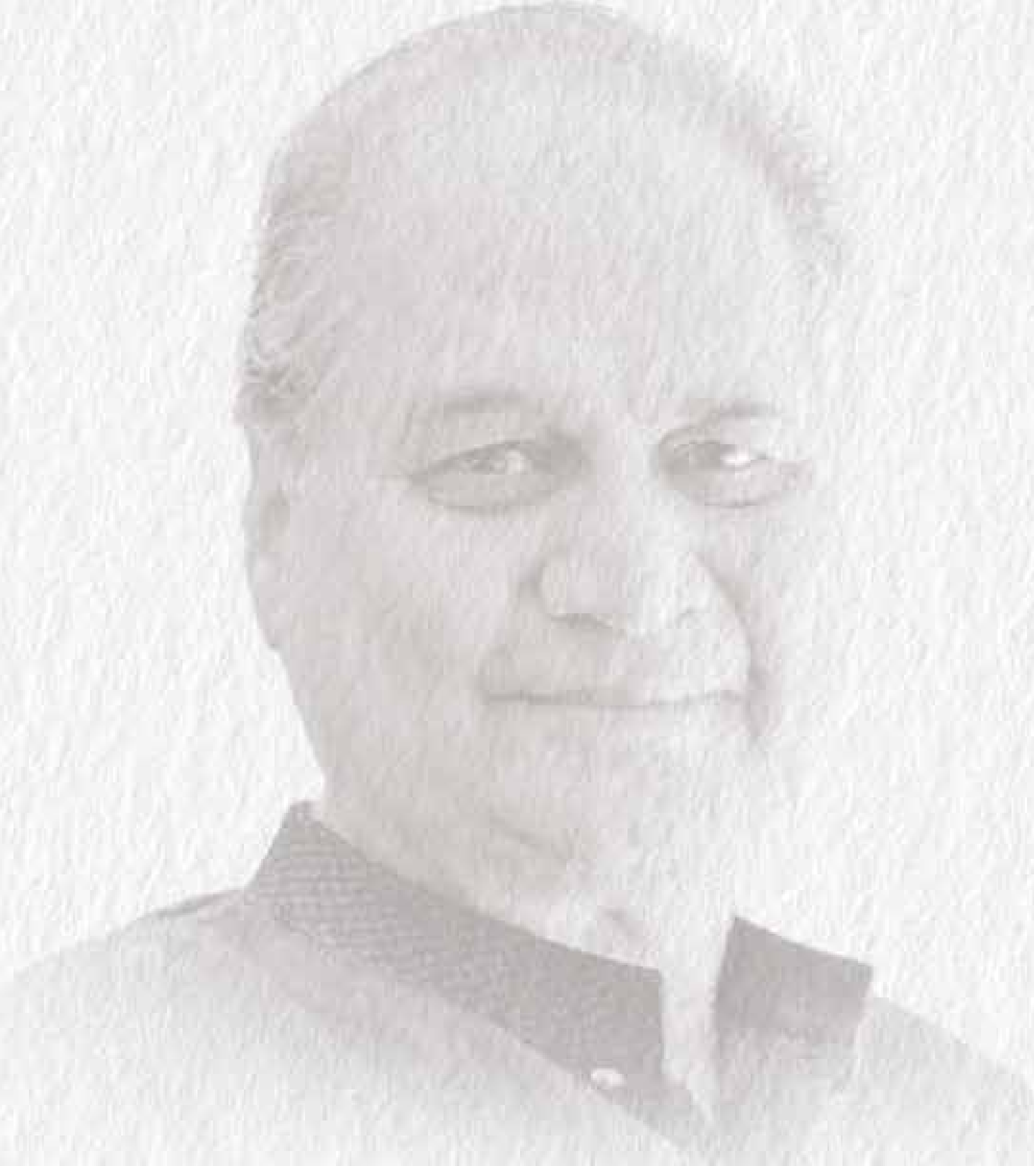
Sanjiv Bajaj
Chairman

Gaurav Kalani
Chief Financial Officer

Rajeev Jain
Managing Director

R Vijay
Company Secretary

Pune: 25 April, 2022



“It is important that all of us work honestly, ethically and make all our choices consciously”.

- Rahul Bajaj

**BAJAJ HOUSING FINANCE LIMITED**

BAJAJ HOUSING FINANCE LIMITED,
Regd. Office: Bajaj Auto Limited Complex,
Mumbai-Pune Road, Akurdi, Pune - 411 035, India
Tel: (020) 7187 8060,
www.bajajhousingfinance.in