

**BAJAJ HOUSING
FINANCE LIMITED**

**13th
ANNUAL
REPORT**

2020-21





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, 2021, the Statement of Profit and Loss, including the statement of 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.

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, 2021, 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, 2021. 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.)

Key audit matters	How our audit addressed the key audit matter
<p>(a) Impairment of financial assets as at balance sheet date (expected credit losses) <i>(as described in note 8 of the financial statements)</i></p> <p>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.</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/ minimal historical defaults. <p>Additional considerations on account of COVID-19 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 ₹ 166 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.</p> <p>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.</p>	<ul style="list-style-type: none"> • Read 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 issued on March 13, 2020. • 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 6, 2020 and tested the implementation of such policy on a sample basis. • 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. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed 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. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • 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.
<p>(b) IT systems and controls</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • We tested the Company's periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.

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

Other Information

The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon. The Company's Board of Directors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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.

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

- 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, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

- (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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the 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 38 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 21213935AAAAA01943
Pune: April 26, 2021

Annexure 1 to Independent Auditor's Report

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Bajaj Housing Finance Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Annexure 1 to Independent Auditor's Report (Contd.)

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purpose of reporting on the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 21213935AAAAAB01943
Pune: April 26, 2021

Annexure 2 to Independent Auditor's Report

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

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

We have audited the internal financial controls with reference to financial statements of Bajaj Housing Finance Limited (the "Company") as of March 31, 2021 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 reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership No.: 213935
UDIN: 21213935AAAAB01943
Pune: April 26, 2021

Balance Sheet

Particulars	Note No.	(₹ In Crore)	
		As at 31 March	
		2021	2020
ASSETS			
Financial assets			
Cash and cash equivalents	5	461.78	658.72
Bank balances other than cash and cash equivalents	6	255.00	-
Trade receivables	7	310.66	118.47
Loans	8	33,418.90	27,975.41
Investments	9	3,266.04	2,508.02
Other financial assets	10	33.99	8.37
		37,746.37	31,268.99
Non-financial assets			
Current tax assets (net)		4.46	11.10
Deferred tax assets (net)	11	15.26	-
Property, plant and equipment	12	64.32	77.80
Intangible assets	12	14.57	7.98
Other non-financial assets	13	14.36	6.55
		112.97	103.43
Total assets		37,859.34	31,372.42
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	14		
Trade payables			
Total outstanding dues to micro enterprises and small enterprises		-	0.24
Total outstanding dues to creditors other than micro enterprises and small enterprises		20.90	30.35
Other payables			
Total outstanding dues to micro enterprises and small enterprises		-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises		21.28	17.83

Balance Sheet (Contd.)

(₹ In Crore)

As at 31 March

Particulars	Note No.	2021	2020
Debt securities	15	11,332.08	7,823.59
Borrowings (other than debt securities)	16	20,268.52	17,776.85
Other financial liabilities	17	144.63	73.59
		31,787.41	25,722.45
Non-financial liabilities			
Current tax liabilities (net)		7.39	7.07
Provisions	18	2.29	2.28
Deferred tax liabilities (net)	11	-	11.43
Other non-financial liabilities	19	30.03	44.06
		39.71	64.84
EQUITY			
Equity share capital	20	4,883.33	4,883.33
Other equity	21	1,148.89	701.80
		6,032.22	5,585.13
Total liabilities and equity		37,859.34	31,372.42
Summary of significant accounting policies	4		

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 S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Pune: 26 April, 2021

Statement of Profit and Loss

(₹ In Crore)			
For the year ended 31 March			
Particulars	Note No.	2021	2020
Revenue from operations			
Interest income	22	2,877.43	2,303.08
Fees and commission income	23	74.62	100.08
Net gain on fair value changes	24	59.85	73.71
Sale of services	25	142.15	169.15
Others	26	0.65	-
Total revenue from operations		3,154.70	2,646.02
Other Income	27	0.58	0.21
Total income		3,155.28	2,646.23
Expenses			
Finance costs	28	1,965.87	1,616.03
Fees and commission expense	29	1.33	1.30
Impairment on financial instruments	30	247.21	124.33
Employee benefits expenses	31	245.76	248.51
Depreciation and amortisation expenses	12	21.77	23.14
Other expenses	32	60.16	65.47
Total Expenses		2,542.10	2,078.78
Profit before tax		613.18	567.45
Tax expense			
Current tax		187.00	126.10
Deferred tax charge / (credit)		(27.01)	20.02
Total tax expense		159.99	146.12
Profit after tax		453.19	421.33
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Re-measurement gains/(losses) on defined benefit plans		1.27	(1.99)
Income tax effect relating to these items that will not be reclassified to profit or loss		(0.32)	0.39
		0.95	(1.60)

Statement of Profit and Loss (Contd.)

Particulars	Note No.	(₹ In Crore)	
		For the year ended 31 March	
		2021	2020
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		-	-
		-	-
Other comprehensive income for the year, net of tax		0.95	(1.60)
Total comprehensive income for the year		454.14	419.73
Earnings per equity share (Nominal value per share ₹ 10/-)			
Basic (₹)	33	0.93	1.12
Diluted (₹)	33	0.93	1.12
Summary of significant accounting policies	4		

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 S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

Pune: 26 April, 2021

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Statement of Changes in Equity

Equity share capital

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Balance at the beginning of the year	4,883.33	3,550.00
Changes in equity share capital during the year (refer note no. 20(a))	-	1,333.33
Balance at the end of the year	4,883.33	4,883.33

Other equity

For the year ended 31 March 2021

Particulars	Note No.	Reserves and surplus				Total other equity
		Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	Capital Contribution from Holding-ESOPs	
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)	-	-
Less: Payment to holding company towards employee stock option plan (Refer Note no 46)		-	-	-	(7.05)	(7.05)
Balance as at 31 March 2021	21	166.67	224.02	758.20	-	1,148.89

For the year ended 31 March 2020

Particulars	Note No.	Reserves and surplus				Total other equity
		Securities Premium	Statutory reserve in terms of NHB Act	Retained earnings	Capital Contribution from Holding-ESOPs	
Balance as at 31 March 2019		-	26.45	81.90	-	108.35
Profit after tax		-	-	421.33	-	421.33
Other comprehensive income (net of tax)		-	-	(1.60)	-	(1.60)
Total		-	26.45	501.63	-	528.08
Transfer to statutory reserves in terms of section 29C of the NHB Act, 1987		-	84.27	(84.27)	-	-
Add: Issue of equity shares to Holding Company		166.67	-	-	-	166.67
Add: Fair value of ESOPs issued by Holding Company		-	-	-	7.05	7.05
Balance as at 31 March 2020	21	166.67	110.72	417.36	7.05	701.80

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Pune: 26 April, 2021

Atul Jain
Chief Executive Officer

Gaurav Kalani
Chief Financial Officer

R Vijay
Company Secretary

On behalf of the Board of Directors

Sanjiv Bajaj
Chairman

Rajeev Jain
Managing Director

Statement of Cash Flows

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
(I) Cash flow from operating activities		
Profit before tax	613.18	567.45
Adjustments for:		
Interest income	(2,877.43)	(2,303.08)
Depreciation and amortisation expenses	21.77	23.14
Impairment on financial instruments	247.21	124.33
Finance Costs	1,965.87	1,616.03
Net (gain)/ loss on disposal of property, plant and equipment	0.44	0.49
Share based payments to employees	-	7.05
Service fees for management of assigned portfolio of loans	(103.74)	(129.81)
Net (gain)/ loss on financial instruments measured at FVTPL	(59.85)	(73.71)
	(192.55)	(168.11)
Cash inflow from interest on loans	2,840.61	2,286.61
Cash inflow from service asset	38.52	16.53
Cash outflow towards finance cost	(1,669.72)	(1,247.51)
Cash generated from operations before working capital changes	1,016.86	887.52
Working capital changes:		
(Increase) / decrease in trade receivables	(1.97)	(1.30)
(Increase) / decrease in loans	(5,698.50)	(10,763.52)
(Increase) / decrease in other financial assets	(275.64)	(0.56)
(Increase) / decrease in other non-financial assets	(8.63)	(2.52)
Increase / (decrease) in trade payables	(9.69)	14.53
Increase / (decrease) in other payables	3.45	(11.27)
Increase / (decrease) in other financial liabilities	77.78	(257.50)
Increase / (decrease) in provisions	1.28	(4.72)
Increase / (decrease) in other non-financial liabilities	(14.03)	23.26
	(4,909.09)	(10,116.08)
Income taxes paid (net of refunds)	(180.04)	(128.13)
Net cash used in operating activities (I)	(5,089.13)	(10,244.21)
(II) Cash flow from investing activities		
Purchase of property, plant and equipment	(6.60)	(24.70)
Proceeds from sale of property, plant and equipment	1.51	1.12
Purchase of intangible assets	(8.43)	(3.65)
Purchase of investments measured at FVTPL	(21,391.29)	(55,545.26)
Proceeds from sale of investments measured at FVTPL	21,076.84	54,866.91
Purchase of investments measured under amortised cost	(3,475.00)	-
Proceeds from sale of investments measured under amortised cost	2,975.00	-

Statement of Cash Flows (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Interest received on investments measured at FVTPL, Amortised Cost and cash equivalent fixed deposits	30.93	12.02
Net cash used in investing activities (II)	(797.04)	(693.56)
(III) Cash flow from financing activities		
Issue of equity share capital (including securities premium)	-	1,500.00
Payment to holding on account of recharge liability	(7.05)	-
Debt securities issued (net)	3,217.18	(178.77)
Borrowings other than debt securities issued (net)	2,486.83	10,174.57
Payment of lease liability	(7.73)	(6.29)
Net cash generated from financing activities (III)	5,689.23	11,489.51
Net increase/ (decrease) in cash and cash equivalents (I+II+III)	(196.94)	551.74
Cash and cash equivalents at the beginning of the year	658.72	106.98
Cash and cash equivalents at the end of the year	461.78	658.72

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) Components of cash and cash equivalents are disclosed in note no. 5.

As per our report of even date

On behalf of the Board of Directors

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

Pune: 26 April, 2021

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Notes to financial statements for the year ended 31 March 2021

1. Corporate information

The Company (earlier known as 'Bajaj Financial Solutions Limited') 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 Company has a diversified lending model and focuses on six broad categories viz: (i) home loans, (ii) loan against property, (iii) lease rental discounting, (iv) developer financing, (v) rural mortgage loans and (vi) unsecured loans. The Company has its registered office at Akurdi, Pune Maharashtra, India and its principal place of business is at 5th floor, B2 Building, Cerebrum IT Park, Kalyani Nagar, Pune Maharashtra, India.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 26 April 2021, 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, 17 February, 2021 ('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. 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 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.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

3. Presentation of Financial Statements (Contd.)

Critical accounting estimates and judgements:

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

- i) Business model assessment (Refer note no. 4.4.(i))
- ii) Fair value of financial instruments (Refer note no. 4.15, 43, and 44)
- iii) Effective interest rate (EIR) (Refer note no. 4.1.(i))
- iv) Impairment of financial assets (Refer note no. 4.4.(i), 8, 45)
- v) Provisions and other contingent liabilities (Refer note no. 4.10 and 38(a))
- vi) Provision for tax expenses (Refer note no. 4.6)
- vii) Residual value, useful life and indicators of impairment and recoverable value of property, plant and equipment (Refer note no. 4.7)

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) 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.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

(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 over 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 expense 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'.

Other revenues on sale of services are recognised as per Ind AS 115 - 'Revenue from contracts with customers' as articulated above in 'other revenue from operations'.

(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.

(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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

Subsequent measurement

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

- a) Debt instruments at amortised cost
- b) Debt instruments at FVOCI
- c) Debt instruments at FVTPL

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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 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, commercial papers and certificate of deposits for trading and short term cash flow management have been classified under this category.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

Impairment on financial assets:

A) General Approach

Expected Credit losses ('ECL') are recognised for 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'. Lifetime 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 or default, 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

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 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, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

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.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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

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

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 45.

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

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities 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.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

4.6 Property, plant and equipment

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

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

<u>Nature of assets</u>	<u>Useful life as per Schedule II</u>	<u>Useful life adopted by the Company</u>
Computers	3 years	4 years
Leasehold improvements	3 years	Primary lease period or 5 years whichever is less

For the above class of asset, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

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

4.7 Intangible assets and amortization thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortization and accumulated impairment. The intangible assets 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 and contingent liabilities

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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.

4.10 Foreign currency translation

Initial recognition:

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

Conversion:

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

Exchange differences:

All exchange differences are accounted in the Statement of Profit and Loss.

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) Compensated absences: Privilege leave entitlements are recognised as a liability as per the rules of the Company. The liability for accumulated leaves which can be availed and/or encashed at any time during the tenure of employment is recognised using the projected unit credit method at the actuarially determined value by an appointed actuary. 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

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

4.13 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.

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.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company."

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. 43 and 44.

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

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

4. Summary of significant accounting policies (Contd.)

4.15 Change in accounting estimates

The Company has changed the following accounting estimates in property, plant and equipments :

1. Change of estimated useful life to Computer and Vehicles from 3 years to 4 years and from 4 years to 8 years respectively.
2. Depreciation method for Building has been changes from WDV method to SLM method.

Had the Company applied the estimates followed in the previous year, the profit before tax for the period would had been lower by ₹ 2.83 Crore.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

5. Cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Cash on hand	-	-
Balance with banks:		
In current accounts	211.61	7.24
Fixed deposits (with original maturity less than 3 months)	250.17	651.48
	461.78	658.72

6. Bank balances other than cash and cash equivalents

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Balances with banks		
In fixed deposits original maturity more than 3 months	255.00	-
	255.00	-

7. Trade receivables

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Considered good - unsecured		
Service asset*	180.05	114.83
Fees, commission and others**	130.61	3.64
	310.66	118.47

* includes receivable from related parties ₹ 36.01 Crore (Previous year: ₹ 47.99)

** includes receivable from related parties ₹ nil (Previous year: ₹ 0.74)

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

8. Loans

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	At amortised Cost	At FVOCI*	Total **	At amortised Cost	At FVOCI*	Total
Term loans						
Secured						
Against equitable mortgage of immovable property	6,993.76	25,462.46	32,456.22	5,415.50	21,742.46	27,157.96
Less: Impairment loss allowance	53.54	283.54	337.08	30.61	82.92	113.53
	6,940.22	25,178.92	32,119.14	5,384.89	21,659.54	27,044.43
Unsecured						
Unsecured loans	1,318.44	-	1,318.44	938.07	-	938.07
Less: Impairment loss allowance	18.68	-	18.68	7.09	-	7.09
	1,299.76	-	1,299.76	930.98	-	930.98
	8,239.98	25,178.92	33,418.90	6,315.87	21,659.54	27,975.41
Out of above						
Loans in India						
Public sector	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
	-	-	-	-	-	-
Others	8,312.20	25,462.46	33,774.66	6,353.57	21,742.46	28,096.03
Less: Impairment loss allowance	72.22	283.54	355.76	37.70	82.92	120.62
	8,239.98	25,178.92	33,418.90	6,315.87	21,659.54	27,975.41
Loans outside India	-	-	-	-	-	-
	8,239.98	25,178.92	33,418.90	6,315.87	21,659.54	27,975.41

* The net value is the fair value of these loans

** includes advances to related parties ₹ 13.17 Crore (Previous year: ₹ nil)

Summary of loans by stage distribution

(₹ In Crore)

Particulars	As at 31 March 2021				As at 31 March 2020			
	Stage 1	Stage 2*	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	32,996.17	659.36	119.13	33,774.66	27,778.42	293.91	23.70	28,096.03
Less: Impairment loss allowance	178.68	131.88	45.20	355.76	89.01	22.60	9.01	120.62
Net carrying amount	32,817.49	527.48	73.93	33,418.90	27,689.41	271.31	14.69	27,975.41

*Net carrying amount in Stage 2 includes nondelinquent account restructured under RBI resolution framework for COVID-19-related Stress of ₹ 366 Crore where there were no overdue as of 31 March 2021.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

8. Loans (Contd.)**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 2021							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
Balance as at the beginning of the year	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	-	-
Sub-total	(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

(₹ In Crore)

Particulars	For the year ended 31 March 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
Balance as at the beginning of the year	17,291.64	22.55	59.63	3.30	9.50	3.36	17,360.77	29.21
Transfers during the year								
Transfers to stage 1	16.21	1.12	(15.85)	(1.07)	(0.36)	(0.05)	-	-
Transfers to stage 2	(278.51)	(0.46)	278.51	0.46	-	-	-	-
Transfers to stage 3	(97.12)	(0.17)	(14.07)	(1.05)	111.19	1.22	-	-
Sub-total	(359.42)	0.49	248.59	(1.66)	110.83	1.17	-	-
Impact of changes in credit risk on account of stage movements		(1.00)		22.89		8.36		30.25
Changes in opening credit exposures (additional disbursement net of repayments)	(5,327.63)	15.33	(90.47)	(7.08)	(74.78)	22.99	(5,492.88)	31.24
New credit exposures during the year, net of repayments	16,173.83	51.64	76.16	5.15	11.07	6.05	16,261.06	62.84
Amounts written off during the year	-	-	-	-	(32.92)	(32.92)	(32.92)	(32.92)
Balance as at the end of the year	27,778.42	89.01	293.91	22.60	23.70	9.01	28,096.03	120.62

Notes to financial statements for the year ended 31 March 2021 (Contd.)

8. Loans (Contd.)

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

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Net impairment loss allowance charge/ (release) for the year	235.14	91.41
Amounts written off during the year	11.70	32.92
Impairment on loans	246.84	124.33
Add: Impairment on other assets	0.37	-
Impairment on financial instruments	247.21	124.33

9. Investments

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
(i) At fair value through profit or loss		
In mutual funds	2,755.34	2,500.45
Add: Fair value gains	1.98	7.57
Total (i)	2,757.32	2,508.02
(ii) At Amortised cost		
In Fixed deposits	508.72	-
Total (ii)	508.72	-
Total	3,266.04	2,508.02

Out of above:

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
In India	3,266.04	2,508.02
Outside India	-	-
	3,266.04	2,508.02

Impairment allowance recognised on these investments is ₹ Nil (Previous year ₹ Nil).

Notes to financial statements for the year ended 31 March 2021 (Contd.)

10. Other financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Security deposits*	5.53	5.75
Advances to related parties	6.41	2.07
Other Advances**	22.05	0.55
	33.99	8.37

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

*Includes security deposits with related parties ₹ 0.02 Crore (Previous year ₹ 0.02 Crore)

**See note no. 52.3

11. Deferred tax assets (net)**Reconciliation of tax expenses and profit before tax multiplied by corporate tax rate**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Profit before tax	613.18	567.45
At corporate tax rate of 25.17% (Previous year: 25.17%)	154.34	142.83
Tax on expenditure not considered for tax provision (net of allowance)	5.76	2.39
Tax on additional deductions	(0.11)	(0.10)
Tax impact due to revaluation of deferred tax due to change in Income tax rate*		1.00
Tax expense (effective tax rate of 26.09%, Previous year 25.75%)	159.99	146.12

* Company opted for reduced corporate tax rate of 25.17% under section 115BAA of the Income Tax Act, 1961

Notes to financial statements for the year ended 31 March 2021 (Contd.)

11. Deferred tax assets (net) (Contd.)**Deferred tax assets/ (liabilities) recorded in balance sheet**

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Deferred tax relates to the following:		
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act, 1961	0.22	0.52
Depreciation and amortisation	0.97	1.11
Impairment on Financial Instruments	76.91	24.23
Lease liability	0.94	0.46
Total of deferred tax assets	79.03	26.32
Deferred tax liabilities		
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	18.72	8.15
EIR impact on financial instruments measured at amortised cost	44.55	27.70
Unrealised net gain on fair value changes	0.50	1.90
Total of deferred tax liabilities	63.77	37.75
Deferred tax assets/ (liabilities), net	15.26	(11.43)

Changes in deferred tax assets/ (liabilities) recorded in profit or Loss

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	(0.02)	1.34
Impairment on financial instruments	(52.68)	(17.92)
Depreciation and amortisation	0.14	(1.21)
EIR impact on financial instruments measured at amortised cost	16.85	30.81
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	10.57	6.00
Lease liability	(0.48)	(0.46)
Unrealised net gain/(loss) on fair value changes	(1.40)	1.46
Total	(27.01)	20.02

Changes in deferred tax recorded in other comprehensive income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Deferred tax relates to the following:		
Disallowance u/s 43B of the Income Tax Act, 1961	0.32	(0.39)
	0.32	(0.39)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

12. Property, Plant and equipment and intangible assets

For the year ended 31 March 2021

Particulars	Gross Block				Depreciation and amortisation			Net block	
	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
	(₹ In Crore)								
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

For the year ended 31 March 2020

Particulars	Gross Block				Depreciation and amortisation			Net block	
	As at 1 April 2019	Additions	Deductions/ adjustments	As at 31 March 2020	As at 1 April 2019	Deductions/ adjustments	For the year	As at 31 March 2020	As at 31 March 2020
	(₹ In Crore)								
Property, plant and equipment ^(a)									
Buildings	2.39	-	-	2.39	0.24	-	0.10	0.34	2.05
Computers	9.69	7.03	0.76	15.96	1.86	0.43	4.70	6.13	9.83
Furniture and Fixtures	7.53	3.04	(0.07)	10.64	1.62	0.01	1.82	3.43	7.21
Vehicles	3.83	3.42	0.33	6.92	0.74	0.10	1.69	2.33	4.59
Office equipment	7.57	4.95	0.73	11.79	1.00	0.07	2.08	3.01	8.78
Lease hold improvement	6.84	6.26	0.87	12.23	1.03	0.37	3.05	3.71	8.52
Right-of-use - Premises	28.74*	16.90	0.73	44.91	-	0.10	8.19	8.09	36.82
Total (i)	66.59	41.60	3.35	104.84	6.49	1.08	21.63	27.04	77.80
Intangible assets ^(b)									
Computer Software	6.85	2.92	-	9.77	0.28	-	1.51	1.79	7.98
Total (ii)	6.85	2.92	-	9.77	0.28	-	1.51	1.79	7.98
Total (i) + (ii)	73.44	44.52	3.35	114.61	6.77	1.08	23.14	28.83	85.78

*Represents right to use assets recognised on application of Ind AS 116 (revised) w.e.f April 01, 2019.

Note

(a) See note no. 4.6 and 4.13

(b) See note no. 4.7

Notes to financial statements for the year ended 31 March 2021 (Contd.)

13. Other non-financial assets

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Capital advances	0.62	1.44
Indirect tax credits available for utilisation	0.96	0.92
Advances to suppliers and others*	12.78	4.19
	14.36	6.55

* includes advances to related parties ₹ 6.31 Crore (Previous year: ₹ 0.17 Crore)

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

14. Payables

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Trade payables		
Total outstanding dues of micro enterprises and small enterprises [#]	-	0.24
Total outstanding dues of creditors other than micro enterprises and small enterprises*	20.90	30.35
Total	20.90	30.59
Other Payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises**	21.28	17.83
Total	21.28	17.83

* Includes payable to related parties ₹ 0.04 Crore (Previous year ₹ 4.80 Crore).

** Includes payable to related parties ₹ 1.80 Crore (Previous year ₹ 5.58).

[#] 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:

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Principal amount due to suppliers under MSMED Act, as at the year end (since Paid)	-	0.24
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	0.04	4.95
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act Section 16) (₹ 1,313)	-	0.12
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 financial statements for the year ended 31 March 2021 (Contd.)

15. Debt securities

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
At amortised cost		
Secured		
Privately placed redeemable non-convertible debentures ^{*#}	7,963.33	6,119.32
	7,963.33	6,119.32
Unsecured		
Borrowings by issue of Commercial Paper	2,861.41	1,450.88
Privately placed partly paid redeemable non-convertible debentures [§]	507.34	253.39
	3,368.75	1,704.27
Total	11,332.08	7,823.59
Out of above		
In India	11,332.08	7,823.59
Outside India	-	-
Total	11,332.08	7,823.59

*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.

#Related parties are current holders of ₹ 476.55 Crore in aggregate of the above debt securities (Previous year ₹ 301.10).

§Related parties are current holders of ₹ 436.76 Crore in aggregate of the above debt securities (Previous year ₹ 218.20).

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

Original maturity (In no. of days)	(₹ In Crore)				Total
	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 years	
Issued at par and redeemable at par					
Upto 365	-	-	-	-	-
366-730	-	900.00	-	-	900.00
731-1095	758.47	165.00	1,075.00	-	1,998.47
1096-1460	79.97	960.00	-	-	1,039.97
More than 1460	-	-	-	504.00	504.00
Issued at par and redeemable at premium					
Upto 365	-	-	-	-	-
366-730	428.29	-	-	-	428.29
731-1095	1,848.50	834.26	-	-	2,682.76
1096-1460	-	-	-	-	-
More than 1460	-	-	-	-	-
Issued at discount and redeemable at par					
Upto 365	-	-	-	-	-
366-730	-	-	-	-	-
731-1095	-	26.35	-	-	26.35
1096-1460	-	-	-	-	-
More than 1460	-	-	-	-	-
Interest accrued and impact of EIR	-	-	-	-	890.83
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 and ₹ 120 Crore in Feb 2025

Amount to be called and paid is ₹ 147 Crore each in Mar 2022, Mar 2023, Mar 2024 and ₹ 168 Crore in Mar 2025

Notes to financial statements for the year ended 31 March 2021 (Contd.)

15. Debt securities (Contd.)**Terms of repayment of non convertible debenture (NCDs) as at 31 March 2020**

Original maturity of NCDs (In no. of days)					(₹ In Crore)
	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					
731-1095	-	758.32	165.00	-	923.32
1096-1460	100.00	79.80	960.00	-	1,139.80
More than 1460	-	-	-	252.00	252.00
Issued at par and redeemable at premium					
366-730	320.00	-	-	-	320.00
731-1095	-	428.29	-	-	428.29
1096-1460	-	1,848.51	834.26	-	2,682.77
Issued at discount and redeemable at par					
366-730	-	-	-	-	-
731-1095	-	-	-	-	-
1096-1460	-	-	24.50	-	24.50
Interest accrued and impact of EIR					602.03
Total					6,372.71

Interest rate ranges from 6.94% p.a. to 9.21% p.a. as at 31 March 2020

As at 31 March 2020, partly called and paid unsecured debentures of ₹ 253.39 Crore.

Amount to be called and paid is ₹ 105 Crore each in Feb 2021, Feb 2022, Feb 2023, Feb 2024 and ₹ 120 Crore in Feb 2025

Amount to be called and paid is ₹ 147 Crore each in Mar 2021, Mar 2022, Mar 2023, Mar 2024 and ₹ 168 Crore in Mar 2025

Terms of repayment of commercial paper as at 31 March 2021

Original maturity (In no. of days)					(₹ In Crore)
	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 and 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)

Terms of repayment of commercial paper as at 31 March 2020

Original maturity (In no. of days)					(₹ In Crore)
	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	1,452.13	-	-	-	1,452.13
Interest accrued and impact of EIR					(1.25)
Total					1,450.88

Interest rate ranges from 6.60% p.a. to 7.85% p.a. as at 31 March 2020

Face value of commercial paper is ₹ 1,515 Crore as at 31 March 2020

Notes to financial statements for the year ended 31 March 2021 (Contd.)

16. Borrowings (other than debt securities)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
At amortised cost		
Secured*		
Term loans from banks	20,187.36	17,714.41
Loans repayable on demand from banks		
Cash credit	61.16	49.77
Working capital demand loan	20.00	12.67
Total	20,268.52	17,776.85
Out of above		
In India	20,268.52	17,776.85
Outside India	-	-
Total	20,268.52	17,776.85

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

Terms of repayment of term loans as at 31 March 2021

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
	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	₹ in Crore
Monthly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	5	62.50	-	-	-	-	-	-	62.50
731 to 1095	7	87.50	4	50.00	-	-	-	-	137.50
More than 1095	-	-	-	-	-	-	-	-	-
Quarterly									
Upto 365	8	165.00	-	-	-	-	-	-	165.00
366 to 730	20	406.25	13	280.63	-	-	-	-	686.88
731 to 1095	44	741.25	26	546.88	12	255.63	-	-	1,543.75
More than 1095	20	164.58	74	1,314.17	85	1,724.79	115	3,715.42	6,918.96
Half yearly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	6	230.77	-	-	-	-	-	-	230.77
731 to 1095	7	332.85	7	270.77	-	-	-	-	603.62
More than 1095	2	154.00	15	896.85	26	1,342.62	47	2,067.69	4,461.15
Yearly									
Upto 365	1	50.00	-	-	-	-	-	-	50.00
366 to 730	1	25.00	2	200.00	-	-	-	-	225.00
731 to 1095	4	210.00	1	25.00	2	275.00	-	-	510.00
More than 1095	6	323.32	10	550.00	10	475.00	8	730.00	2,078.32
On maturity (Bullet)									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	-	-	-	-	-	-	-	-	-
731 to 1095	3	677.50	-	-	-	-	-	-	677.50
More than 1095	-	-	1	211.25	5	1,611.25	1	25.00	1,847.50
Interest accrued and impact of EIR									(11.08)
Total									20,187.36

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

16. Borrowings (other than debt securities) (Contd.)**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
Upto 365	20.00	-	-	-	20.00
Interest accrued and impact of EIR					-
Total					20.00

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

Terms of repayment of term loans as at 31 March 2020

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
	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	No. of instalments	₹ in Crore	₹ in Crore
Quarterly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	30	486.46	14	300.00	-	-	-	-	786.46
731 to 1095	18	282.29	50	947.90	21	491.67	-	-	1,721.86
More than 1095	4	16.67	20	164.58	82	1,482.31	166	3,476.71	5,140.27
Half yearly									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	3	192.46	6	230.77	-	-	-	-	423.23
731 to 1095	2	154.00	6	307.85	7	270.77	-	-	732.62
More than 1095	-	-	2	154.00	13	846.85	69	3,253.96	4,254.81
Yearly									
Upto 365	3	80.00	-	-	-	-	-	-	80.00
366 to 730	1	30.00	1	25.00	-	-	-	-	55.00
731 to 1095	5	223.34	4	210.00	1	25.00	-	-	458.34
More than 1095	-	-	6	323.32	10	550.00	23	1,015.96	1,889.28
On maturity (Bullet)									
Upto 365	-	-	-	-	-	-	-	-	-
366 to 730	4	50.00	5	62.50	-	-	-	-	112.50
731 to 1095	1	100.00	10	765.00	4	50.00	-	-	915.00
More than 1095	1	50.00	-	-	1	211.25	5	899.71	1,160.96
Interest accrued and impact of EIR									(15.92)
Total									17,714.41

Interest rate ranges from 6.59% p.a. to 9.00% p.a. as at 31 March 2020

Terms of repayment of working capital demand loan as at 31 March 2020

(₹ 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
Upto 365	12.67	-	-	-	12.67
Interest accrued and impact of EIR					-
Total					12.67

Interest rate ranges from 7.80% p.a. to 8.10% p.a. as at 31 March 2020

Notes to financial statements for the year ended 31 March 2021 (Contd.)

17. Other financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Security deposits*	0.08	0.08
Lease Liability**	31.96	38.70
Others***	112.59	34.81
	144.63	73.59

*Includes amounts pertaining to related parties ₹ 0.08 Crores (previous year 0.08 Crores)

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

***Includes amounts pertaining to related parties ₹ 0.26 Crore (previous year 0.12 Crores)

a. Lease Liability Movement

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Balance as at the beginning of the year	38.70	28.74
Add :		
Addition during the year	0.96	16.90
Interest on Lease Liability	2.58	2.79
Lease modification/ adjustments	0.34	-
Less :		
Derecognised during the year	0.31	0.65
Lease rental payments	10.31	9.08
Balance as at the end of the year	31.96	38.70

b. Lease rentals of ₹ 0.96 Crores (Previous year ₹ 1.13 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 :

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
- Not later than one year	11.23	10.90
- Later than one year but not later than five years	22.90	32.00
- Later than five years	2.72	3.49

d. Maturity Analysis of Lease Liability as at 31 March 2021:

Particulars	(₹ In Crore)			
	As at 31 March 2021		As at 31 March 2020	
	Within 12 months	After 12 months	Within 12 months	After 12 months
Lease Liability	9.23	22.73	8.15	30.55

Notes to financial statements for the year ended 31 March 2021 (Contd.)

18. Provisions

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Provision for employee benefits		
Compensated absences	0.88	1.16
Other long term service benefits	1.41	1.12
	2.29	2.28

19. Other non-financial liabilities

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Statutory Dues	14.89	18.58
Others	15.14	25.48
	30.03	44.06

20. Equity share capital

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Authorised		
6,000,000,000 (6,000,000,000) equity shares of ₹ 10 each	6,000.00	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 2021		As at 31 March 2020	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Outstanding at the beginning of the year	4,883,333,329	4,883.33	3,550,000,000	3,550.00
Add: Issue of equity shares on right basis	-	-	1,333,333,329	1,333.33
Outstanding at the end of the year	4,883,333,329	4,883.33	4,883,333,329	4,883.33

1,333,333,329 fully paid-up equity shares of face value of ₹ 10/- each were allotted at premium of ₹ 1.25 per share on 5 February 2020 to Bajaj Finance Limited, holding company of the Company on rights basis.

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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

20. Equity share capital (Contd.)**c. Shares held by holding company (face value ₹ 10 per share)**

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos.	₹ in Crore	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.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos.	% Holding	Nos.	% Holding
Bajaj Finance Limited* (Holding Company)	4,883,333,329	100.00%	4,883,333,329	100.00%

21. Other equity

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
(i) Securities premium		
Balance as at the beginning of the year	166.67	-
Add: Received during the year		
On right issue of shares	-	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	78.32	19.05
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	32.40	7.40
Total	110.72	26.45
Addition / appropriation / withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	48.64	59.27
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	42.00	25.00
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	-	-

Notes to financial statements for the year ended 31 March 2021 (Contd.)

21. Other equity (Contd.)

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
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	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
Balance as at the end of the year (ii)	224.02	110.72
(iii) Retained earnings		
Balance as at the beginning of the year	417.36	81.90
Profit for the year	453.19	421.33
Item of other comprehensive income recognised directly in retained earnings		
On defined benefit plan	0.95	(1.60)
	871.50	501.63
Less: Appropriations:		
Transfer to statutory reserve in terms of Section 29C of the NHB Act, 1987	48.64	59.27
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	42.00	25.00
Total appropriations	113.30	84.27
Balance as at the end of the year (iii)	758.20	417.36
(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	-	-
Less: Payment to holding company towards employee stock option plan (Refer Note no 46)	(7.05)	7.05
Balance as at the end of the year (iv)	-	7.05
Total (i) to (iv)	1,148.89	701.80

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 financial statements for the year ended 31 March 2021 (Contd.)

21. 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 its net profit during the 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 Company recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss. The table gives details of movement of fair value changes:

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Balance as at the beginning of the year	-	-
Fair value changes	200.62	62.97
Impairment loss allowances transferred to profit or loss	(200.62)	(62.97)
Balance as at the end of the year	-	-

22. Interest income

Particulars	For the year ended 31 March 2021				For the year ended 31 March 2020			
	On financial assets measured at				On financial assets measured at			
	Amortised Cost	FVOCI	FVTPL	Total	Amortised Cost	FVOCI	FVTPL	Total
On loans*	816.96	2,015.85	-	2,832.81	630.67	1,660.60	-	2,291.27
On investments	-	-	1.53	1.53	-	-	0.83	0.83
On deposits with Banks	43.09	-	-	43.09	10.98	-	-	10.98
	860.05	2,015.85	1.53	2,877.43	641.65	1,660.60	0.83	2,303.08

*As per Effective Interest Rate (EIR). Refer note no. 4.1(i)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

23. Fees and commission income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Distribution income	14.75	65.26
Fees on value added services and products	4.94	16.77
Service and administration charges	50.40	15.78
Foreclosure income	4.53	2.27
	74.62	100.08

24. Net gain on fair value changes

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Net gain/ (loss) on financial instruments measured at fair value through profit or loss		
On trading portfolio		
Realised gain/(loss) on investments at FVTPL	65.44	67.66
Unrealised gain/(loss) on investments at FVTPL	(5.59)	6.05
	59.85	73.71

25. Sale of services

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Service charges	38.41	39.34
Service fees for management of assigned portfolio of loans	103.74	129.81
	142.15	169.15

26. Others

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Bad debt recoveries	0.58	-
Miscellaneous charges and receipts	0.07	-
	0.65	-

27. Other income

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Income from Rent	0.19	0.17
Interest on income tax refund	0.37	-
Miscellaneous income	0.02	0.04
	0.58	0.21

Notes to financial statements for the year ended 31 March 2021 (Contd.)

28. Finance costs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
On financial liabilities measured at amortised cost:		
On debt securities	623.89	649.98
On borrowings other than debt securities	1,335.04	963.26
On lease liability	2.58	2.79
Other finance cost	4.36	-
	1,965.87	1,616.03

29. Fees and commission expense

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Commission and incentives	0.04	0.50
Loan portfolio management service charges	1.29	0.80
	1.33	1.30

30. Impairment on financial instruments

Particulars	For the year ended 31 March 2021			For the year ended 31 March 2020		
	(₹ In Crore)					
	At Amortised Cost	At FVOCI	Total	At Amortised Cost	At FVOCI	Total
On loans	40.82	206.02	246.84	35.80	88.53	124.33
On Others	0.37	-	0.37	-	-	-
	41.19	206.02	247.21	35.80	88.53	124.33

31. Employee benefits expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Employees emoluments	209.23	223.05
Contribution to provident fund and other funds	12.01	10.44
Share based payments to employees	13.36	7.05
Staff welfare expenses	11.16	7.97
	245.76	248.51

Notes to financial statements for the year ended 31 March 2021 (Contd.)

32. Other expenses

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Information technology expenses	11.44	8.17
Repairs and maintenance	7.50	5.92
Travelling expenses	7.05	14.85
Advertisement, branding and promotion	5.91	9.10
Communication expenses	5.54	3.45
Outsourcing / back office expenses	3.75	3.47
Rent, taxes and energy cost	3.41	3.83
Legal and professional charges	1.79	2.14
Bank charges	1.64	1.52
Printing and stationery	0.98	1.83
Customer experience	0.71	0.15
Net loss on sale of property, plant and equipment	0.44	0.49
Director's fees	0.22	0.18
Business support services	0.21	0.41
Insurance	0.12	0.17
Auditor's fees and expenses*	0.10	0.09
Expenditure towards Corporate Social Responsibility activities **	3.91	0.56
Miscellaneous expenses	5.44	9.14
	60.16	65.47

*** Payment to auditor (net of GST credit availed)**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
As auditor		
Audit fee	0.01	0.01
Tax audit fee	0.00	0.00
Limited review fee	0.01	0.01
In other capacity		
Other services	0.08	0.04
Reimbursement of expenses	-	0.03
	0.10	0.09

**** Corporate Social Responsibility expenditure**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
(a) Gross amount required to be spent by the Company during the year	3.91	0.56
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	3.91	0.56
	3.91	0.56

Notes to financial statements for the year ended 31 March 2021 (Contd.)

33. 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	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Net profit attributable to equity shareholders (₹ in Crore) (A)	453.19	421.33
Weighted average number of equity shares for basic and diluted earnings per share (B)	4,883,333,329	3,754,007,285
Earning Per Share (basic & diluted) (₹) (A/B)	0.93	1.12

34. Segment information

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

35. 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.

36. Revenue from contract with customers

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Type of Services		
Distribution income	14.75	65.26
Fees on value added services and products	4.94	16.77
Service and administration charges	50.40	15.78
Foreclosure income	4.53	2.27
Sale of services	142.15	169.15
Total	216.77	269.23
Geographical markets		
India	216.77	269.23
Outside India	-	-
Total	216.77	269.23

Notes to financial statements for the year ended 31 March 2021 (Contd.)

36. Revenue from contract with customers (Contd.)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Timing of revenue recognition		
Services transferred at a point in time	216.77	269.23
Services transferred over time	-	-
Total	216.77	269.23

Contract balances

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Service assets	180.05	114.83
Fees, commission and other receivables	0.56	3.20

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

37. 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

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Defined benefit obligation as at the beginning of the year	17.13	11.87
Current service cost	3.70	2.48
Interest on defined benefit obligation	1.14	0.89
Remeasurement (gain)/ loss:		
Actuarial (gain)/ loss arising from change in financial assumptions	(0.32)	1.50
Actuarial (gain)/ loss arising from change in demographic assumptions	-	-
Actuarial (gain)/ loss arising on account of experience changes	(1.03)	0.63
Benefits paid	(0.34)	(0.69)
Liabilities assumed / (settled)*	0.98	0.45
Defined benefit obligation as at the end of the year	21.25	17.13

* On account of business combination within the group

Notes to financial statements for the year ended 31 March 2021 (Contd.)

37. Employee benefits plan (Contd.)**ii) Movement in plan assets**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Fair value of plan asset as at the beginning of the year	17.37	9.75
Employer contributions	3.53	6.93
Interest on plan assets	1.20	0.79
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	(0.08)	0.14
Benefits paid	(0.34)	(0.69)
Assets acquired / (settled)*	0.98	0.45
Fair value of plan asset as at the end of the year	22.66	17.37

* On account of business combination within the group

iii) Reconciliation of net liability/ (asset)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Net defined benefit liability/ (asset) as at the beginning of the year	(0.24)	2.12
Expense charged to statement of profit & loss	3.63	2.58
Amount recognised in other comprehensive income	(1.27)	1.99
Employers contribution	(3.53)	(6.93)
Net defined benefit liability/ (asset) as at the end of the year	(1.41)	(0.24)

iv) Expenses charged to the statement of profit and loss

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Current service cost	3.70	2.48
Interest cost	(0.07)	0.10
Total	3.63	2.58

Notes to financial statements for the year ended 31 March 2021 (Contd.)

37. Employee benefits plan (Contd.)**v) Remeasurement (gains)/losses in other comprehensive income**

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Opening amount recognised in other comprehensive income	4.68	2.69
Changes in financial assumptions	(0.32)	1.50
Changes in demographic assumptions	-	-
Experience adjustments	(1.03)	0.63
Actual return on plan assets less interest on plan assets	0.08	(0.14)
Closing amount recognized in other comprehensive income	3.41	4.68

vi) Amount recognised in Balance Sheet

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Present value of funded defined benefit obligation	21.25	17.13
Fair value of plan assets	22.66	17.37
Net defined benefit liability recognised in balance sheet	(1.41)	(0.24)

vii) Key actuarial assumptions

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Discount rate	6.95%	6.80%
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:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Discount rate	Salary Escalation Rate	Discount rate	Salary Escalation Rate
Impact of increase in 50 bps on defined benefit obligation	(4.84%)	4.99%	(5.03%)	5.19%
Impact of decrease in 50 bps on defined benefit obligation	5.21%	(4.69%)	5.42%	(4.86%)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

37. 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

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Maturity Profile		
Expected benefits for year 1	1.15	0.86
Expected benefits for year 2	1.30	0.96
Expected benefits for year 3	1.48	1.07
Expected benefits for year 4	1.58	1.22
Expected benefits for year 5	1.60	1.26
Expected benefits for year 6	1.60	1.28
Expected benefits for year 7	1.62	1.29
Expected benefits for year 8	1.63	1.30
Expected benefits for year 9	1.87	1.31
Expected benefits for year 10 and above	34.86	29.13

x) Expected contribution to fund in the next year

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Expected contribution to fund in the next year	3.00	1.50

B) Long-term service benefit liability

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Present value of unfunded obligations	1.41	1.12
Expense recognised in the statement of profit and loss	0.29	0.39
Discount rate (p.a.)	6.95%	6.80%

Notes to financial statements for the year ended 31 March 2021 (Contd.)

38. Contingent liabilities and commitments**a) Contingent liabilities not provided for in respect of :**

Particulars	As at 31 March	
	2021	2020
Disputed claims against the company not acknowledged as debts	1.85	0.79

b) Capital and other commitments

Particulars	As at 31 March	
	2021	2020
(i) Capital commitments (Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances))	0.49	1.05
(ii) Other commitments (towards partially disbursed / un-encashed loans)	2,903.08	515.65

39. Changes in liability arising from financing activities**For the year ended 31 March 2021**

Particulars	As at	Cash flows	Other	As at
	1 April 2020			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
Lease Liability	38.70	(7.73)	0.99	31.96
	25,639.14	5,696.28	297.14	31,632.56

For the year ended 31 March 2020

Particulars	As at	Cash flows	Other	As at
	1 April 2019			31 March 2020
Debt Securities	7,632.36	(178.77)	370.00	7,823.59
Borrowing other than Debt Securities	7,603.77	10,174.57	(1.49)	17,776.85
Lease Liability	-	(6.29)	44.99	38.70
	15,236.13	9,989.51	413.50	25,639.14

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March			
		2021		2020	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
A. Holding Company, Subsidiaries & Fellow Subsidiaries :					
1 Bajaj Finserv Limited (Ultimate Holding company)	Secured non-convertible debentures issued	-	(150.34)	-	-
2 Bajaj Finance Limited (Holding company)	Contribution to Equity (4,88,33,33,329 shares of ₹ 10 each)	-	(4,883.33)	1,500.00	(4,883.33)
	Security deposit received	-	(0.08)	-	(0.08)
	Rent received	0.19	-	0.17	0.02
	Assets purchased	0.09	-	0.30	-
	Assets sale	0.07	-	0.33	0.18
	Purchase of loan portfolio	300.13	-	-	-
	Direct assignment of loan portfolio	-	-	1,454.20	-
	Business support charges paid	4.72	-	5.00	(4.67)
	Business support charges received	1.50	-	1.50	-
	Fees and commission received	42.46	-	46.67	0.50
	ESOP recharge cost	13.36	-	7.05	7.05
	Settlement of ESOP	20.41	-	-	-
	Service Asset Income	(1.47)	36.01	53.33	47.99
	Amount received against service asset income	14.67	-	7.34	-
	Interest income on Service Assets	4.15	-	2.00	-
	Others receipts	-	-	0.02	-
	Other payments	-	-	0.12	-
3 Bajaj Allianz General Insurance Company Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	0.04	0.02	1.09	(0.12)
	Insurance expense	2.63	3.25	0.91	0.09
	Interest paid on non-convertible debentures	10.51	-	-	-
	Secured non-convertible debentures issued	-	(150.99)	-	(150.94)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March			
		2021	2020	2021	2020
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
4 Bajaj Allianz Life Insurance Company Ltd. (Fellow subsidiary)	Insurance premium adjusted (including cancellation receipts)	18.30	(0.26)	198.53	0.46
	Insurance expense	0.88	3.06	0.50	0.07
	Loan insurance expense	14.34	-	-	-
	Interest paid on non-convertible debentures	16.96	-	-	-
	Unsecured non-convertible debentures issued	-	(436.76)	-	(218.20)
5 Bajaj Finserv Direct Limited (Fellow subsidiary)	Business support charges paid	0.09	-	4.92	(0.13)
	Assets purchased	0.12	-	0.11	-
	Assets sale	(0.02)	-	0.19	0.05
	Other Receipts	0.07	-	0.13	-
B. Key Management Personnel and their relatives					
1 Sanjiv Bajaj (Non Executive Director)	Sitting Fees	0.07	-	0.06	-
2 Nanoo Pamnani (Non Executive Director)	Sitting Fees	-	-	0.06	-
3 Lila Poonawalla (Non Executive Director)	Sitting Fees	0.07	-	0.06	-
4 Anami N Roy (Non Executive Director)	Sitting Fees	0.03	-	-	-
5 Dr. Omkar Goswami (Non Executive Director)	Sitting Fees	0.04	-	-	-
6 Atul Jain (Chief Executive Officer)	Remuneration	7.51	(1.80)	9.76	(5.58)
	Fair value of ESOPs issued by Holding Company	3.23	-	4.33	-
C. Other entities					
1 Bajaj Auto Ltd.	Security deposit (paid)	-	0.02	-	0.02
	Interest expense on lease obligation (Transaction for year ended 31 March 2021: ₹ 46,962)	-	-	0.01	-

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Name of the related party and nature of relationship	Nature of Transaction	For the year ended 31 March			
		2021		2020	
		Transaction Value	Outstanding amounts carried in Balance Sheet	Transaction Value	Outstanding amounts carried in Balance Sheet
1 Bajaj Auto Ltd.	Lease liability recognised at inception	-	(0.04)	0.13	(0.09)
	Payment towards lease obligation	0.05		0.04	-
2 Bajaj Holdings and Investment Limited	Secured non-convertible debentures issued	-	(150.16)	-	(150.16)
	Interest paid on non-convertible debentures	10.41			
3 Maharashtra Scooters Limited	Secured non-convertible debentures issued		(25.06)		-
4 Hind Musafir Agency Ltd.	Services received	0.73	(0.04)	2.43	-
5 Poddar Housing And Development Limited	Loan given	-	13.00	-	-
	Interest Income	1.71	0.02	-	-
6 Ashwin Vijaykumar Jain	Loan given	0.15	0.15	-	-
	Loan repayment received (transaction for year ended 31 March 2021: ₹ 34,380)		-	-	-
	Interest Income (outstanding as at 31 March 2021: ₹ 16,025)	0.01		-	-
D. Post employment benefit entity					
1 Bajaj Auto Employees Group Gratuity Fund	Gratuity contribution	3.65	-	2.50	-
2 Bajaj Auto Senior Staff Group Gratuity Fund	Gratuity contribution	-	-	4.50	-

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.
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 financial statements for the year ended 31 March 2021 (Contd.)

41. 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

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Tier I capital	5,820.36	5,495.58
Tier II capital	178.68	151.25
Total capital	5,999.04	5,646.83
Total risk weighted assets	28,119.67	22,450.99
Tier I CRAR	20.70%	24.48%
Tier II CRAR	0.63%	0.67%
Total CRAR	21.33%	25.15%

* CRAR computed for the year ended 31 March 2020 is based on the financial statement of the Company which complies in all material respects with previous GAAP, as noted by the Board of Directors for regulatory and supervisory purposes pursuant to the NHB Circular No. NHB (ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018.

42. Events after reporting date

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

44. 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 2021:

(₹ In Crore)

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

Quantitative disclosures of fair value measurement hierarchy for financial instruments measured at fair value as at 31 March 2020:

(₹ In Crore)

Particulars	Date of valuation	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Investments held for trading under FVTPL	31 March 2020	2,508.02	-	-	2,508.02
Loans designated under FVOCI	31 March 2020	-	21,659.54	-	21,659.54

Notes to financial statements for the year ended 31 March 2021 (Contd.)

44. Fair value hierarchy (Contd.)**Fair value of financial instruments not measured at fair value as at 31 March 2021:**

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
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	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	144.63	-	-	144.63	144.63
Total financial liabilities	31,787.41	-	11,491.68	20,455.33	31,947.01

*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 2020:

(₹ In Crore)

Particulars	Carrying value	Fair value measurement using			Total
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial Assets					
Cash and cash equivalents	658.72	658.72	-	-	658.72
Trade receivables	118.47	-	-	118.47	118.47
Loans at amortised cost*	6,315.87	-	-	6,315.87	6,315.87
Other financial assets	8.37	-	-	8.37	8.37
Total financial assets	7,101.43	658.72	-	6,442.71	7,101.43
Financial liabilities					
Trade payables	30.59	-	-	30.59	30.59
Other payables	17.83	-	-	17.83	17.83
Debt securities	7,823.59	-	7,925.42	-	7,925.42
Borrowings (other than debt securities)	17,776.85	-	-	17,776.85	17,776.85
Other financial liabilities	73.59	-	-	73.59	73.59
Total financial liabilities	25,722.45	-	7,925.42	17,898.86	25,824.28

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. 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
Market Risk	<p>Liquidity risk arises from mismatches in the timing of cash flows.</p> <p>Funding risk arises from:</p> <ul style="list-style-type: none"> inability to raise incremental borrowings to fund business requirement or repayment obligations when long term assets cannot be funded at the expected term resulting in cashflow mismatches; amidst volatile market conditions impacting sourcing of funds from banks and money markets 	Board appointed Committee of Directors and ALCO	<p>Liquidity and funding risk is:</p> <ul style="list-style-type: none"> measured by <ul style="list-style-type: none"> identification of gaps in the structural and dynamic liquidity statements. assessment of incremental borrowings required for meeting the repayment obligation as well as the Company's business plan in line with prevailing market conditions. monitored by <ul style="list-style-type: none"> assessment of the gap between visibility of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. a constant calibration of sources of funds in line with emerging market conditions in banking and money markets periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied 'what if' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. managed by the Company's treasury team 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.
Credit Risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company	Board appointed RMC and Chief Risk Officer (CRO)	<p>Credit risk is:</p> <ul style="list-style-type: none"> measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. monitored by RMC and CRO using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks and assessment of any major change in the business environment including economic, political as well as natural calamity / pandemic. managed by a robust control framework by the risk and collection department. This is achieved by continuously aligning credit and collection 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, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed risk management committee(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)	<p>Operational risk is:</p> <ul style="list-style-type: none"> measured by KPI's set for each of the processes/ functions, system and control failures and instances of fraud. monitored by deviations identified in each of the set KPI's for the processes/controls, periodical review of technology platforms and review of control processes as part of internal control framework. managed by in house compliance units established across different businesses and functions, operations and internal audit function under the guidance of RMC and AC.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

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 during the financial year 2020-21.

The Company continuously monitors liquidity in the market; and as a part of its ALM strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

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

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Debt securities	6,979.24	5,517.74	12,496.98	2,177.16	6,779.81	8,956.97
Borrowings (other than debt securities)	4,943.42	18,724.77	23,668.19	3,105.72	18,976.87	22,082.59
Trade payables	20.90	-	20.90	30.59	-	30.59
Other payables	21.28	-	21.28	17.83	-	17.83
Other financial liabilities	121.82	22.81	144.63	42.96	30.63	73.59
	12,086.67	24,265.32	36,351.98	5,374.26	25,787.31	31,161.57

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

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	461.78	-	461.78	658.72	-	658.72
Bank balances other than cash and cash equivalents	254.98	0.02	255.00	-	-	-
Trade receivables	167.55	143.11	310.66	118.47	-	118.47
Loans	1,736.52	31,682.38	33,418.90	1,256.51	26,718.90	27,975.41
Investments	3,266.04	-	3,266.04	2,508.02	-	2,508.02
Other financial assets	27.05	6.94	33.99	2.62	5.75	8.37
Non-financial assets						
Current tax assets (net)	-	4.46	4.46	-	11.10	11.10
Deferred tax assets (net)	-	15.26	15.26	-	-	-
Property, plant and equipment	-	64.32	64.32	-	77.80	77.80
Other intangible assets	-	14.57	14.57	-	7.98	7.98
Other non-financial assets	14.36	-	14.36	6.55	-	6.55
Total assets	5,928.28	31,931.06	37,859.34	4,550.89	26,821.53	31,372.42

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

(₹ In Crore)

Particulars	As at 31 March 2021			As at 31 March 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Liabilities						
Financial liabilities						
Trade payables	20.90	-	20.90	30.59	-	30.59
Other payables	21.28	-	21.28	17.83	-	17.83
Debt securities	6,704.50	4,627.58	11,332.08	1,997.22	5,826.37	7,823.59
Borrowings (other than debt securities)	3,709.49	16,559.03	20,268.52	1,724.76	16,052.09	17,776.85
Other financial liabilities	121.82	22.81	144.63	42.96	30.63	73.59
Non-financial liabilities						
Current tax liabilities (net)	7.39	-	7.39	7.07	-	7.07
Provisions	0.88	1.41	2.29	1.16	1.12	2.28
Deferred tax liabilities (net)	-	-	-	-	11.43	11.43
Other non-financial liabilities	30.03	-	30.03	44.06	-	44.06
Total Liabilities	10,616.29	21,210.83	31,827.12	3,865.65	21,921.64	25,787.29

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. The Company do not have any exposure to foreign exchange rate and equity price risk.

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 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		

Sensitivity analysis as at 31 March 2020 :

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Investment at FVTPL	2,508.02	2,508.02	(3.00)	3.00

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 are computed monthly and sensitivity of the market value of equity assuming varied changes in interest rates are presented and monitored by ALCO.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

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	-	-

Sensitivity analysis as at 31 March 2020 :

(₹ In Crore)

Particulars	Carrying value	Fair value	Sensitivity to fair value	
			1 % increase	1 % decrease
Loans	27,975.41	27,975.41	-	-
Debt Securities	7,823.59	7,925.42	(105.18)	110.07
Borrowings (other than debt securities)	17,776.85	17,776.85	-	-

Credit Risk

Credit risk is the risk of financial loss arising out of a customer or counterparty 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;
- 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; and

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due ('DPD') 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 ('PIT') probability weighted probability of default ('PD'). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

Computation of impairment on financial instruments

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

The Company recalibrates 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. During the year, the Company recognised an additional impairment on financial instruments of ₹ 30.80 Crore on account of recalibration of its ECL model.

Financial instruments other than Loans were subjected to simplified ECL approach under Ind AS 109 'Financial instruments'.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. 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			EAD	LGD
	Stage 1	Stage 2	Stage 3		
Home loans Loan against property Rural mortgage loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.			EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date	Past trends of recoveries for each set of portfolios are discounted at reasonable approximation of the original effective rates of interest.
Lease rental discounting Developer loans	External ratings or internal evaluation with a management overlay for each customer or customer industry segment.			100% EAD is computed given the time to default based on historic trends across rating profile	
Other loans	Use of statistical automatic interaction detector tools to identify PDs across a homogenous set of customers.			EAD is computed based on past trends of proportion of outstanding at time of default to the outstanding on reporting date	

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 2021

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	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%

As at 31 March 2020

(₹ In Crore)

Particulars	Secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross Carrying Value	26,849.38	286.74	21.84	929.04	7.17	1.86
Allowance for ECL	83.89	21.73	7.91	5.12	0.87	1.10
ECL Coverage ratio	0.31%	7.58%	36.22%	0.55%	12.13%	59.14%

Collateral valuation

The nature of products across these broad categories are either secured by collateral or unsecured. Although collateral is an important risk mitigant of credit risk, the Company's practice is to lend on the basis of its 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 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 financial statements for the year ended 31 March 2021 (Contd.)

45. 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	
Rural mortgage loans	Equitable mortgage of residential and commercial properties.
Lease rental discounting	
Developer loans	

The Company periodically monitors the market value of collateral and evaluates its exposure and loan to value metrics. The Company exercises its right to repossess properties mortgaged to it for delinquent customers. The repossessed assets are either sold 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 continues to grow its granularity of its products by expanding its geographic reach in order 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

Expected credit loss impairment allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis and are based on the economic scenarios described below. The recognition and measurement of 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 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 has used multiple economic factors and tested their correlations with past loss trends witnessed. The economic factors tested were GDP growth rates, growth of bank credit, wholesale price index (WPI), consumer price index (CPI), industrial production index, crude oil prices, exchange rate and policy interest rates. Based on past correlation trends, CPI and policy interest rates were the two factors having 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 future economic conditions.

Given the COVID-19 pandemic, the Company has considered additional stress in the central and downside scenarios:

- Central Scenario: Centre for Monitoring Indian Economy (CMIE) released its latest estimate of unemployment rate which was at a elevated level of ~23% for March 2020 end till first week of April 2020 - this was significantly higher from 7.66% published for December 2019. Similarly, CPI which hovered between 3.42% to 5.86% for quarter ending September 2019 and December 2019, respectively, has been projected to peak at 6.54% in September 2020 for stressed central scenario - representing anticipated stress impact due to lockdown and disruption in supply chains and increased prices for food and beverages.
- Downside Scenario: The Company has considered additional stress impact on unemployment rate as estimated by moody's forecast of COVID-19 scenarios for current expected credit loss (CECL)."

Notes to financial statements for the year ended 31 March 2021 (Contd.)

45. Risk management objectives and policies (Contd.)

Risk management amidst COVID-19

The unprecedented health scare caused by COVID-19 which led to a countrywide lockdown is going to have a varying impact on different sectors of the economy. Salaried individuals may have to contend with a scenario of reduced income and/or job losses. Corporates, SMEs and MSMEs will struggle on account of reduced economic activities and business rhythm that is no longer efficient due to severe disruption in both demand and supply. All these will lead to major cash flow constraints and erosion in the asset value. These developments in turn will severely test risk management frameworks across the financial sector.

On 27 March 2020, the RBI, in order to provide relief on debt servicing obligations, permitted financial institutions to offer moratorium to their borrowers on instalments falling due between 1 March 2020 to 31 May 2020. With uncertainties caused by COVID-19 pandemic including the pace of easing of the lockdown restrictions, the time needed to restart the economy and attaining some level of normalcy, the credit performance and repayment behaviour of the customers need to be monitored closely.

An analysis of the customer segments seeking moratorium and their past repayment behaviour reflects heightened anxiety from customer. Expectations of elevated default on timely payment of instalments and collection related constraints are likely to result in higher credit costs than witnessed hitherto. The Company has committed for making requisite investment to deepen its collections infrastructure to control its credit costs.

Based on early indicators of moratorium and delayed payment metrics observed in April 2020, the Company has made a contingency provision of ₹ 116.11 Crore in FY2021 (₹ 50 Crore in FY2020) including incremental ECL of ₹ 30.80 Crore assessed under the stressed macro impact.

ECL sensitivity to future economic conditions

	(₹ In Crore)	
	As at 31 March	
ECL coverage of financial instruments under forecast economic conditions	2021	2020
Gross carrying amount of loans	33,774.66	28,096.03
Reported ECL	355.76	120.62
Reported ECL coverage	1.05%	0.43%
Assumptions for stressed central scenario		
Base ECL without macro overlay (based on empirical evidences)	187.56	68.53
Add : Management overlay for COVID-19	118.20	49.50
Central Scenario	305.76	118.03
ECL amounts for alternate scenario		
Central Scenario (80%)	305.76	118.03
Downside scenario (10%)	903.06	154.01
Upside scenario (10%)	208.46	107.90
Reported ECL	355.76	120.62
Management overlay for Macro economics factors and COVID-19	168.20	52.09
Additional Management overlay during year ended 31 March 2021, representing COVID-19 stress	116.11	50.00
ECL coverage ratios by scenario		
Central scenario (80%)	0.91%	0.42%
Downside scenario (10%)	2.67%	0.55%
Upside scenario (10%)	0.62%	0.38%

Notes to financial statements for the year ended 31 March 2021 (Contd.)

46. 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 as of 31 March 2021 are given as under:

Grant date	Exercise price (₹)	Options granted	Options vested and exercisable	Options unvested	Options exercised	Options cancelled	Options outstanding
16-May-19	3002.75	137,550	23,929	98,127	10,430	5,064	122,056
19-May-20	1938.60	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:

Particulars	For the year ended 31 March	
	2021	2020
Grant date	19-May-20	16-May-19
No. of options granted	255,000	137,550
Weighted average fair value (₹)	787.24	1,257.94

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

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	1938.6-3002.75	2,307.35	
Exercised during the year	10,430	3,002.75	3,002.75	
Outstanding at the end of the year	367,506	1938.6-3002.75	2,292.03	4.51
Exercisable at the end of the year	23,929	1938.6-3002.75	3,002.75	2.40

The weighted average market price of equity shares for options exercised during the year is ₹ 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

For the year ended 31 March 2021, the Company has accounted expense of ₹ 13.36 Crore as employee benefit expenses (note no.31) on the aforesaid employee stock option plan (Previous year ₹ 7.05 Crore).

Notes to financial statements for the year ended 31 March 2021 (Contd.)

47. Reserve Bank of India ('RBI') issued guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EMI moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium in accordance with its Board approved policies to its customers based on requests as well as on a suo-moto basis between 1 March 2020 to 31 August 2020. For such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Disclosures as required by RBI circular dated 17 April 2020 'COVID-19 Regulatory Package - Asset Classification and Provisioning' are given below:

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Amount in SMA/Overdue categories as of 29 February 2020	22.32	22.32
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of 29 February 2020)	14.29	5.98
Respective amount where asset classification benefit is extended (outstanding as of 29 February 2020)*	11.98	0.64
Provision made in terms of paragraph 5 of the circular as at the end of moratorium (As per para 4, applicable to NBFC's covered under Ind AS)	2.65	0.32
Provisions adjusted against slippages in terms of paragraph 6 of the circular	2.17	-
Residual provisions as of 31 March 2021 in terms of paragraph 6 of the circular	0.48	0.32
* Loan outstanding as of 31 March 2021 and corresponding expected credit loss provision on the same are as below:		
Loan outstanding where the Company continues to have asset classification benefit	3.47	0.64
Corresponding expected credit loss provision (excluding management and macro-economic overlays)	0.62	0.32

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018.

48.1 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, 17 February, 2021 is given below:

Criteria	% As at 31 March 2021*
Percentage of total assets towards housing finance	47.86%
Percentage of total assets towards housing finance for individuals	43.96%

*Minimum regulatory percentage to be complied from 31 March, 2022 onwards

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2 Disclosures:

48.2.1 Capital

Particulars	As at 31 March	
	2021	2020
(i) CRAR (%)	21.33%	25.15%
(ii) CRAR Tier I capital (%)	20.70%	24.48%
(iii) CRAR Tier II capital (%)	0.63%	0.67%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt instruments	-	-

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

Particulars	As at 31 March	
	2021	2020
Balance at the beginning of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	78.32	19.05
b) Additional statutory Reserve u/s 29C of the NHB Act, 1987	-	-
c) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	32.40	7.40
Total	110.72	26.45
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	48.64	59.27
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	42.00	25.00
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	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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.3 Investments

Particulars	As at 31 March	
	2021	2020
(₹ In Crore)		
Value of investments		
(i) Gross value of investments		
(a) In India	3,268.02	2,500.45
(b) Outside India		
(ii) Provisions for depreciation/ appreciation*		
(a) In India	1.98	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	3,266.04	2,500.45
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	7.57	-
(ii) Add: Provisions made during the year (Net of appreciation)	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	5.59	-
(iv) Closing balance	1.98	-

* Represents unrealised gain due to fair value change

48.2.4 Derivatives

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

48.2.5.1 Securitisation

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

48.2.5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

Particulars	As at 31 March	
	2021	2020
(₹ In Crore)		
Number of accounts	-	59
Aggregate outstanding (net of provision)	-	7.54
Aggregate consideration	-	5.92
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	-	(1.62)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.5.3 Details of Assignment transactions undertaken by HFCs

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
(i) No. of accounts	12,863	25,155
(ii) Aggregate value of accounts assigned	1,881.37	4,822.62
(iii) Aggregate consideration for assigned portion	1,881.37	4,822.62
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

48.2.5.4 Details of non-performing financial assets purchased / sold

(a) Details of non performing financial assets purchased

The Company has not purchased any non performing financial asset during the current and previous year.

(b) Details of non performing financial assets sold (other than sale to ARCs)

Particulars	(₹ In Crore)	
	For the year ended 31 March	
	2021	2020
Number of accounts sold	-	240
Aggregate outstanding (net of provision)	-	25.85
Aggregate consideration received	-	15.18

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

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

(₹ In Crore)

Particulars	1 day to 7 days	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
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.

48.2.6 Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities) as at 31 March 2020

(₹ In Crore)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Borrowings from bank	38.54	19.79	247.75	253.55	1,755.58	7,468.97	6,930.44	1,511.86	153.85	-	18,380.33
Market borrowing	-	-	73.73	429.75	1,368.65	5,098.68	-	-	-	1,800.00	8,770.81
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	526.90	384.38	386.50	1,113.81	2,067.43	6,421.93	4,506.46	3,432.82	3,741.59	5,639.77	28,221.59
Investments	1,651.66	500.27	1,000.00	-	-	-	-	-	-	-	3,151.93
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of certain items of Assets and Liabilities have been shown based on behavioural pattern. Borrowings from Bank includes undrawn credit limit of ₹ 587.56 Crores sanctioned by banks. Market Borrowing includes to be called and paid amount of ₹ 1,548.00 Crores.

*Investments includes short term fixed deposits of ₹ 651.48 Crore shown under Note 5 - cash and cash equivalents to the financial statements.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.7 Exposure

48.2.7.1 Exposure to Real Estate Sector

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
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	24,495.15	22,118.25
(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;	7,022.72	4,598.31
(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	31,517.87	26,716.56

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.2.7.2 Exposure to Capital Market

(₹ In Crore)

Particulars	As at 31 March	
	2021	2020
(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	-	-

48.2.7.3 Details of financing of parent company products

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

48.2.7.4 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.

48.2.7.5 Unsecured Advances

The Company has unsecured advances of ₹ 1299.76 Crore (Previous year: ₹ 952.65 Crore). The Company has not granted any advances against intangible collateral.

48.2.7.6 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.

48.3 Miscellaneous

48.3.1 Registration obtained from other financial sector regulators

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

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

The National Housing Board vide its press release dated September 1, 2020 imposed a monetary penalty of ₹ 50,000/- on account of contravention of para 27A of the Housing Finance Companies (NHB) Directions, 2010 and para 10 (2) of issuance of NCDs on private placement basis (NHB) Direction, 2014". The said penalty does not have any material impact on the Company. (FY 2019-20 - ₹ 5,000/-)

48.3.3 Related party Transactions

Refer Note no. 40 Disclosure of transactions with related parties as required by Ind AS 24

48.3.4 Group Structure

Diagrammatic representation of group structure given below:

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



Above shareholding is as of 31 March 2021

48.3.5 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	
				2021	2020
India Ratings	Non-Convertible Debenture & Subordinated debt	IND AAA/Stable	NIL	500.00	500.00
	Long-Term Bank Rating	IND AAA/Stable	NIL	15,600.00	15,600.00
	Short-Term Bank Rating	IND A1+	NIL	1,400.00	1,300.00
	Commercial Paper	IND A1+	NIL	5,000.00	5,000.00
CRISIL	Non-Convertible Debenture	CRISIL AAA/Stable	NIL	10,580.00	10,000.00
	Subordinated debt	CRISIL AAA/Stable	NIL	500.00	500.00
	Long-Term Bank Rating	CRISIL AAA/Stable	NIL	9,000.00*	10,000.00*
	Short-Term Bank Rating	CRISIL A1+	NIL		
	Commercial Paper	CRISIL A1+	NIL	5,000.00	5,000.00

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

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.3.6 Remuneration of Directors

The Company has paid sitting fees of ₹ 0.22 Crore (previous year: ₹ 0.18) to the directors during the current year.

48.4 Additional Disclosures

48.4.1 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	
	2021	2020
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax/deferred tax and tax adjustments of earlier years	159.99	140.32
3. Provision towards NPA	36.19	6.14
4. Provision for Standard Assets*	198.95	80.50
5. Other Provision and Contingencies	-	-
* Breakup of provision for Standard Assets		
Commercial Real Estate	14.77	14.12
Commercial Real Estate-Residential Housing	4.31	8.80
Others	179.87	57.58
	198.95	80.50

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

Break up of Loan & Advances and Provisions thereon

(₹ In Crore)

Particulars	Housing		Non-Housing	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Standard Assets				
a) Total Outstanding Amount	18,219.90	16,217.85	15,435.63	11,989.43
b) Provisions made	164.36	68.45	146.20	82.80
Sub-Standard Assets				
a) Total Outstanding Amount	52.49	13.53	64.07	9.80
b) Provisions made	19.93	4.51	23.79	4.51
Doubtful Assets – Category-I				
a) Total Outstanding Amount	1.27	-	1.30	-
b) Provisions made	0.73	-	0.75	-
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
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	18,273.66	16,231.38	15,501.00	11,999.23
b) Provisions made	185.02	72.96	170.74	87.31

48.4.2 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.

48.4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

48.4.3.1 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 financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.4.3.2 Concentration of Loans & Advances

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Total Loans & Advances to twenty largest borrowers	2,381.91	1,369.36
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.05%	4.85%

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

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Total Exposure to twenty largest borrowers / customers	2,556.47	1,396.89
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	6.97%	4.86%

48.4.3.4 Concentration of NPAs

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
Total Exposure to top ten NPA accounts	13.25	7.44

48.4.3.5 Sector-wise NPAs

Sector	(₹ In Crore)	
	Percentage of NPAs to Total Advances in that sector	
	As at 31 March 2021	As at 31 March 2020
Housing Loans:		
Individuals	0.31%	0.09%
Builders/Project Loans	0.08%	0.00%
Corporates	0.00%	0.00%
Others	0.00%	0.00%
Non-Housing Loans:		
Individuals	0.56%	0.11%
Builders/Project Loans	0.00%	0.00%
Corporates	0.20%	0.00%
Others	0.00%	0.00%

Notes to financial statements for the year ended 31 March 2021 (Contd.)

48. 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, 17 February, 2021 have been prepared in compliance with Indian Accounting Standards (Ind AS) whereas comparative figure have been disclosed on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018. (Contd.)

48.4.4 Movement of NPAs

Particulars	(₹ In Crore)	
	As at 31 March	
	2021	2020
(I) Net NPAs to Net Advances (%)	0.22%	0.05%
(II) Movement of NPAs (Gross)		
a) Opening balance	23.70	9.45
b) Additions during the year	115.82	23.33
c) Reductions during the year	20.39	9.45
d) Closing balance	119.13	23.33
(III) Movement of Net NPAs		
a) Opening balance	14.69	6.57
b) Additions during the year	66.72	14.31
c) Reductions during the year	7.48	6.57
d) Closing balance	73.93	14.31
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	9.01	2.88
b) Provisions made during the year	49.10	9.02
c) Write-off/write-back of excess provisions	12.91	2.88
d) Closing balance	45.20	9.02

48.4.5 Overseas Assets

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

48.4.6 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.

48.4.7 Disclosure of Complaints

Customers Complaints*

Particulars	As at 31 March	
	2021	2020
a) No. of complaints pending at the beginning of the year	27	0
b) No. of complaints received during the year	2126	1221
c) No. of complaints redressed during the year	2153	1194
d) No. of complaints pending at the end of the year	0	27

*includes complaints reported through NHB - GRIDS Portal is 415 (previous year 60)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

49. 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 2021 (Previous year: ₹ 161.63 lakh)

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

51. Disclosure as required by Liquidity Risk Management Framework for Non-Banking Financial Companies

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

Particulars	As at 31 March 2021
i) Number of Significant Counterparties*	25
ii) Amount (in ₹ Crore)	28,334.15
iii) Percentage of funding concentration to total deposits	NA
iv) Percentage of funding concentration to total liabilities	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.

51.2 Top 10 borrowings

Particulars	(₹ In Crore) As at 31 March 2021
i) Total amount of top 10 borrowings	18,689.10
ii) Percentage of amount of top 10 borrowings to total borrowings	59.14%

51.3 Funding Concentration based on significant instrument/product*

Particulars	As at 31 March 2021	Percentage of total liabilities
i) Non-convertible debentures	8,470.67	26.61%
ii) Loans from bank	20,268.52	63.68%
iii) Commercial paper	2,861.41	8.99%

* 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.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

51. Disclosure as required by Liquidity Risk Management Framework for Non-Banking Financial Companies (Contd.)

51.4 Stock ratio

Particulars	As at 31 March
	2021
(i) Commercial paper as a percentage of total public funds*	9.05%
(ii) Commercial paper as a percentage of total liabilities	8.99%
(iii) Commercial paper as a percentage of total assets	7.56%
(iv) Non convertible debentures as a percentage of total public funds*	26.81%
(v) Non convertible debentures as a percentage of total liabilities	26.61%
(vi) Non convertible debentures as a percentage of total assets	22.37%
(vii) Other short term liabilities as a percentage of total public funds*#	12.38%
(viii) Other short term liabilities as a percentage of total liabilities#	12.29%
(ix) Other short term liabilities as a percentage of total assets#	10.33%

Total liabilities are excluding equity share capital and other equity.

*Public funds is as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016

#Other short term liabilities are excluding Commercial paper & short term non convertible debentures

52. 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'

52.1 Policy for sales out of amortised cost business model portfolios

Refer Note No. 4.4 (i) (b)

Notes to financial statements for the year ended 31 March 2021 (Contd.)

52. 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.)

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

(₹ 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

52.3 Accounts that are past due beyond 90 days but not treated as impaired

Particulars	Amount Outstanding	Overdue Amounts
(i) No of accounts that are past due beyond 90 days but not treated as impaired as at 31 March, 2021	1	1
(ii) Total amount outstanding as at 31 March, 2021 (₹ in Crore)	20.63	20.63

The Company, following the directives of Ministry of Finance, has refunded the interest on interest charged to customers, in November 2020 and has sought refund from Government of India through its nodal agency, State Bank of India, in December 2020. The Company is awaiting final confirmation from the nodal agency on the status of the claim / refund. The amount claimed from Government of India through its nodal agency, State Bank of India is past due for more than 90 days, the Audit Committee has approved for not treating this outstanding as impaired.

Notes to financial statements for the year ended 31 March 2021 (Contd.)

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

(₹ In Crore)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
	(A)	(B)	(C)	(D)	(E)
Personal Loans	3,210	529.83	-	0.01	63.20
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
	3,210	529.83	-	0.01	63.20

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Overall provision for Expected Credit Loss (ECL) as off 31 March 2021 is ₹ 93.45 Crore.

54. In accordance with the instructions in the RBI circular dated 7 April 2021, the Bank shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies. Accordingly, the Company has refunded/adjusted an amount of ₹ 0.56 Crore in respect of eligible borrowers based on the above reliefs during the year ended 31 March 2021.

The Government of India, Ministry of Finance, vide its notification dated 23 October 2020, had announced a scheme for COVID-19 Relief for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts. The Company had implemented the ex-gratia scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

55. 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

On behalf of the Board of Directors

For S R B C & Co LLP
Chartered Accountants
ICAI Firm Registration No.: 324982E/E300003

Atul Jain
Chief Executive Officer

Sanjiv Bajaj
Chairman

per Vaibhav Kumar Gupta
Partner
Membership number: 213935

Gaurav Kalani
Chief Financial Officer

Pune: 26 April, 2021

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Notes to financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021.

Annexure (Forming part of the financial statements)

Schedule to the Balance Sheet

(₹ In Crore)

Particulars	Amount outstanding as at 31 March 2021	Amount overdue
Liabilities Side		
1. Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a) Debentures		
Secured	7,963.33	-
Unsecured	507.34	-
(other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	20,187.36	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	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, 17 February, 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 financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021. (Contd.)

Particulars	(₹ In Crore)
	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	32,119.14
(b) Unsecured	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	2,757.32
(iv) Government Securities	-
(v) Others (Certificate of Deposits and Commercial Paper)	
2 Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Investments in fixed deposits)	508.72

Notes to financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021. (Contd.)

(₹ In Crore)

Particulars	Amount outstanding as at 31 March 2021
Long Term investments	
1 Quoted	
(i) Share	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2 Unquoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

6. Borrower group-wise classification of assets financed as in (3) and (4) above: (Please see Note 2 below)

(₹ In Crore)

Category	Amount net of provisions		Total
	Secured	Unsecured	
1 Related Parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	13.15	-	13.15
2 Other than related parties	32,105.99	1,299.76	33,405.75
	32,119.14	1,299.76	33,418.90

Notes to financial statements for the year ended 31 March 2021 (Contd.)

56. 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, 17 February, 2021. (Contd.)

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)

Category	(₹ In Crore)	
	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

Particulars	(₹ In Crore)	
	Amount	
(i) Gross Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		119.13
(ii) Net Non-Performing Assets*		
(a) Related parties		-
(b) Other than related parties		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

R Vijay
Company Secretary

Rajeev Jain
Managing Director

Pune: 26 April, 2021



With our world changed forever,
we are more **conscious**
of the resources we have
and the ways we use them.



Togetherness



Hope



Gratitude



Optimism



Kindness



Adaptability

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